

Mrunal's Economy: pillar2- Budget Taxation Public Finance



2A) Handout#1 (Already uploaded)

- Budget Introduction, Direct Taxes



35 pages खेल खत्म



2A) Handout #2

- Indirect Taxes & GST



2B)

- Black Money, 15th FC



आपने 35 pages कब/कैसे खत्म कर दीये? मैंने तो अभी तक एक भी नहीं पढ़ा!
मेरे पास टाइम ही नहीं बचता



2C)

- Subsidies, Salaries, Revenue Expenditure

यूपीएससी के
बाबू शोने

रोज़ का काम रोज़ खत्म करो!
वरना कल्याण हो नहीं सकता।
टाइम होता नहीं है टाइम
निकालना पड़ता है

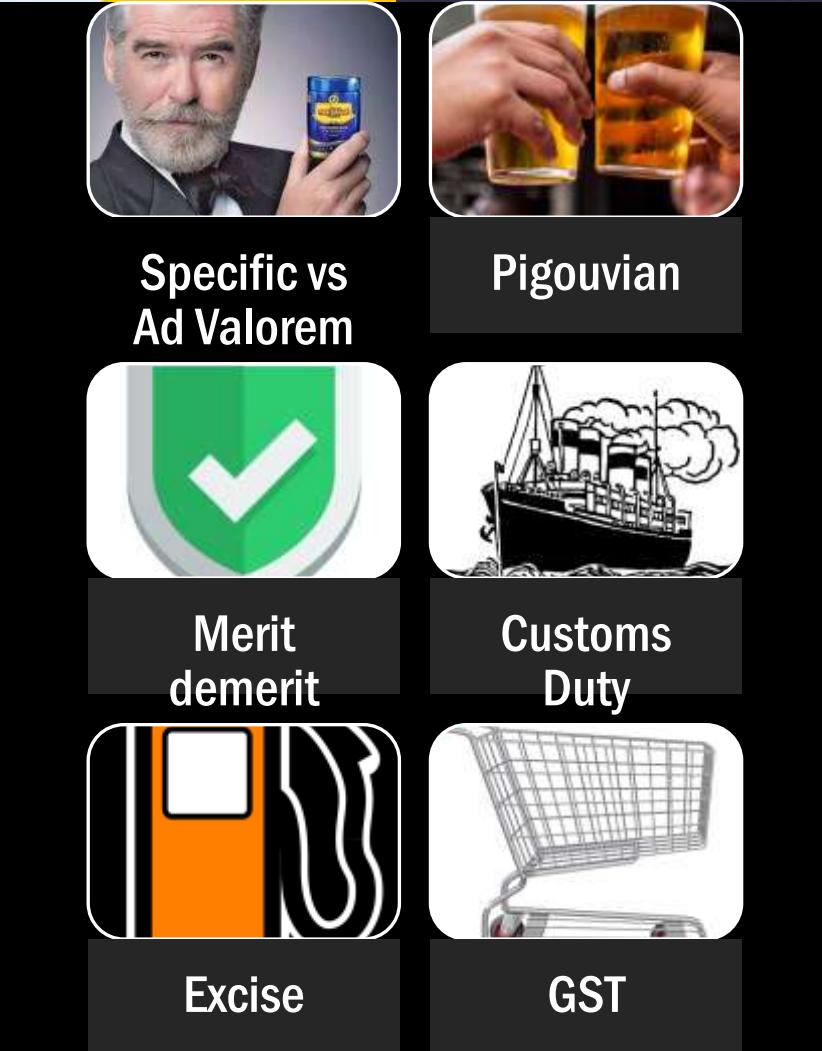
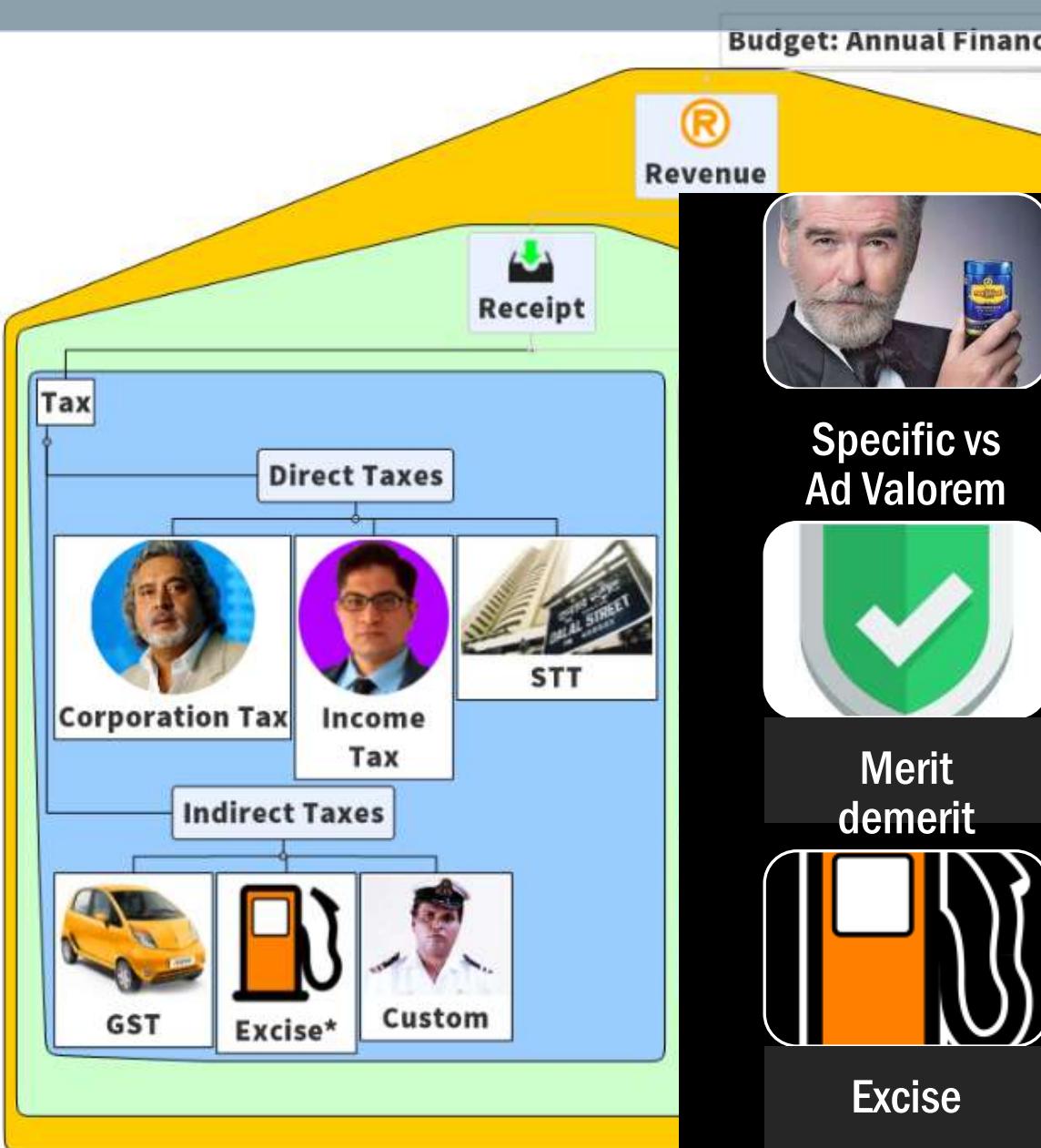


2D)

- Disinvestment, Deficits, FRBM Act



Pillar2A → Budget → Revenue Part → Taxes → Indirect Taxes



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22.2 INDIRECT TAXES: TYPES (लाभ व नुकसान)

Ad- Valorem tax (यथामूल्य कर)	per unit (विशेष कर प्रति यूनिट)
Taxes based on the value of something. E.g. 35% Customs Duty on import of orange juice. So, if juice priced at ₹1000 imported, then ₹350 as tax.	of items. E.g. ₹ 260 Excise on every 1000 cigarettes of 65mm. We're taxing them irrespective of manufacturing price or selling price.
Easier to administer.	Difficult to administer, leads to inspector-raj & litigation. But, if slight increase in this tax, then greater burden passed on to the consumer so it helps reducing harmful consumption. (How exactly? Ans. microeconomics graph is not imp)

22.2 INDIRECT TAXES: MERITS AND DEMERITS (लाभ व नुकसान)

Merits	Demerits
<ul style="list-style-type: none"> Convenient (सुगम) to collect because the traders act as honorary (=unpaid) tax collectors. Wider base because everyone covered e.g. 18% GST on Biscuit. Elastic (लचीला): small ↑ brings large revenue, because everyone is affected. Although they're "relatively" less elastic than Direct taxes. (Poor cost benefit interpreting its Microeconomics graph) Can ↑ harmful consumption by imposing higher taxes on cigar, alcohol, soft drinks & fast food. 	<ul style="list-style-type: none"> Regressive (परिवर्गाती) in nature, both poor and rich taxed equally for the same item then poor people end up paying more portion of their income in indirect taxes. This tax is hidden in the price. Customers do not always feel the pinch of paying indirect tax so it promotes less civic consciousness than direct taxes. Indirect taxes ↑ → product becomes expensive → demand ↓ so uncertainty involved in how much ₹ ₹ will Government actually earn? High level of corruption, evasion, cascading effect if input credit is not given e.g. erstwhile sales tax system.

(Batch:PCB1) Mrunal's Economy Pillar#2A: Budget → Revenue Part → Tax-Receipts → Page 215

Indirect tax: incidence & impact of does not fall on the same entity.

कर का बोझ किसी और पर है लेकिन सरकार में जमा कोई और करता है



28% IGST on sale of car

Tax Incidence @car-dealer
(he collects and pay to Govt)



Tax impact @car buyer. He feels the 'real effect or burden' of the tax.
Afterall he pays {Car price + GST}

14% to union as CGST

14% to state as SGST



Not going directly to
pay the govt.

Indirect taxes → Excise duty (on manufacturing)

उत्पाद शुल्क किसी वस्तु के उत्पादन पर लगाने वाला अप्रत्यक्ष कर है



	Filter Cigarettes of length exceeding 65mm but not exceeding 70mm	Rs.260 per thousand
	Filter Cigarettes of length exceeding 70mm but not exceeding 75mm	Rs.370 per thousand
	Other Cigarettes	Rs.560 per thousand

Specific
Tax per unit

Tax is based on



number of units manufactured. माला के हिसाब से



not based on value (price) of the unit. मूल्य के हिसाब से नहीं

उत्पाद शुल्क: Excise duty (on manufacturing) in budget



	Filter Cigarettes of length exceeding 65mm but not exceeding 70mm	Rs.260 per thousand
	Filter Cigarettes of length exceeding 70mm but not exceeding 75mm	Rs.370 per thousand
	Other Cigarettes	Rs.560 per thousand
	Chewing tobacco (including filter khaini)	6%
	Jarda scented tobacco	6%
	Pan Masala containing Tobacco (Gutkha)	6%

Specific
₹ Tax per
product unit
माला के हिसाब

AD-Valorem:
%Tax on product
value
मूल्य के हिसाब से

उत्पाद शुल्क: Excise duty (on manufacturing) in budget 2017

	Filter Cigarettes of length exceeding 65mm but not exceeding 70mm	Rs.260 per thousand
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Specific
₹ Tax per
product unit

AD-Valorem:
%Tax on product
value



Pros of Specific tax per unit:

- if slight ↑ in this tax,
- then company passes greater burden to the consumer 😠 ग्राहक पर बोझ बहुत ज्यादा बढ़ाता
- so helps ↓ harmful consumption.
- How? Microeconomics graph not imp.

Cost
Price
(₹6)



Profit
(₹2)



Selling
Price
(₹8)

SP + 25% Indirect Tax
= ₹10 MRP

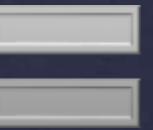
What if indirect
tax from
25% to 30%



Cost
Price
(₹6)



Profit
(₹2)



Selling
Price
(₹8)

SP + 25% Indirect Tax
= ₹10 MRP

A: Seller will MRP by “passing burden” on Buyer

- SP (8) + 30% Tax = ₹10.40 MRP
- 😢 demand and 😢 chillar छुट्टे पैसों की समस्या

What if indirect
tax from
25% to 30\$

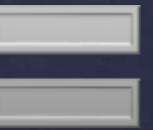
यदि सरकार किसी वस्तु पर अप्रत्यक्ष कर बढ़ा दें तो हो
सकता है कि विक्रेता वो सारा बोझ जनता पर डाल देगा



Cost
Price
(₹6)



Profit
(₹2)



Selling
Price
(₹8)

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What if indirect
tax from
25% to 30\$

B: Seller will not CHANGE MRP



- Seller will Selling price to ₹7.70 (+30% Tax)= ₹10
- By quantity of biscuits AND/ OR Profit

या फिर वो MRP को कम ही न
करें लेकिन पैकेट में बिस्किट के
जत्थे को कम कर दें या अपना
मुनाफा कम करें




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Specific
₹ Tax per
product unit

AD-Valorem:
%Tax on product
value

When tax increased

A) Raise product
price

B) Decrease
quantity in
packet

Pros of Specific tax per unit:

- if slight ↑ in this tax,
- then company passes greater burden to the consumer 😞 ग्राहक पर बोझ बहुत ज्यादा बढ़ाता
- so helps ↓ harmful consumption.
- How? Microeconomics graph not imp.

- Option A more likely to Happen if
- Liquor/ Tobacco etc
- Where addict buyer CANNOT avoid consumption
- So seller will ↑ prices.
- Ultimately, buyer will STOP addiction

उत्पाद शुल्क: Excise duty (on manufacturing) in budget 2017

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Specific
₹ Tax per
product unit

AD-Valorem:
%Tax on product
value



Specific tax per unit:
I LIKE IT 

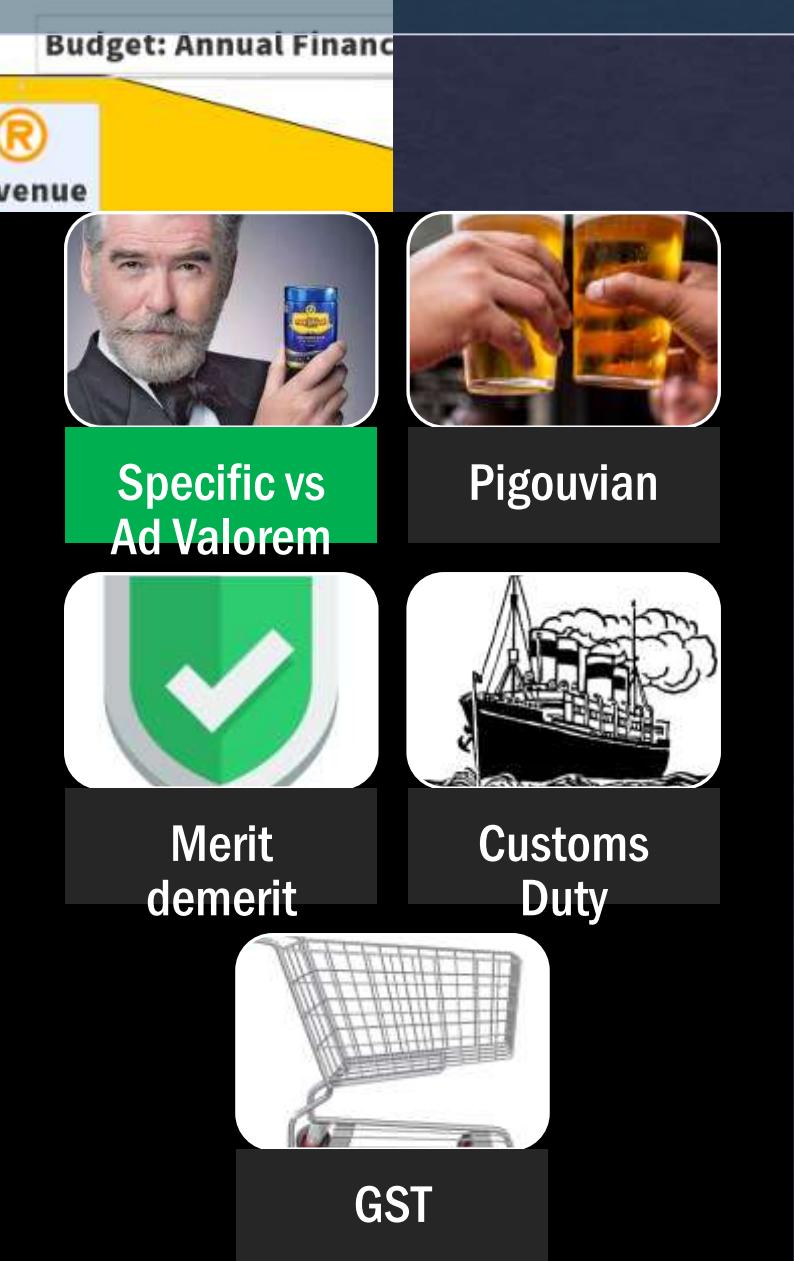
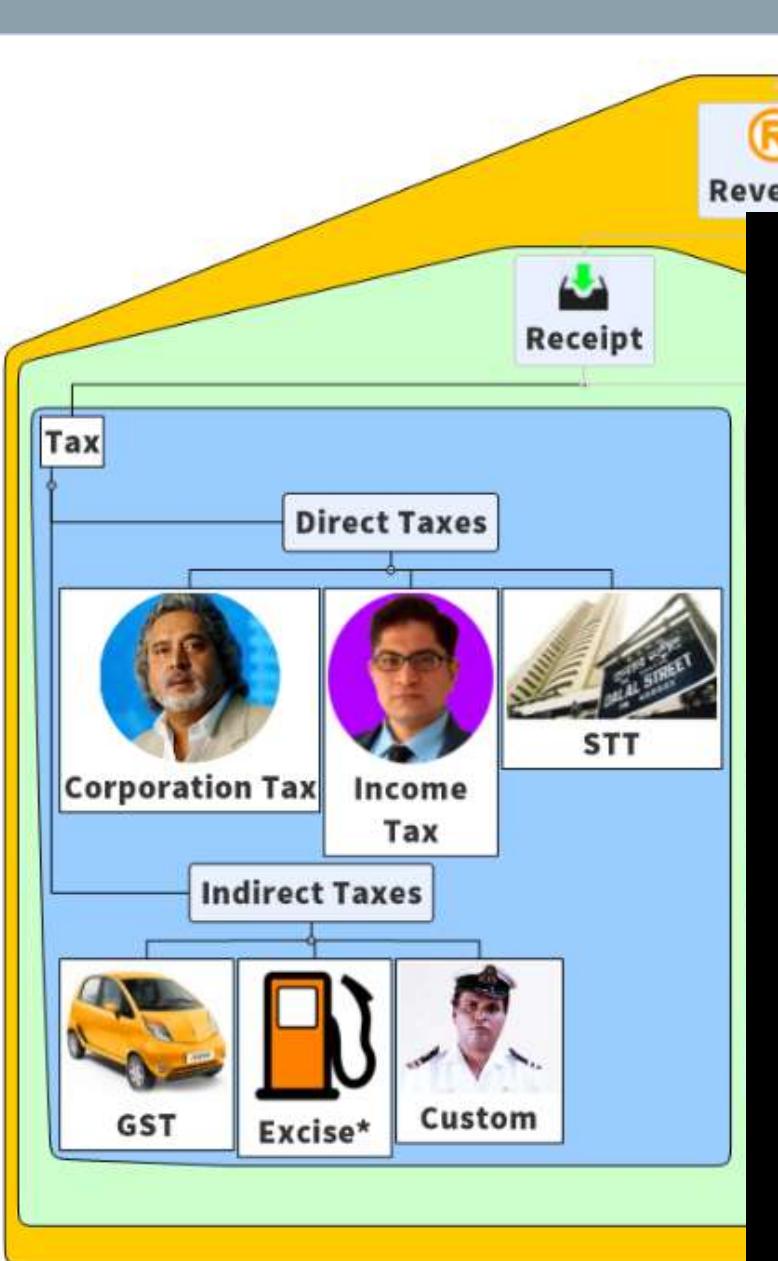
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- so helps ↓ harmful consumption.
- How? Microeconomics graph not imp.

Cons of Specific tax per unit:

- Difficult to administer,
 - → inspector-raj & litigation & bribery
- रिश्वत, मुकदमे-बाजी ज्यादा होती है।
- क्योंकि सिगरेट की लंबाई चेक करने के लिए excise इंस्पेक्टर बिठाना पड़ेगा

Pillar2A → Budget → Revenue Part → Taxes → Indirect Taxes



Handout uploaded

- Indirect taxes fall under the Ambit of FinMin → राजस्व विभाग → Central Board of Excise and Customs (CBEC) → उत्पाद एवं सीमा शुल्क बोर्ड → Budget-2018 renamed it as Central Board of Indirect Taxes and Customs (CBIC): (केन्द्रीय अप्रत्यक्ष कर और सीमा शुल्क बोर्ड)

22.1 INDIRECT TAXES: TYPES (अप्रत्यक्ष करों के प्रकार)

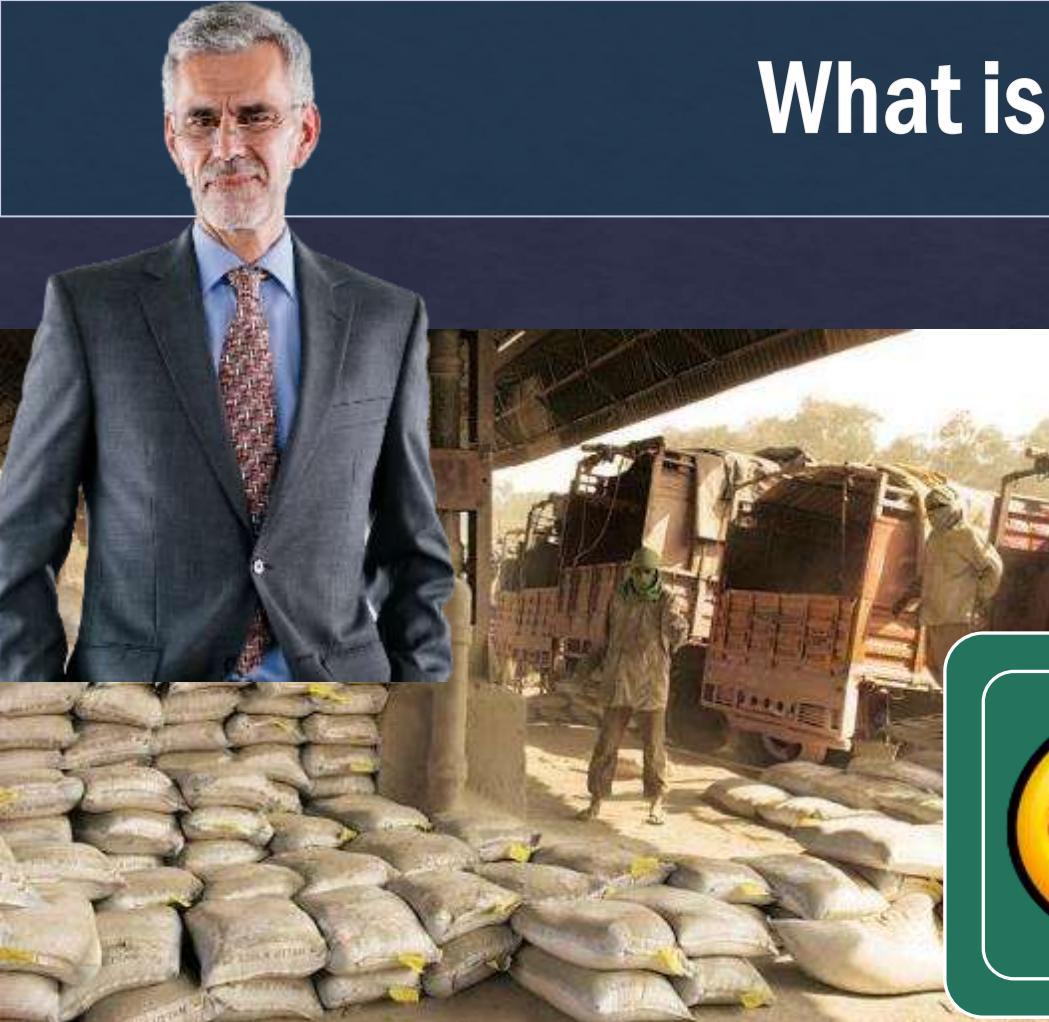
Ad- Valorem tax (यथामूल्य कर)	Specific Tax per unit (विशिष्ट कर प्रति यूनिट)
Taxes based on the value of something. E.g. ₹ 260 Excise duty on production of every 1000 cigarettes of 65-70mm length. Here we're taxing them irrespective of their manufacturing price or selling price.	Tax based on quantity of items. E.g. ₹ 260 Excise duty on production of every 1000 cigarettes of 65-70mm length. Here we're taxing them irrespective of their manufacturing price or selling price.

Easier to administer.

Difficult to administer, leads to inspector-raj & litigation. But, if slight increase in this tax, then greater burden passed on to the consumer so it helps reducing harmful consumption. (How exactly? Ans. microeconomics graph is not imp)

22.2 INDIRECT TAXES: MERITS AND DEMERITS (लाभ तं नुकसान)

Merits	Demerits
→ Convenient (सुगम) to collect because the traders act as honorary (=unpaid) tax collectors. Wider base because everyone covered e.g. 18% GST on Biscuit.	→ Regressive (परिवर्गानी) in nature, both poor and rich taxed equally for the same item then poor people end up paying more portion of their income in indirect taxes.
→ Elastic (लचीला): small ↑ brings large revenue, because everyone is affected. Although they're "relatively" less elastic than Direct taxes. (Poor cost benefit interpreting its Microeconomics graph)	→ This tax is hidden in the price. Customers do not always feel the pinch of paying indirect tax so it promotes less civic consciousness than direct taxes.
→ Indirect taxes ↑ → product becomes expensive → demand ↓ so uncertainty involved in how much ₹ ₹ will Government actually earn?	→ Indirect taxes ↑ → product becomes expensive → demand ↓ so uncertainty involved in how much ₹ ₹ will Government actually earn?
→ Can ↑ harmful consumption by imposing higher taxes on cigar, alcohol, soft drinks & fast food.	→ High level of corruption, evasion, cascading effect if input credit is not given e.g. erstwhile sales tax system.



What is externality (बाह्यता)?

- It is a **positive or negative consequence** of an **economic activity** experienced by **unrelated third parties**.



related parties → ₹₹ = 😊😊

- factory owner
- labourers
- consumers benefit



unrelated third parties 😞😞 →

- local community
- flora and fauna

English economist Arthur C. Pigou → Pigouvian Tax

नकारात्मक बाह्यता खड़ी करने वाली कंपनियों पर ज्यादा टैक्स लगाया जाए

- ◆ Impose more tax on companies that create such negative externalities: e.g.
- ◆ **polluting industries**
- ◆ **cigarettes (passive smoking)**
- ◆ **alcohol (social disharmony).**
- ◆ We HAVE high level of **indirect taxes** on petroleum, tobacco and alcoholic products.



direct taxes have narrower base



Upto 2.5 lakh taxable income =0% IT.
Adam Smith's Canon of Economy.

आयकर जेसे प्रत्यक्ष कर
एकदम गरीब लोगों से तो लेते
ही नहीं तो यानी
इस पिरामिड की चौड़ाई
कम होगी

Indirect taxes have wider base



Upto 2.5 lakh taxable income = 0% IT.
Adam Smith's Canon of Economy.



Merits of Indirect Taxes: अप्रत्यक्ष या परोक्ष करों के फायदे क्या हैं? 🍽️ 🍽️

- ❖  **Pigovian Taxes:** Can \downarrow harmful consumption by imposing higher taxes on **Vimal, cigar, alcohol etc.**
- ❖  Convenient to collect because **traders** act as '**honorary (without pay) tax collectors**'
- ❖  So, **Wider base** because everyone covered e.g. 18% GST on Biscuit.
- ❖ (unlike Income Tax where only middle class and rich is covered because Income Tax staff-salaries vs Adam Smith's Economy canon). आयकर गरीबों से नहीं ले सकते क्योंकि बहुत ज्यादा आयकर इंस्पेक्टर की भर्ती करनी होगी

मेरे को पैसों की जरूरत थी
इसलिए ये विज्ञापन किया



Demerits of Indirect Taxes

अप्रत्यक्ष /परोक्ष करो के नुकसान क्या है? 😢 😢



- ❖ 😢 Regressive in nature, poor man's higher portion of income will go in it, compared to rich person. **गरीब आदमी की आमदनी का ज्यादा हिस्सा चूस लेता है**
- ❖ 😢 ↑ indirect tax → may lower product demand → govt more uncertain about actual collection. **चीजें महंगी होगी तो आदमी कितना उसे कम खरीदेगा उसका आकलन करना मुश्किल**



12% GST: Will people buy more quantity of biscuits?



18% GST: but what if people stop buying?

Demerits of Indirect Taxes

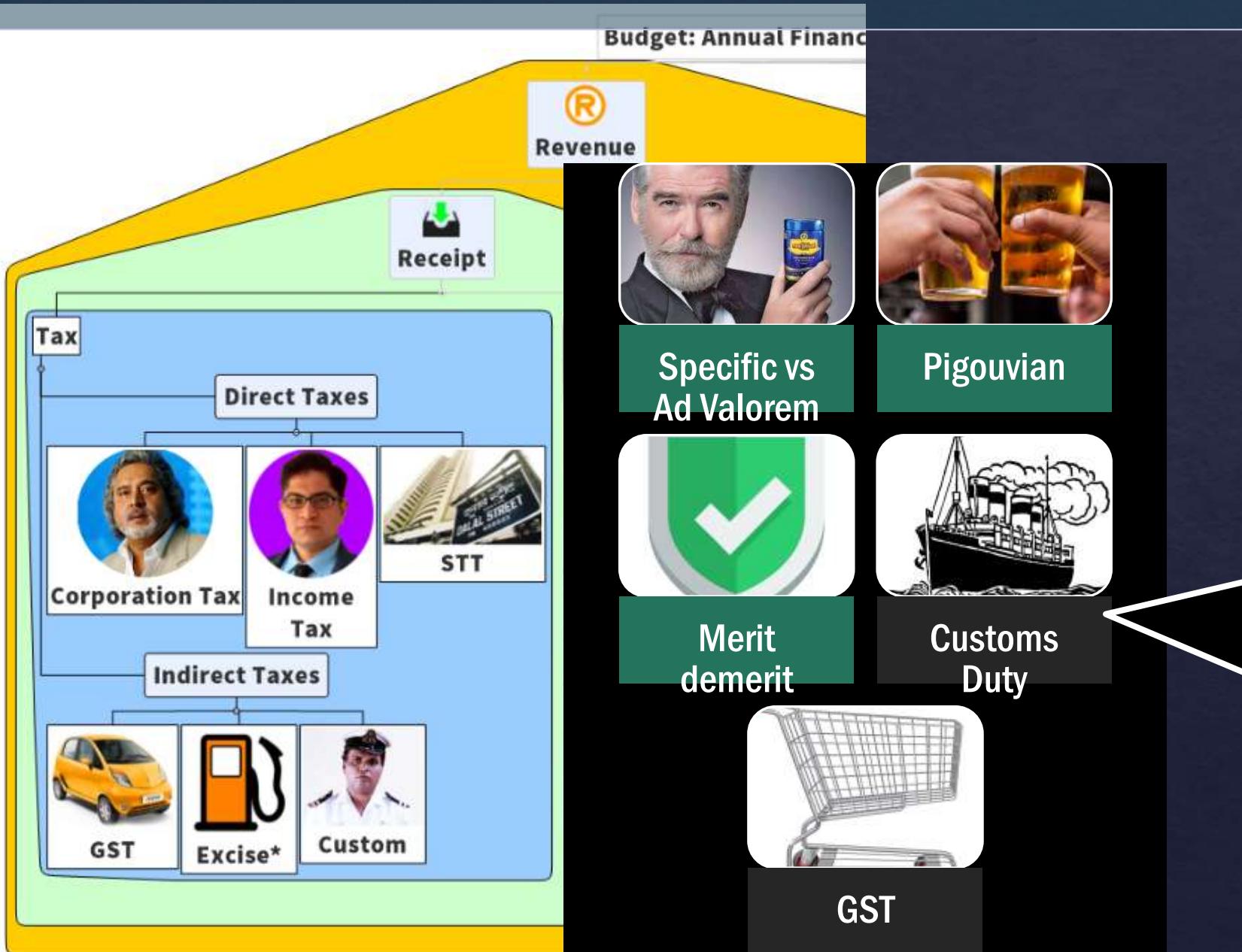
अप्रत्यक्ष /परोक्ष करो के नुकसान क्या है? 😠 😠

◆ This tax is **hidden in the price**. Customers do not always feel the pinch of paying indirect tax so it promotes less civic consciousness than **direct taxes**. सीधी चुभन महसूस नहीं होती इसलिए नागरिक चेतना को नहीं जगाता

◆ If input credit not given then → **cascading effect** high level of **corruption, evasion**. e.g. sales tax.
<NEXT part in GST> कर चोरी के अवसर ज्यादा होते हैं



Pillar2A → Budget → Revenue Part → Taxes → Indirect Taxes



- Tax is a burden
- In the indirect taxes, Customs duty is on services
- Indirect taxes are levied on goods

Central Budget
Budget-2
अपत्यका का विवरण

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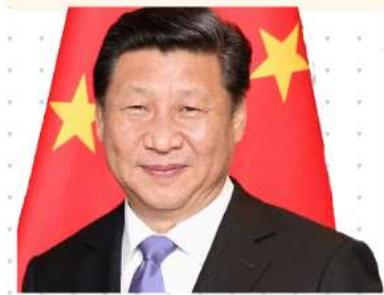
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22.2 INDIRECT TAXES: MERITS AND DEMERITS (लाभ तं नुकसान)

सीमा शुल्क
 आयात और निर्यात होने वाली वस्तु और सेवा पर लगाने वाला परोक्ष कर

**Customs Duty is levied under
Customs Act, 1962
on Imports and Export
of goods and services.**

आयात और नियर्यात पे सीमा शुल्क
लगाया जाता है



**Customs Duty
on Imports
आयात पर सीमा
शुल्क**

Budget 2023

- reduced customs duty on import of various components / parts required to mfg
- Electric vehicle batteries, mobile phones, TV, lab grown diamonds, etc.



**Raw Material &
intermediate Goods**
कच्चा माल मध्यवर्ती माल



Finished Goods
तैयार माल

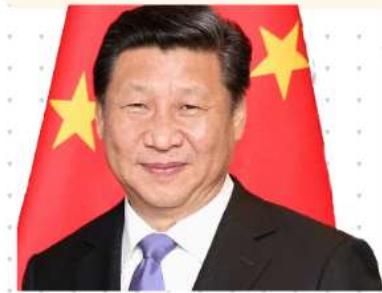


**if shortage/
inflation in India
भारत में तंगी**



**Customs Duty is levied under
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आयात और नियर्यात पे सीमा शुल्क
लगाया जाता है



**Customs Duty
on Imports
आयात पर सीमा
शुल्क**

Budget 2023

- increased customs duty on imported kitchen chimney, imported gold & platinum jewellery, etc.



**Raw Material &
intermediate Goods**
कच्चा माल मध्यवर्ती माल



Finished Goods
तैयार माल



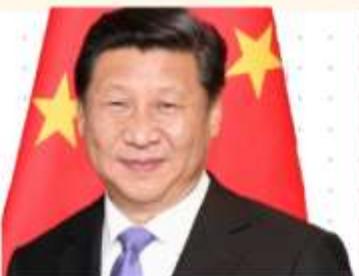
**if shortage/
inflation in India
भारत में तंगी**



What about customs duty on exports?

**Customs Duty is levied under
Customs Act, 1962
on Imports and Export
of goods and services.**

आयात और निर्यात पे सीमा शुल्क
लगाया जाता है



**Customs Duty
on Imports
आयात पर सीमा
शुल्क**



**Raw Material &
intermediate Goods**
कच्चा माल मध्यवर्ती माल



Finished Goods
तैयार माल



**Customs Duty
on Exports
निर्यात पर सीमा
शुल्क**



**if shortage/
inflation in India
भारत में तंगी**



Customs Act (सीमा शुल्क) to levy Customs Duty on import and exports



- 3) This is basic pattern.
- We'll not waste time leaning what happened on import/export each item in new budget.
- सामान्य रूप से हर बजट में यही सिलसिला होता है तो किस पर बढ़ाया और किस पर कम किया वह मैं पढ़ाने नहीं बैठूंगा handout में देख लेना
- Refer to handout



Customs Duty is levied under Customs Act, 1962 on Imports and Export of goods and services.

आयात और निर्यात पे सीमा शुल्क लगाया जाता है

Customs Duty on Imports
आयात पर सीमा शुल्क

Customs Duty on Exports
निर्यात पर सीमा शुल्क



Raw Material & intermediate Goods
कच्चा माल मध्यवर्ती माल



Finished Goods
तैयार माल



if shortage/
inflation in India
भारत में तंगी

- 4) Anti-dumping Duty? Countervailing Duty?
MEIS scheme? Protectionism? WTO?
= all in Pillar3

Cess and surcharge on customs duty

आयात निर्यात के ऊपर लगते सीमा शुल्क के ऊपर कौन से उपकर और अधिभार लगते हैं

Customs Duty
(on
import/export)



10% Social
Welfare
Surcharge



Whatever
₹₹
Jo bhi hai

- Started from Budget-2018
- (Applies on all imported goods)
- Not on exported goods.
- समाज कल्याण अधिभार: आयात होने वाली वस्तुओं पर^l
लगता है निर्यात होने वाली पर नहीं



Budget-2020: 5% health cess on customs duty on imported medical devices

आयात होने वाले चिकित्सा उपकरणों पर स्वास्थ्य उपकर लगेगा



Started from  Budget-2018
(Applies on all imported goods)

Customs Duty



10% Social Welfare Surcharge



5% Health Cess on Customs Duty & Surcharge



Started from  Budget-2020:
only on imported medical devices





Usually Cess is counted in (TAX+ Surcharge)

Imported X-Ray Machine	Amount
A. Customs Duty suppose	₹100
B. Social Welfare Surcharge	₹12
5% Health Cess on (A+B)	5% (100+12) = ₹5.6
Total Tax (A+B+C)	=100+12+5.6 = JO BHI hai



Why have u not clarified all this like a lawyer in your Handout ki whether this cess added on surcharge or NOT?



Because I'm not going to submit this handout as EVIDENCE IN ANY SC-PIL!
Only Basics req. for MCQ

 Budget-2020: 5% Health Cess on customs duty on imported medical devices

और उस रकम की मदद से पिछड़े जिलों में अस्पताल खुलेंगे



Cess ₹₹



- for building (Ayushman Bharat scheme ke) hospitals
- Mainly to treat PM-JAY ₹5lakh health insurance-walle poor patients
- in Aspirational Districts (आकांशी-जिले=backward districts identified by NITI Aayog.)



Budget-2021: Customs: Agriculture Infrastructure & Development Cess (कृषि अवसंरचना और विकास उपकर)

Customs
Duty



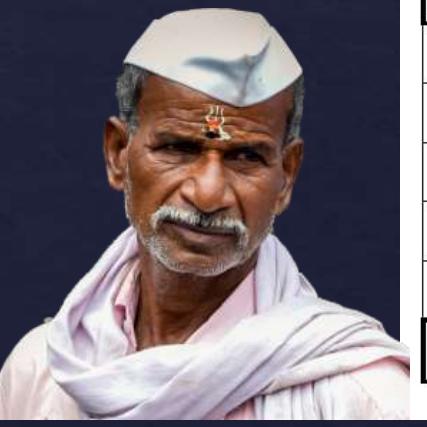
10% Social
Welfare
Surcharge



x% AIDC
Cess



देखो किसानों! हम तुम्हारे
कल्याण के लिए यह उपकर
लगा रहे हैं



Items	Dore bar = semi pure alloy of gold/silver	Proposed cess (Customs)
Gold, Silver and dore bars		2.5%
Alcoholic beverages (falling under chapter 22)		100%
Crude palm oil		17.5%
Crude soyabean and sunflower oil		20%
Apples		35%
Coal, lignite and peat		1.5%
Specified fertilizers (Urea etc)		5%
Peas		40%
Kabuli Chana		30%
Bengal Gram/Chick peas		50%
Lentil (Mosur)		20%
Cotton (not carded or combed)		5%

Pillar2A → Budget → Revenue Part → Taxes → Indirect Taxes



इन पर लगता है एक्साइज यानी सीमा शुल्क



Crude oil



Petrol



Diesel



Aviation Turbine Fuel

उत्पाद शुल्क पेट्रोल डीजल
और कुछ अन्य पदार्थों के
भारत में उत्पादन पर

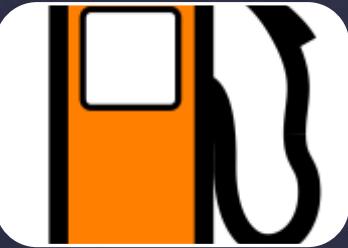


natural gas

5 hydrocarbons: their indirect taxes not yet subsumed in GST.



Crude oil



Petrol



Diesel



Aviation Turbine
Fuel



natural gas

Present



1) Oil drilling / refining:
Union's Excise



2) When selling:
State's VAT

future



CGST



SGST

3) Once the GST council
decides the date



Budget-2021: Petrol & Diesel : Agriculture Infrastructure & Development Cess

(कृषि अवसंरचना और विकास उपकर)

₹XX Excise
Duty
per litre



₹XX per
litre
road &
infra cess



₹X per litre
AIDC Cess



??



Mind it this is **not percentage%.**
This is **absolute price per litre.**



petrol (AIDC
cess@₹2.5/litre)



diesel (AIDC
cess@₹4/litre)



Budget-2022: Unblended Petrol pe Additional Differential Excise Duty



ऐसा पेट्रोल जिसमें
इथेनॉल मिश्रित नहीं
किया → उस पर
ज्यादा टैक्स लगेगा



Un-blended petrol
(₹2/litre)



Ethanol-Blended
Petrol (₹0/litre)



Import Crude oil



Refinery

Supply to Indian market

Export Petrol-Diesel



export

Before: 100

Russia War: 150

local

100

50





मैं तो India के स्थानिक बाज़ार में petrol कम supply करूँगा, और अमेरिका में ज्यादा petrol diesel भेजूंगा।
क्योंकि उसमें मुझे मुनाफ़ा ज्यादा दिखता है!



export

Before: 100

Russia War: 150

local

100

50



मैं तो India के स्थानिक बाज़ार में petrol कम supply करूँगा, और अमेरिका में ज्यादा petrol diesel भेजूँगा।
क्योंकि उसमें मुझे मुनाफ़ा ज्यादा दिखता है!



अभी सबक़ सिखाता हूँ! export होने वाले petrol पे एक और tax लगाऊँगा - Windfall Tax

export

Before: 100

Russia War: 150

हेकड़ी खत्म: 100

local

100

50

100





मैं तो India के स्थानिक बाज़ार में petrol कम supply करूँगा, और अमेरिका में ज्यादा petrol diesel भेजूँगा।
क्योंकि उसमें मुझे मुनाफ़ा ज्यादा दिखता है!



👉 अभी सबक़ सिखाता हूँ! export होने वाले petrol पे एक और tax लगाऊँगा - Windfall Tax

😢 फिर तो अमेरिका पेट्रोल export करने पे मेरा profit कम हो जाएगा। इससे तो बेहतर कि मैं India में ही petrol supply करता हूँ!

Windfall gain = unexpected, unprecedented profit

अप्रत्याशित मुनाफा. उम्मीद से कई गुना ज्यादा मुनाफा



◆ Windfall Tax is a nickname given to a tax when it is levied on an unforeseen / unexpectedly large profit (अप्रत्याशित मुनाफ़े की स्थिति में यदि कोई टैक्स लगाया जाए तो उसे विंडफॉल टैक्स की संज्ञा दी जाती.)

◆ 2022: Fuel prices sharply in global market.

◆ So Indian refineries export petrol/diesel → They will make a lot more profit compared to previous years. (विश्व बाज़ार में ईंधन के बढ़ी कीमतों के चलते भारत के ईंधन नियंतकर्ताओं को अप्रत्याशित मुनाफा हो रहा था)



Windfall gain = unexpected, unprecedented profit

अप्रत्याशित मुनाफा. उम्मीद से कई गुना ज्यादा मुनाफा



- ◆ 2022-Jul: government imposed
- ◆ Special Additional Excise Duty (SAED) on export
 - ◆ Petrol (₹6/litre)
 - ◆ Diesel (₹12/litre)
 - ◆ Aviation Turbine Fuel (₹6/litre).
- ◆ Newspapers nicknamed this as “windfall tax”.

Import Crude

oil



Customs Duty

+ Special Additional Excise Duty (SAED)

+ 500 jaat ke cess/surcharge (I'll not loose sleep over it)

Export Petrol-Diesel

FAQ

- ❖  FAQ: can windfall tax be imposed only on indirect taxes / petrol diesel?
- ❖ Ans. If government is imposing any direct or indirect tax because of some unforeseen profits to a party, then journalist may label as Windfall Tax.
- ❖  FAQ: then can't we say bitcoin profit pe 30% Capital Gains Tax is also windfall tax?
- ❖ Ans. Journalists/Newspaper/Govt/Chief Economic Advisor/NITI etc have not used this word yet. So I would not use it.



FAQ

- ❖ But excise duty is a tax for manufacturing
- ❖ How can u levy it for exports?
- ❖ Ans. Send suggestion to FM

Windfall gain = unexpected, unprecedented profit
अप्रत्याशित मुनाफा. उम्मीद से कई गुना ज्यादा मुनाफा



- ❖ 2022-Jul: government imposed **Special Additional Excise Duty (SAED)** on export of

- ❖ Petrol (₹6/litre)
- ❖ Diesel (₹12/litre)
- ❖ Aviation Turbine Fuel (₹6/litre).

- ❖ Newspapers nicknamed this as “windfall tax”.



Administered Price Mechanism in Petrol, Diesel

एक जमाने में पेट्रोल डीजल की कीमतें सरकार तय करती थी और कंपनी के नुकसान पर सब्सिडी

1) Suppose real price of diesel
₹25 (import, refining, profit)



3) Sell diesel @20
+ taxes



2) At OMC, sell it @₹20/litre.
We'll pay you ₹5 as subsidy for loss
Via long-term oil bonds



What are oil Bonds? सरकार को ऑयल कंपनियों को सब्सिडी तो देनी थी
लेकिन पैसा नहीं था 😱 इसलिए ऑयल बॉन्ड दे दी दिये कि बाद में किस्तों में पैसा चुका देंगे.



Cheap diesel



Govt wants to give Subsidy.
But did not have enough CASH.
So Govt gave Oil bonds to Oil Companies
Principal + Interest to be paid in "X" Years.



By 2014: petrol, diesel prices decontrolled. Subsidy abolished.

at present we've dynamic pricing

- 1) Price revised "DAILY" by OMCs
- Using a formula "Trade parity price (TPP)"
- How that formula works? = ⚡ poor cost benefit.
- Sufficient to know it reflects international prices.
अंतर्राष्ट्रीय दामों के हिसाब से भारत में पेट्रोल डीजल सस्ता या महंगा होता है हालांकि सरकार टैक्स बढ़ाती रहती है तो सस्ते में नहीं मिलता

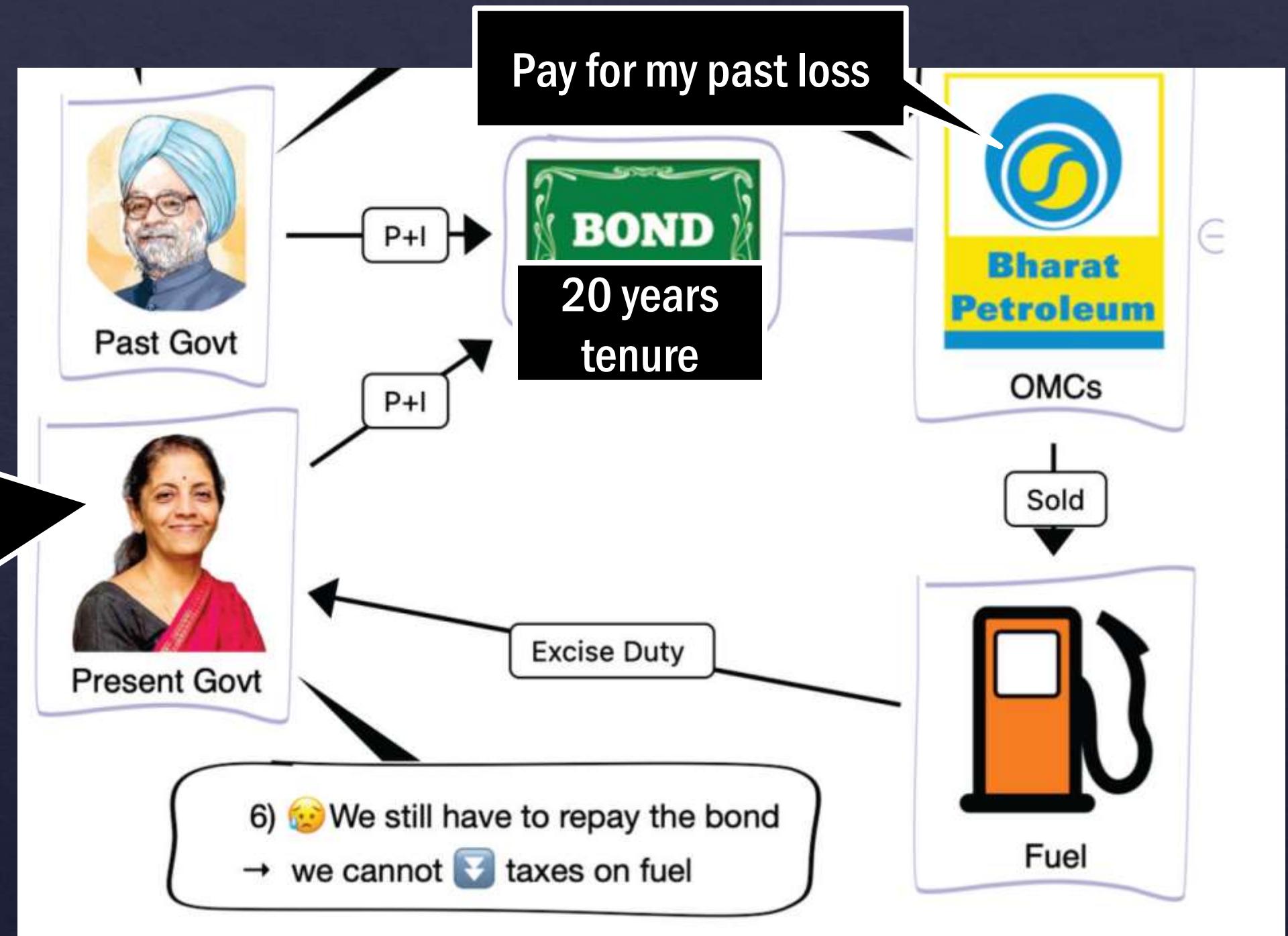
- 1) Suppose real price of diesel ₹30 (import, refining, profit)



हम क्यों सब्सिडी देंगे? हम नहीं देंगे!
उल्टा हम आपसे टैक्स मांगेंगे
Union Excise + State VAT

2) Sell diesel @30
+ taxes = 70-80

Previously she
said we'll not
 Excise



November-2021: Before UP/Punjab Election

First cut in 3 years: Petrol excise duty down by Rs 5/litre, diesel by Rs 10/litre

This comes at a time when petr

s the country.

Written by [Karunjit Singh](#), Aanchal Magazine |

Updated: November 4, 2021 7:23:34 am

Great work by Government
- Latest Economic Survey 2022



5 hydrocarbons: their indirect taxes not yet subsumed in GST.



Crude oil Petrol



Diesel Aviation Turbine Fuel



natural gas

Present



1) Oil drilling / refining:
Union's Excise



2) When selling:
State's VAT

future



CGST

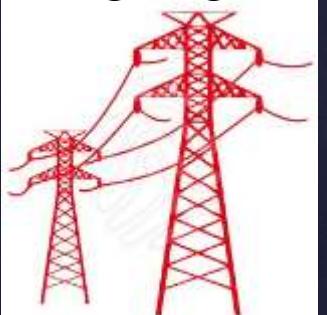


SGST

3) Once the GST council
decides the date



High voltage



Electricity pe

Union
Excise/GST

State Electricity
Duty

अभी पेट्रोल

डीजल और

विजली पर

GST



नहीं लगता है

5 hydrocarbons: their indirect taxes not yet subsumed in GST.



Crude oil Petrol



Diesel Aviation Turbine Fuel



natural gas

Present



1) Oil drilling / refining:
Union's Excise



2) When selling:
State's VAT

future



CGST

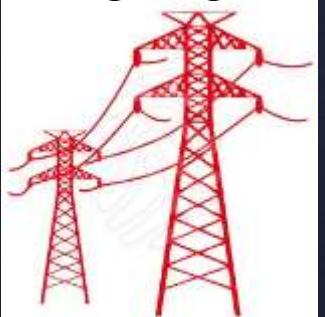


SGST

3) Once the GST council
decides the date



High voltage



Electricity pe

Union
Excise/GST

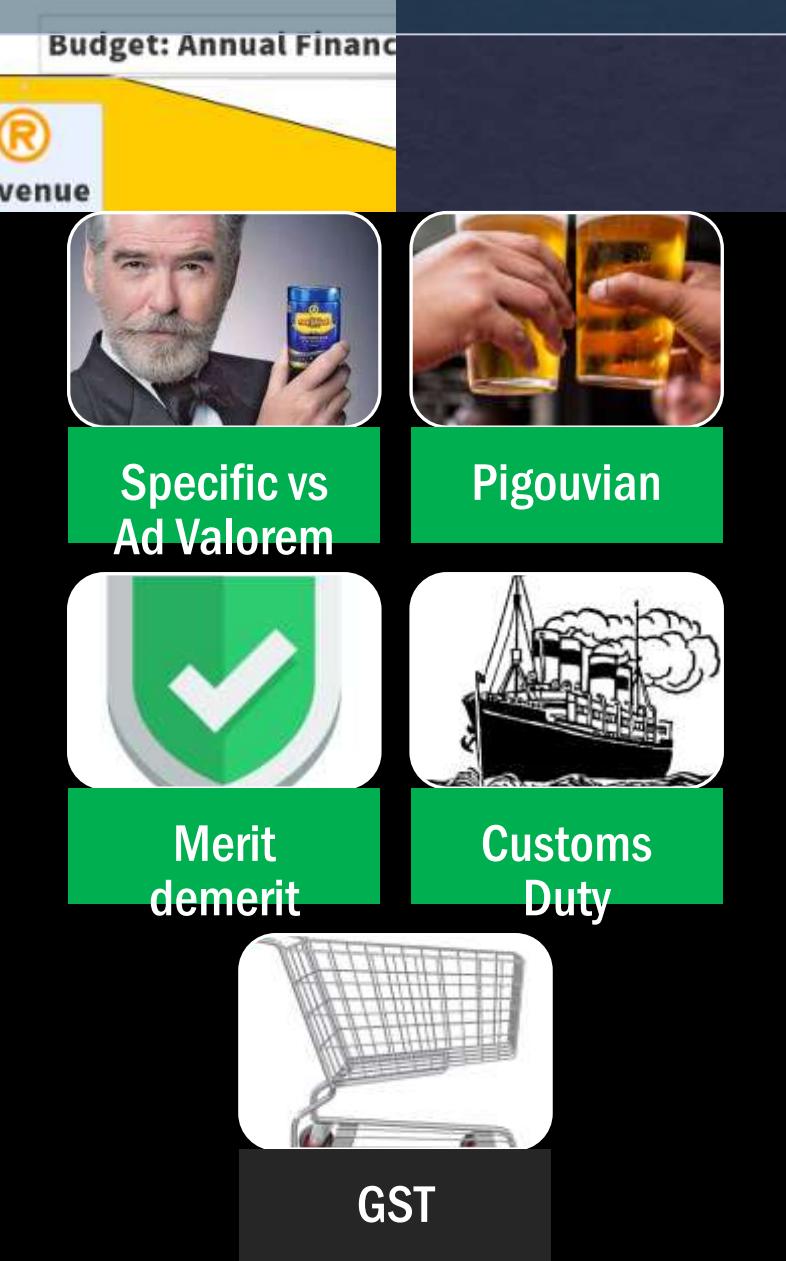
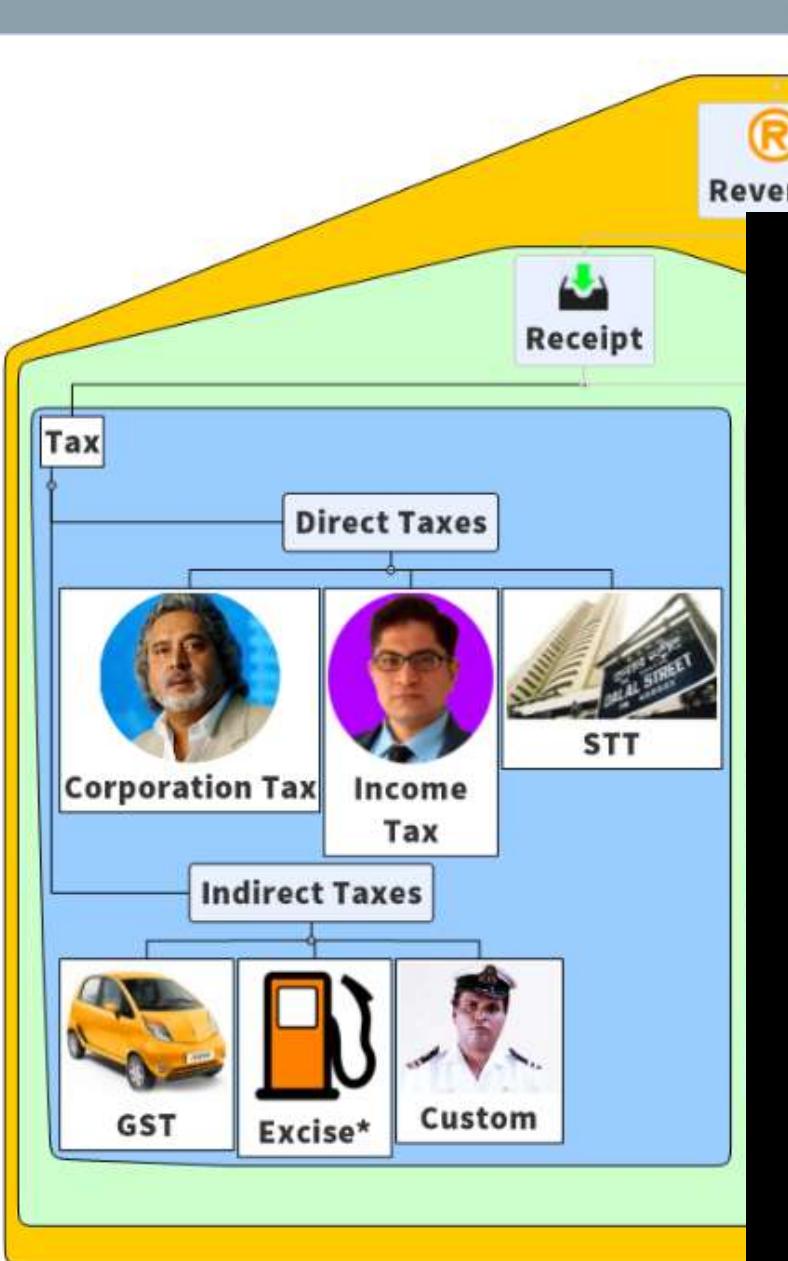
State Electricity
Duty

- NITI Suggested to put GST on petrol, diesel, electricity. पेट्रोल डीजल बिजली पर

जीएसटी लगाया जाए

- With 6 years compensation formula for States. और राज्यों को इसमें कर आमदनी में जो गिरावट या नुकसान हो उसकी भरपाई के लिए उन्हें 6 साल तक मुआवजा मिले

Pillar2A → Budget → Revenue Part → Taxes → Indirect Taxes



Handout uploaded

22.1 📊 INDIRECT TAXES: TYPES (लाभ व नुकसान)

Ad- Valorem tax (यथामूल्य कर)	per unit (विशेष कर प्रति यूनिट)
Taxes based on the value of something. E.g. 35% Customs Duty on import of orange juice. So, if juice priced at ₹1000 imported, then ₹350 as tax.	Tax on quantity of items. E.g. ₹ 260 Excise duty on production of every 1000 cigarettes of 65-70mm length. Here we're taxing them irrespective of their manufacturing price or selling price.
Easier to administer.	Difficult to administer, leads to inspector-raj & litigation. But, if slight increase in this tax, then greater burden passed on to the consumer so it helps reducing harmful consumption. (How exactly? Ans. microeconomics graph is not imp)

22.2 📊 INDIRECT TAXES: MERITS AND DEMERITS (लाभ व नुकसान)

😊 Merits	😊 Demerits
<ul style="list-style-type: none"> Convenient (सुगम) to collect because the traders act as honorary (=unpaid) tax collectors. Wider base because everyone covered e.g. 18% GST on Biscuit. Elastic (लचीला): small ↑ brings large revenue, because everyone is affected. Although they're "relatively" less elastic than Direct taxes. (Poor cost benefit interpreting its Microeconomics graph) Can ↑ harmful consumption by imposing higher taxes on cigar, alcohol, soft drinks & fast food. 	<ul style="list-style-type: none"> Regressive (परिवर्गाती) in nature, both poor and rich taxed equally for the same item then poor people end up paying more portion of their income in indirect taxes. This tax is hidden in the price. Customers do not always feel the pinch of paying indirect tax so it promotes less civic consciousness than direct taxes. Indirect taxes ↑ → product becomes expensive → demand ↓ so uncertainty involved in how much ₹ ₹ will Government actually earn? High level of corruption, evasion, cascading effect if input credit is not given e.g. erstwhile sales tax system.

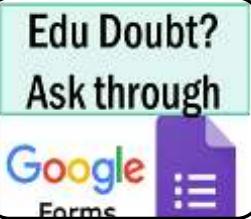
(Batch:PCB1) Mrunal's Economy Pillar#2A: Budget → Revenue Part → Tax-Receipts → Page 215

PLAN FOR NEXT WEEK: अगले हफ्ते का कार्यक्रम



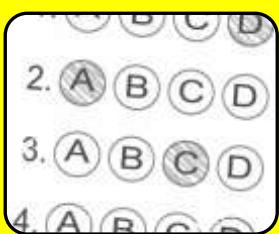
Monday: Current Affairs

- Night 8PM Mrunal's Monday Quiz



Google Form FAQ

- Whatever doubts received in google form till Monday 9AM:
- Ans in a PDF file in course page → update section
- ON Wed 10PM , depending on volume of querries



Wednesday 9PM:

- Weekly Economy Quiz from what we learned so far.

March, 2023

Mo Tu We Th Fr Sa Su

27 28 1 2 3 4 5

6 7 8 9 10 11 12

13 14 15 16 17 18 19

20 21 22 23 24 25 26

27

28

Thursday onwards 9PM

- SAME HANDOUT CONTINUED
- LIVE Classes



WIN23 LECTURE FOR OLD BATCH STUDENT.
U NEED NOT SIT.

**Audio/Video
Problem?**



**Edu Doubt?
Ask through**



FAQ uploaded this evening. Little late due to Win23 content work yesterday.

Quiz: 1D
<50/70= revise more.

#156		Shivani Mishra Mishra 51.38 marks • 26m : 51s	#163		Himani G 50.7 marks • 32m : 22s
#157	 Avatar	Vidhaan Bhardwaj 51.38 marks • 39m : 49s	#164		Prajjawal Yadav 50.04 marks • 11m : 56s
#158		Kritika Sharma 51.38 marks • 37m : 31s	#165		Shashwat Singh 50.04 marks • 17m : 50s
#159		Ronak Kumar 51.38 marks • 42m : 54s	#166		Arpan Shah 50.04 marks • 44m : 20s
#160		Ritushree Mahanta 51.38 marks • 44m : 58s	#167		Kamalika Das 50.04 marks • 40m : 23s
#161		Divya Shukla 51.36 marks • 14m : 27s	#168		Manish Niranjan 50.02 marks • 24m : 20s
#162		Rohit Tomar 50.7 marks • 34m : 20s			

Audio/
Video
Problem?



Edu Doubt?
Ask through



FAQ uploaded this evening. Little late due to Win23 content work yesterday.

Quiz: 2A
<40/60= revise more.

#187



TIRATH SINGH RAWAT
41.38 marks • 23m : 47s

#188



Mandvi Choubey
41.36 marks • 14m : 29s

#189



NOUFAN
40.7 marks • 7m : 25s

#190



David Tapas
40.7 marks • 27m : 24s

#191



Kuldeep Bhatt
40.7 marks • 13m : 6s

#192



SHREYA SHARMA
40.7 marks • 34m : 29s

#193



Willingbirth Sangma
40.7 marks • 32m : 4s

#194



Laxmikant T
40.04 marks • 10m : 6s

#195



Sagar
40.04 marks • 12m : 11s

#196



Srajan Shrivastava
40.04 marks • 14m : 10s

#197



Megha Singh
40.04 marks • 27m : 19s

#198



Harshita Srivastava
40.02 marks • 33m : 12s

ABC

? MCQ-UPSC-CDS-2013-I

Which of the following are direct tax in India?

- 1. Corporation tax
- 2. Tax on income
- 3. Wealth tax
- 4. Customs duty
- 5. Excise duty

Ans. Codes:

- (a) 1, 2 and 3
- (b) 1, 2, 4 and 5
- (c) 2 and 3
- (d) 1, 3, 4 and 5 (E) SKIP



इनमें से प्रत्यक्ष
कर कौन से हैं

100% Surety

50:50

E) Skip

Atto

ABC

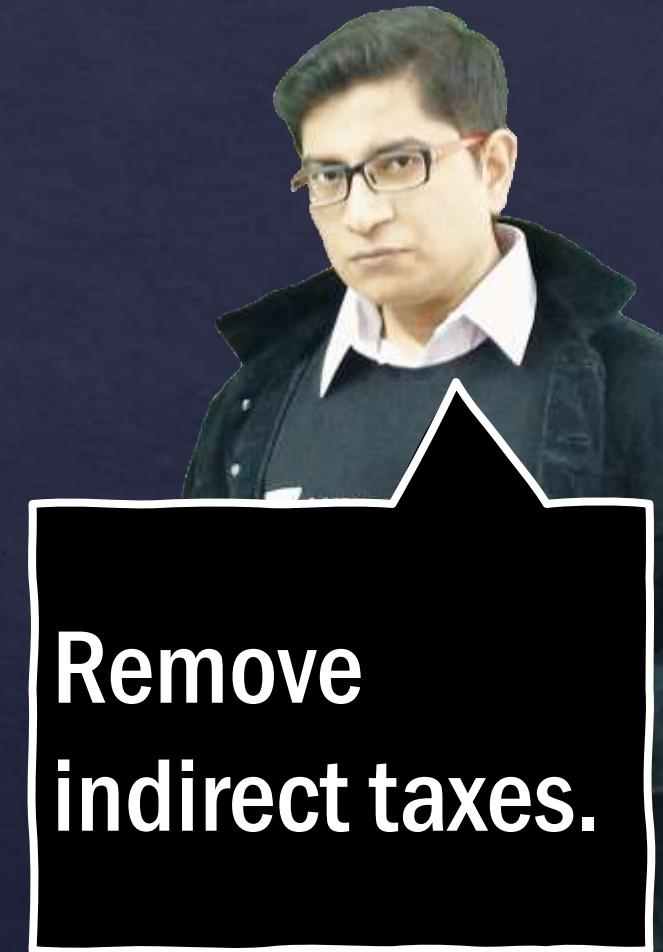
? MCQ-UPSC-CDS-2013-I

Which of the following are direct tax in India?

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- 4. Customs duty
- 5. Excise duty

Ans. Codes:

- (a) 1, 2 and 3
- (b) 1, 2, 4 and 5
- (c) 2 and 3
- (d) 1, 3, 4 and 5 (E) SKIP



100% Surety

50:50

E) Skip

P
Atte

Which of the following are direct tax in India?

- 1. Corporation tax
 - 2. Tax on income
 - 3. Wealth tax
 - 4. Customs duty
 - 5. Excise duty

Ans. Codes:

- (a) 1, 2 and 3 (b) 1, 2, 4 and 5
(c) 2 and 3 (d) 1, 3, 4 and 5 (E) SKIP

100% Surety

50:50

E) Skip

- #1 is definitely correct.
 - Multi-statement =
always go with 50:50
then final stroke → will
prevent silly
overthinking not req. ke
“wealth tax is
abolished!”

Item	Indirect Tax of Union
 IMPORT EXPORT	CUSTOMS DUTY
 MANUFACTURING OF 5 HYDROCARBON PRODUCT	EXCISE DUTY
 GOODS & SERVICES	GST
 Tobacco products	<p>1. NCCD (National Calamity Contingent Duty)</p> <p>2. & GST</p>  <p><i>increased for Cigars</i></p>

Pillar2A → Budget → Revenue Part → Taxes → Indirect Taxes → GST



GST Economic Angle



GST Constitutional Angle



Union taxes replaced by GST



State taxes replaced by GST



GST on Goods & Services 0%-28%



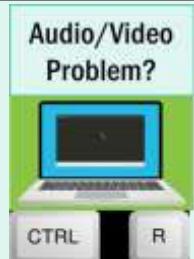
GST Compensation to States



Misc. Concepts & Misc. Organizations



GST Benefits & Challenges



Edu Doubt?
Ask through
Google Forms

22.3 📈🛒₹ (CONCEPT) PIGOUIAN TAX (पिगोवियन कर)

- An externality (वाहयता) is a positive or negative consequence of an economic activity experienced by unrelated third parties. E.g. Cement company (related parties: labourers & consumers benefit); whereas unrelated third parties (local community, flora and fauna) are harmed by cement company's air-pollution.
- English economist Arthur C. Pigou proposed taxing the companies that create such negative externalities: e.g. polluting industries, cigarettes (passive smoking), alcohol (social disharmony).
- We HAVE high level of indirect taxes on petroleum, tobacco and alcoholic products.
- We HAD "Clean environment cess" on Rs 400 per tonne of coal (but abolished in GST).

22.4 📈🛒₹GST Cascading Effect of Indirect Taxes

If a government levies 10% indirect tax every time an item is sold, then buyer will have to pay tax on tax. This 'cascading effect' of indirect taxes (अपत्यक्ष करों का सापेक्ष प्रभाव) raises the price of final product. Observe:

Table 7: [NOTIMP For UPSC. Prepare only for State Tax officers' Jobs' Interview](#)

Suppose,	Price	10% Tax on price	Total
Retailer bought from wholesaler	₹100	₹10	₹110
Retailer sold to customer with ₹10 profit	₹120	₹12	₹132

Breakdown of the ₹132 paid by the final customer: $132 = 100 + 10 + 10 + 1 + 1$

- $132 = 100$ (price of original product) + 10 (tax paid by retailer to wholesaler) + 10 (as retailer's profit margin) + 1 (tax paid by customer to buy from retailer) + 1**.
- ** **this one rupee** is 10% of 10 (tax paid by retailer to wholesaler). So, it's "TAX ON TAX" paid at previous stage / cascading effect of tax on the end-customer.
- Then, both buyer and seller will prefer to do transaction without bills, to entirely avoid tax liability and its cascading effect → Govt.'s revenue collection ↓, Fiscal deficit ↑, black money ↑
- This problem can be solved, if govt gives some type of cashback, reward points or input tax credit (ITC: इनपुट कर प्रत्यय) to the sellers, on the indirect taxes they've already paid in previous stage.
- To claim such input tax credit, the sellers will have to show the bills/ invoices for each stage = self-policing = black money ↓.

22.5 📈🛒₹ 31: INDIRECT TAXES: A TIMELINE OF REFORMS

Reform in Indirect taxation		
Year	Who?	
1944	Union	Central Excise Act (केंद्रीय उत्पाद शुल्क अधिनियम) to levy Excise duty on goods produced/manufactured in India. Abolished on most items after GST.
1956	Union	Central Sales commerce. In where goods w

continued

35 pages worth of handout dedicated to GST, why

Pillar2A → Budget → Revenue Part → Taxes → Indirect Taxes → GST



22.3 (CONCEPT) PIGOUlian TAX (पिगुवियन कर)

- An externality (प्रभाव) is a positive or negative consequence of an economic activity experienced by unrelated third parties. E.g. Cement company troubled parties (labourers & environment), but also third parties (local community, flora and fauna) are harmed by cement company's air pollution.
- English economist Arthur C. Pigou proposed taxing the companies that create such negative externalities e.g. polluting industries, cigarettes (passive smoking), alcohol (sexual disharmony).
- We HAVE high level of indirect taxes on petroleum, tobacco and alcoholic products.
- We HAD "Clean environment cess" on Rs 400 per tonne of coal (but abolished in GST).

22.4 (EXPLANATION) CASCADING EFFECT OF INDIRECT TAXES

If a government levies 10% indirect tax every time an item is sold, then buyer will have to pay tax on tax. This "cascading effect" of indirect taxes (जारी रखा जाने वाला कर) raises the price of final product. *Observer*

Suppose,	Price	10% Tax on price	Total
Retailer bought from wholesaler	₹100	₹10	₹110
Retailer sold to customer	₹120	₹12	₹132
With 10% profit			

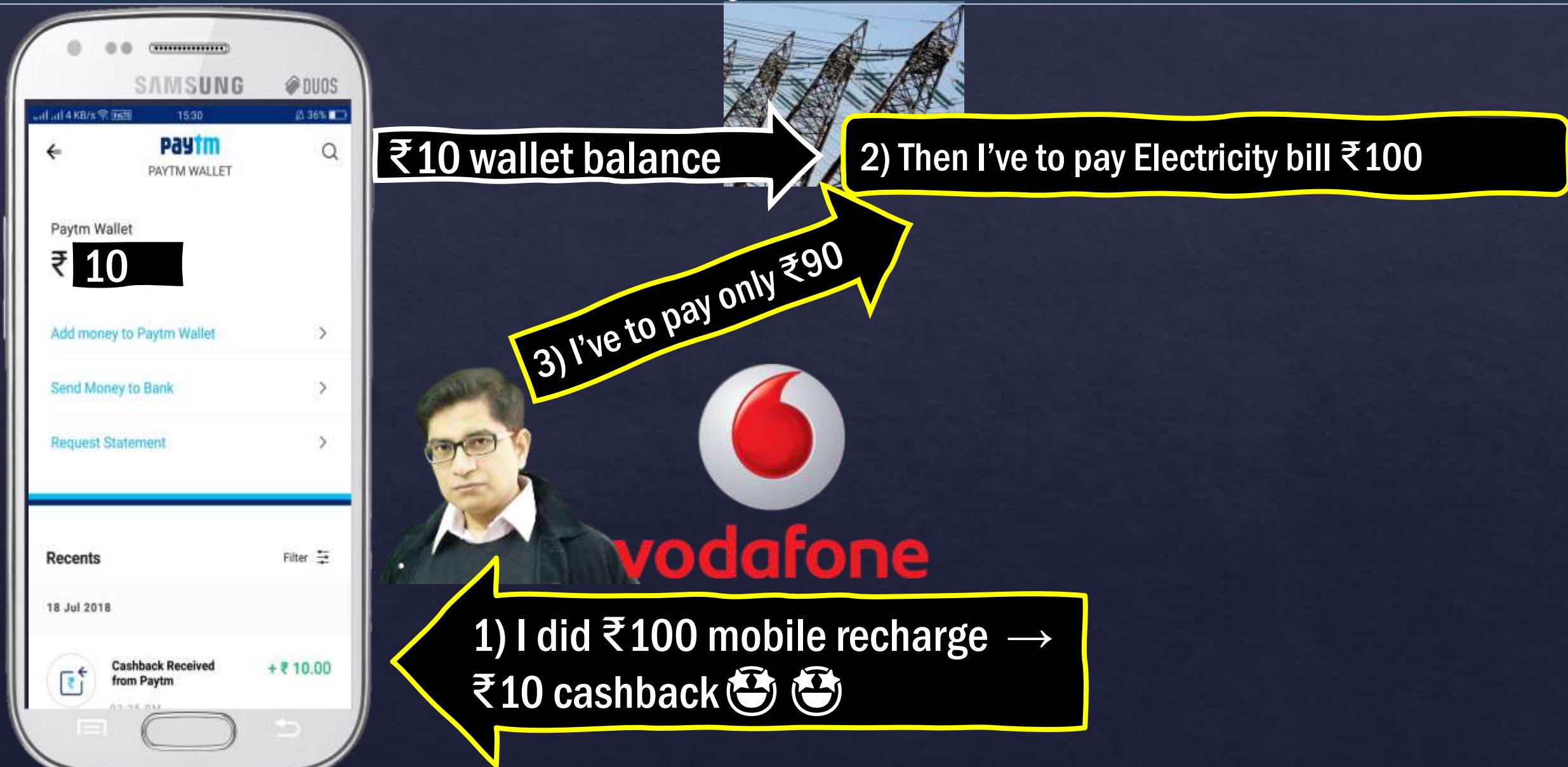
Breakdown the ₹132 paid by the final customer: $132 = 100 + 10 + 10 + 10$

- ₹10 = 100% price of original product + 10% tax paid by retailer to wholesaler + 10% retailer's profit margin + 10% tax paid by customer to buy from retailer + 10%.
- 10% tax on original product = 10% of 10% (tax paid by retailer to wholesaler). So, it's "TAX ON TAX - paid at previous stage". Cascading effect of tax on the end-customer.

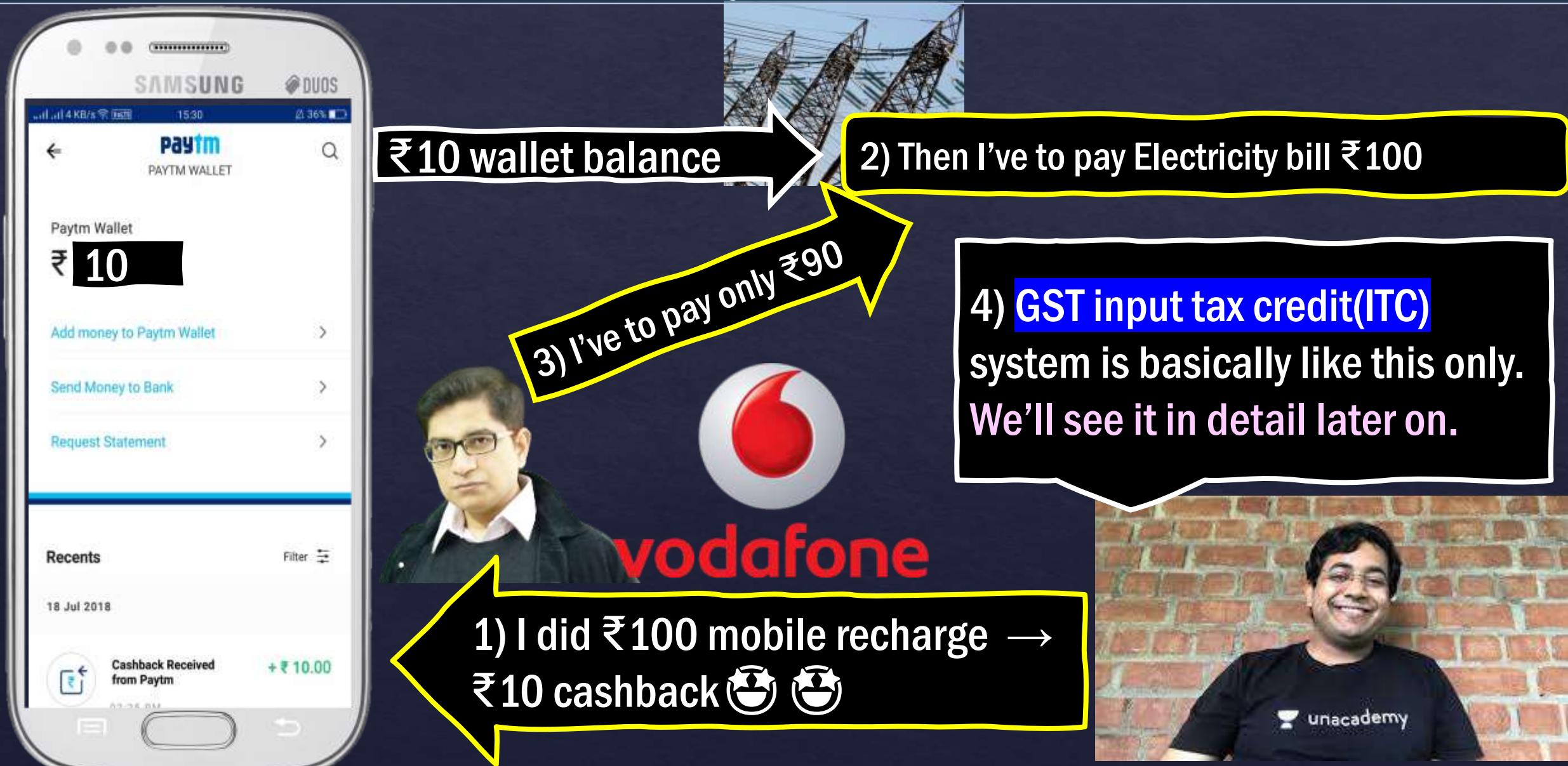


- ✓ Reason#1: regularly asking Questions in Mains (मुख्य परीक्षा में नियमित रूप से पूछ रहे)
- ✓ Many StatePCS jobs for Commercial Tax Inspector, State Tax inspector, Accounts officer...where more understanding about GST is necessary for their written exam and interview. handout थोड़ा लंबा इसलिए है क्योंकि बहुत सारी non-IAS परीक्षाओं में - जीएसटी के बारे में ज्यादा factual कीसम की चीजें रट के जानी पड़ती है
- ✓ ⌛ Other need not lose sleep.
- ✓ Sequence of topic is not linear between PPT vs HDT (Because HDT assumes you have learned the ENTIRE topic from PPT before.) So, patience. You'll see the big picture.

जैसे Paytm पर मिला Cashback हम दूसरी बार बिल भरते वक्त इस्तेमाल कर सकते हैं GST में भी कुछ ऐसा ही होता है



जैसे Paytm पर मिला Cashback हम दूसरी बार बिल भरते वक्त इस्तेमाल कर सकते हैं GST में भी कुछ ऐसा ही होता है





2) INPUT: Server, Computer, Webcam, Mic
₹15 lakh (Price) + 2.70lakh (GST)



3) Deposited
₹ 2.70 lakh GST

1) GST on electronic goods,
coaching services: 18%



रोमन सैनी अपनी कंपनी शुरू करने के लिए
अजीम प्रेमजी से कंप्यूटर का सामान खरीदना है और अजीम प्रेमजी को वस्तु का मूल्य
और उसके ऊपर जीएसटी नाम का परोक्ष कर भी देता है
विक्रेता अजीम प्रेमजी ने उस GST रकम को सरकार में जमा करनी होगी



INPUT: Server, Computer, Webcam, Mic
15L (Price) + 2.70lakh (GST)



2) OUTPUT: Online Coaching to 100 Students

₹30L (Price)+ 5.40 lakh (18%GST)
= 35,40,000 collected from students



Deposited ₹ 2.70 lakh GST

GST on electronic goods,
services: 18%



3) Submit the GST (indirect tax) collected from students

1) if Roman wants ₹ 15L PROFIT per batch.

= 15L input cost + (15L profit)
= ₹30 lakh FEES.



INPUT: Server, Computer, Webcam, Mic
15L (Price) + 2.70lakh (GST)



1) OUTPUT: Online Coaching to 100 Students
30L (Price)+ 5.40lakh (18%GST)
= 35,40,000 collected from students



Deposited ₹ 2.70 lakh GST

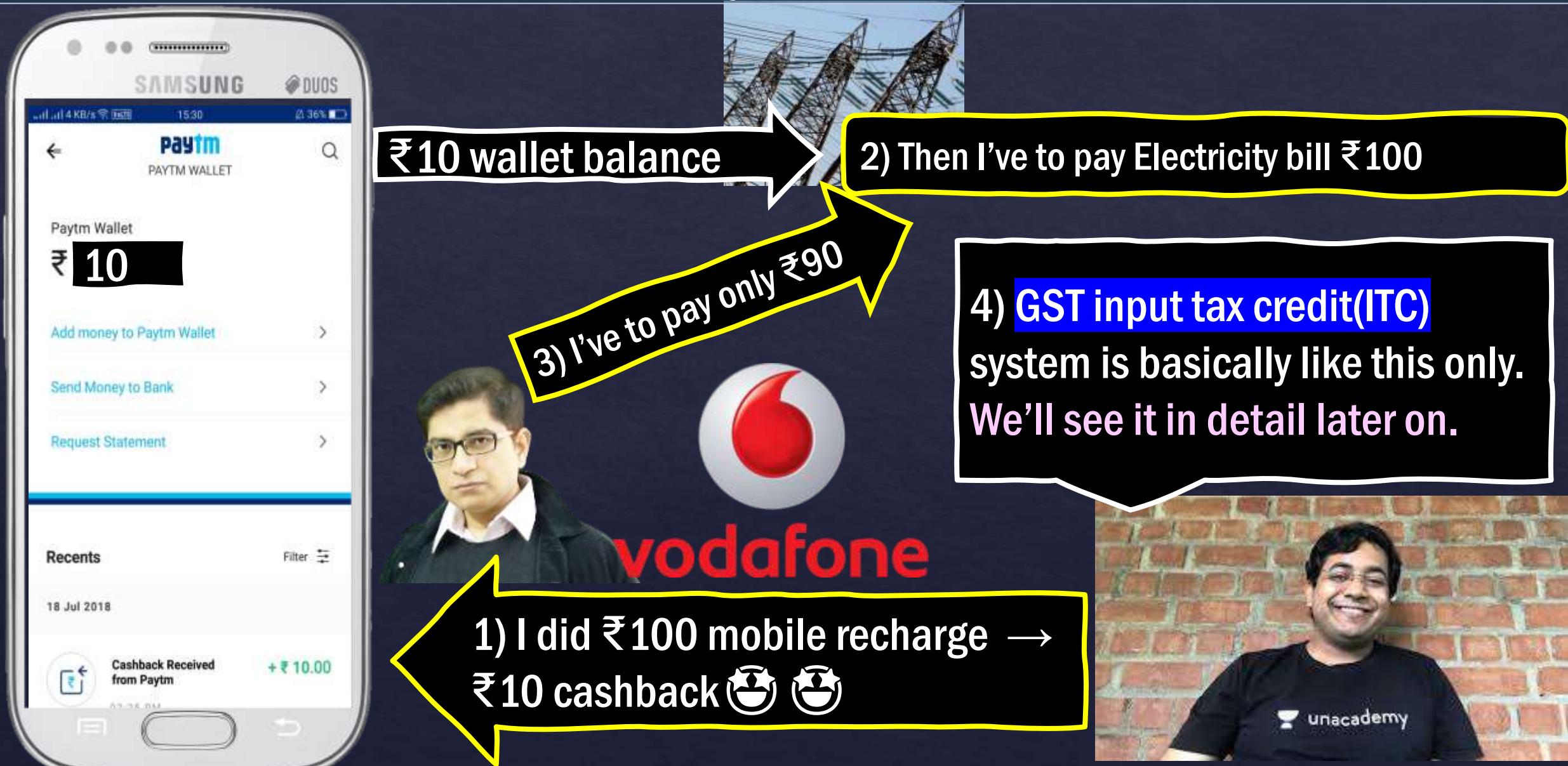
2) Doesn't deposit 5.40L because
GST provides input tax credit.
5.40 (output) - 2.70 (input)
= ONLY ₹2.70 needs to be deposited.



Suppose UA decided they want to earn ₹ 15L per batch.
Input cost: 15L + (15L they want to earn) = 30 lakh price.

GST INPUT CREDIT: रोमन ने विद्यार्थियों से लिया सारा जीएसटी सरकार
में जमा नहीं करना होगा ⚡ क्योंकि रोमन ने जितना **GST** टैक्स Azim Premji को
दिया उसकी रोमन को माफी मिलेगी

जैसे Paytm पर मिला Cashback हम दूसरी बार बिल भरते वक्त इस्तेमाल कर सकते हैं GST में भी कुछ ऐसा ही होता है



Pillar2A → Budget → Revenue Part → Taxes → Indirect Taxes → GST



GST Economic Angle



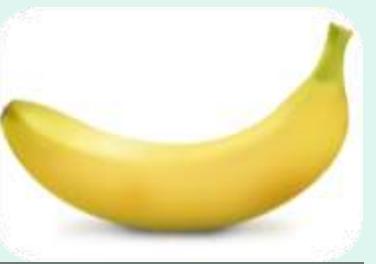
GST Constitutional Angle



Union taxes replaced by GST



State taxes replaced by GST



GST on Goods & Services 0%-28%



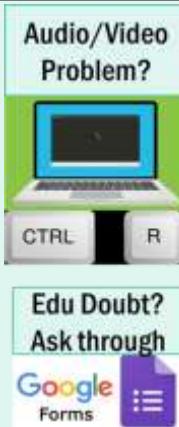
GST Compensation to States



Misc. Concepts & Misc. Organizations



GST Benefits & Challenges



22.3 (CONCEPT) PIGOUIAN TAX (पिगोवियन कर)

- An externality (बाह्यता) is a positive or negative consequence of an economic activity experienced by unrelated third parties. E.g. Cement company (related parties: labourers & consumers benefit); whereas unrelated third parties (local community, flora and fauna) are harmed by cement company's air-pollution.
 - English economist Arthur C. Pigou proposed taxing the companies that create such negative externalities: e.g. polluting industries, cigarettes (passive smoking), alcohol (social disharmony).
 - We HAVE high level of indirect taxes on petroleum, tobacco and alcoholic products.
 - We HAD "Clean environment cess" on Rs 400 per tonne of coal (but abolished in GST)

22

Bre

in previous stage.

- To claim such input tax credit, the sellers will have to show the bills/ invoices for each stage = self-policing = black money !.

 31: INDIRECT TAXES: A TIMELINE OF REFORMS

Year	Who?	Reform in Indirect taxation
1944	Union 	Central Excise Act (केंद्रीय उत्पाद शुल्क अधिनियम) to levy Excise duty on goods produced/manufactured in India. Abolished on most items after GST.
1956	Union 	Central Sales Tax (CST) on inter-state commerce. Intra-state goods were exempted.

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Simple vs Compound interest rate

suppose u borrowed ₹100 @10% Interest for two years

Components

Principal

Year1 Interest

Year2 Interest

Total Interest

Simple Interest

100 (P)

10% of (100) = ₹10

10% of (100) = ₹10

$10+10=20$

मान लीजिए आपने
₹100
2 साल के लिए प्रति वर्ष
10 % ब्याज पर
उधार लिए हैं

कुल इतना ब्याज चुकाना है

suppose u borrowed ₹100 @10% Interest for two years

चक्रवृद्धि ब्याज में ब्याज के ऊपर भी ब्याज चढ़ता रहता है इसलिए बोझ बढ़ जाता है

Components

Principal

Year1 Interest

Year2 Interest

Total Interest

Simple Interest

100 (P)

$10\% (100) = ₹10$

$10\% (100) = ₹10$

$₹10 + ₹10 = ₹20$ 😊

Compound

100 (P)

$10\% (100) = ₹10$

$10\% (100 \text{ Principal})$
 $+ 10\% (\text{₹}10 \text{ Yr1 Int}) = ₹11$

$₹10 + ₹11 = ₹21$ 😦

suppose u borrowed ₹100 @10% Interest for two years

चक्रवृद्धि ब्याज में ब्याज के ऊपर भी ब्याज चढ़ता रहता है इसलिए बोझ बढ़ जाता है

Components

Principal

Year1 Interest

Year2 Interest

Total Interest

Simple Interest

100 (P)

10% (100) = ₹10

10% (100) = ₹10

₹10 + ₹10 = ₹20 😊

Compound

100 (P)

10% (100) = ₹10

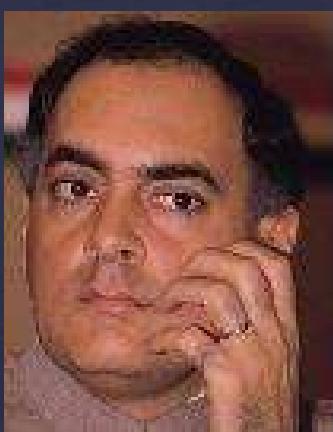
10% (100 Principal)
+ 10% (₹10 Yr1 Int) = ₹11

₹10 + ₹11 = ₹21 😦

21 (Compound) - 20 (Simple) = ₹1 EXTRA Burden

Cascading Effect of “Interest on Interest” (ब्याज के ऊपर भी ब्याज चढ़ता रहता)

Sr.	Item	Excise-Sales Tax system
1	Coaching walla buys Chalk, Duster	1000
2	Coaching walla pay 10% Tax to seller	100 as Excise & Sales Tax
3	Coaching-walla wants Profit	400
4	Selling Price (Coaching Fees)	$1000 + 100 + 400 = 1500$
5	Coaching Fees per 10% tax	$1500 * 10\% = 150$
6	Student has to pay (5+6)	$1500 \text{ fees} + 150 \text{ tax} = 1650$



Sr.	Item	GST
1	Coaching walla buys Chalk, Duster	1000
2	Coaching walla pay 10% Tax to seller	Rs.100 as GST but, he'll get refund/ITC so effectively Rs.0
3	Coaching-walla wants Profit	400
4	Selling Price (Coaching Fees)	$1000 + 0 + 400 = 1400$
5	Coaching Fees pe 10% tax	$1400 * 10\% = 140$
6	Student has to pay (5+6)	$1400 \text{ fees} + 140 \text{ tax} = 1540$





Excise-Sales Tax/VAT

1650

GST

1540

Student had to pay Rs.110 extra.
That is cascading effect.

Sr.	Item	Excise-Sales Tax system
1	Coaching walla buys Chalk, Duster	1000
2	Coaching walla pay 10% Tax to seller	100 as Excise & Sale
3	Coaching-walla wants Profit	400
4	Selling Price (Coaching Fees)	$1000 + 100 + 400 = 1500$
5	Coaching Fees per 10% tax	$1500 * 10\% = 150$
6	Student has to pay (5+6)	$1500 \text{ fees} + 150 \text{ tax} = 1650$

Rs.100

No ITC so burden increased

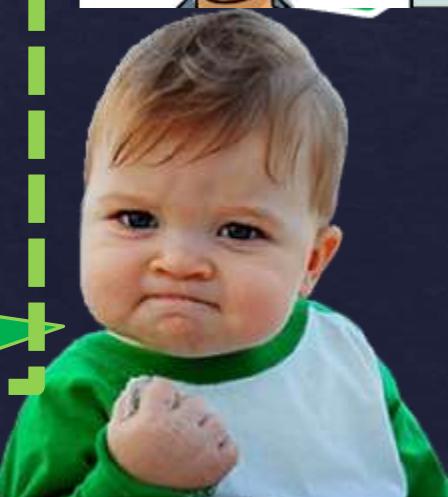
110 burden extra

If understood well and good. OTHERWISE...

- ◆ In indirect taxes,
- ◆ If input tax credit (ITC) not given to seller. व्यापारी को अगर इनपुट टैक्स क्रेडिट न मिले
- ◆ Then Final customer will face burden of TAX on TAX तो अंतिम ग्राहक पर टैक्स के ऊपर टैक्स लग जाता है
- ◆ This is known as cascading effect. इसे करों का सोपानी प्रभाव कहते हैं

रद्दा मारो जिदाबाद...

Long live the Rote Learning



BEFORE GST



BEFORE GST

Govt not giving ITC. Better we hide transaction. DONOT give Bill, else cost will increase for me!

Govt not giving ITC. Better we hide transaction. DONOT give Bill, else cost will increase for me!

More scope for Tax Evasion Black Money



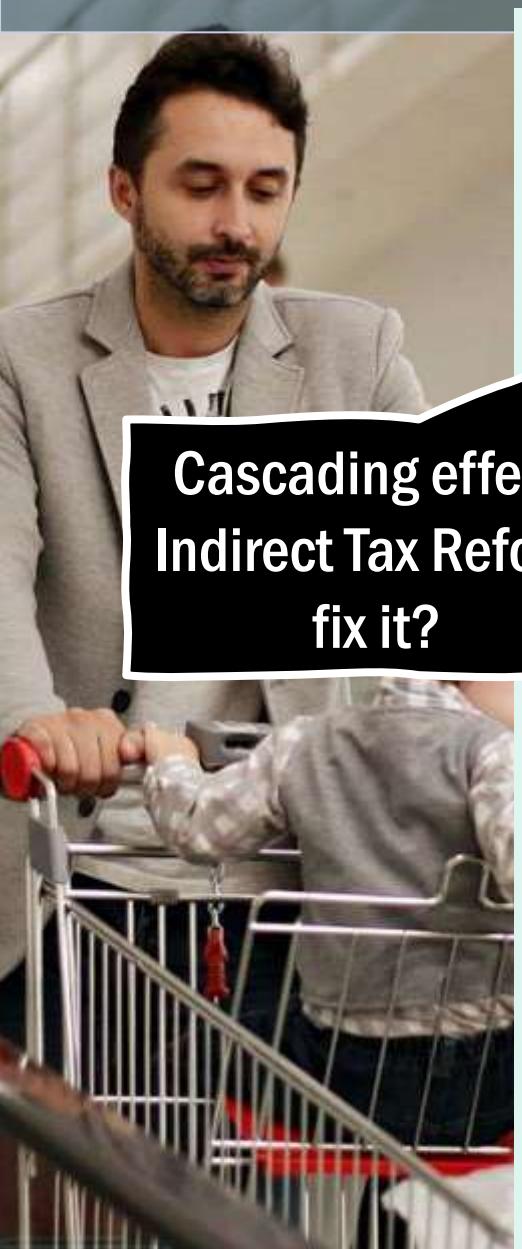
After GST

@Factory-walle give me bill,
only then govt will give me ITC

@Dukaan-walle give me bill,
only then govt will give me ITC

Less Scope

Pillar2A → Budget → Revenue Part → Taxes → Indirect Taxes → GST



GST Economic Angle



GST Constitutional Angle



Union taxes replaced by GST

**Cascading effect:
Indirect Tax Reform
fix it?**



State taxes replaced by GST



GST on Goods & Services 0%-28%



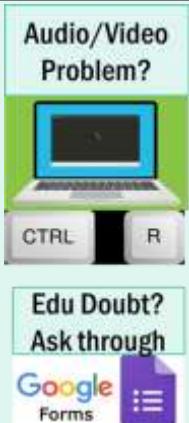
GST Compensation to States



Misc. Concepts & Misc. Organizations



GST Benefits & Challenges



22.3 📈🛒⚠️ (CONCEPT) PIGOUIAN TAX (पिगोवियन कर)

- An externality (वाहयता) is a positive or negative consequence of an economic activity experienced by unrelated third parties. E.g. Cement company (related parties: labourers & consumers benefit); whereas unrelated third parties (local community, flora and fauna) are harmed by cement company's air-pollution.
- English economist Arthur C. Pigou proposed taxing the companies that create such negative externalities: e.g. polluting industries, cigarettes (passive smoking), alcohol (social disharmony).
- We HAVE high level of indirect taxes on petroleum, tobacco and alcoholic products.
- We HAD "Clean environment cess" on Rs 400 per tonne of coal (but abolished in GST).

22.4 📈🛒⚠️⚠️ Cascading Effect of Indirect Taxes

If a government levies 10% indirect tax every time an item is sold, then buyer will have to pay tax on tax. This 'cascading effect' of indirect taxes (अपत्यक्ष करों का सापेक्ष प्रभाव) raises the price of final product. Observe:

Table 7: [NOTIMP For UPSC. Prepare only for State Tax officers' Jobs' Interview](#)

Suppose,	Price	10% Tax on price	Total
Retailer bought from wholesaler	₹100	₹10	₹110
Retailer sold to customer with ₹10 profit	₹120	₹12	₹132

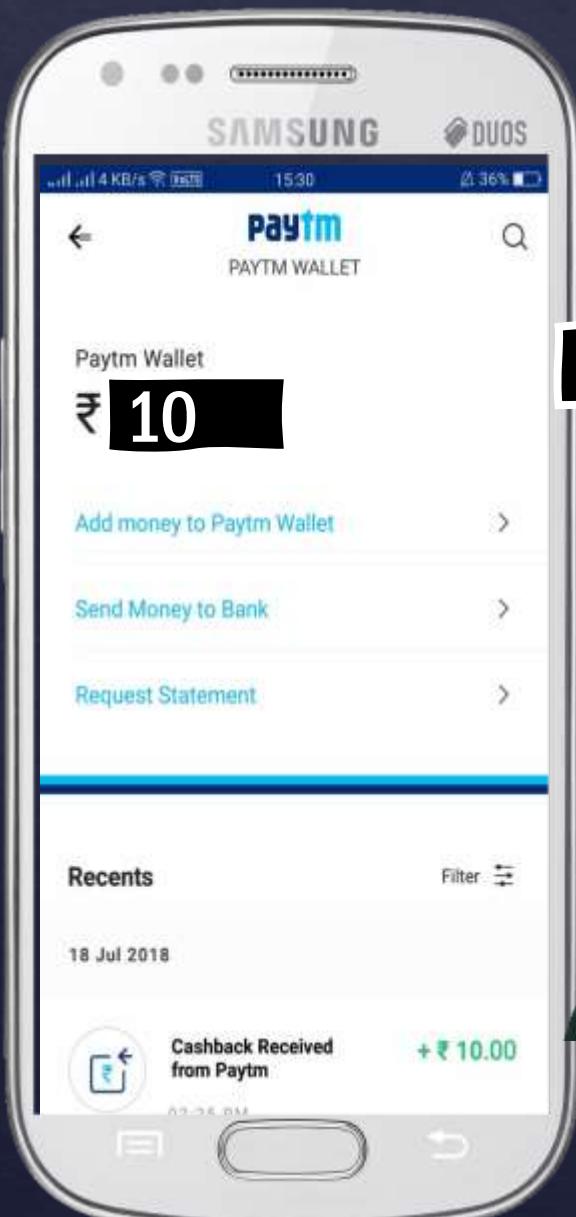
Breakdown of the ₹132 paid by the final customer: $132 = 100 + 10 + 10 + 1 + 1$

- $132 = 100$ (price of original product) + 10 (tax paid by retailer to wholesaler) + 10 (as retailer's profit margin) + 11 (tax paid by customer to buy from retailer) + 1**.
- ** **this one rupee** is 10% of 10 (tax paid by retailer to wholesaler). So, it's "TAX ON TAX" paid at previous stage / cascading effect of tax on the end-customer.
- Then, both buyer and seller will prefer to do transaction without bills, to entirely avoid tax liability and its cascading effect → Govt.'s revenue collection ↓, Fiscal deficit ↑, black money ↑
- This problem can be solved, if govt gives some type of cashback, reward points or input tax credit (ITC: इनपुट कर प्रत्यय) to the sellers, on the indirect taxes they've already paid in previous stage.
- To claim such input tax credit, the sellers will have to show the bills/ invoices for each stage = self-policing = black money ↓.

22.5 📈🛒⚠️: INDIRECT TAXES: A TIMELINE OF REFORMS

Year	Who?	Reform in Indirect taxation
1944	Union	Central Excise Act (केंद्रीय उत्पाद शुल्क अधिनियम) to levy Excise duty on goods produced/manufactured in India. Abolished on most items after GST.
1956		

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₹10 wallet balance

2) Electricity bill ₹100

I've to pay only ₹90

4) **GST input tax credit(ITC) system** is basically **similar to this Paytm CASHback only.**
We'll see it in detail later on.



1) ₹100 mobile recharge pe
₹10 cashback



If input tax credit (ITC) not given = cascading effect will continue 😠

पिछले चरण में जो टैक्स भरा उसकी आपको माफी नहीं मिलेगी तो करो का सोपनि प्रभाव 😠

REGIME

80s



MODVAT
(Union)

ITC on Union?



Only excise, not
service tax

ITC on State?



N/A



I can explain this, but I'll NOT do it. #RAFTAAR

If input tax credit (ITC) not given = cascading effect will continue 😠

पिछले चरण में जो टैक्स भरा उसकी आपको माफी नहीं मिलेगी तो करो का सोपनि प्रभाव 😠

REGIME

80s



MODVAT
(Union)

2000s



CENVAT (Union)

ITC on Union?



Only excise, not
service tax



Both on excise,
service tax

ITC on State?



N/A



N/A



I can explain this, but I'll NOT do it. #RAFTAAR

If input tax credit (ITC) not given = cascading effect will continue 😠

पिछले चरण में जो टैक्स भरा उसकी आपको माफी नहीं मिलेगी तो करो का सोपनि प्रभाव 😠

REGIME

80s



MODVAT
(Union)

2000s



CENVAT (Union)

2005s

VAT (State)

ITC on Union?



Only excise, not
service tax



Both on excise,
service tax



N/A



ITC on State?



N/A



N/A



I can explain this, but I'll NOT do it. #RAFTAAR

If input tax credit (ITC) not given = cascading effect will continue 😠

पिछले चरण में जो टैक्स भरा उसकी आपको माफी नहीं मिलेगी तो करो का सोपनि प्रभाव 😠

REGIME

80s



MODVAT
(Union)

2000s



CENVAT (Union)

2005s

VAT (State)

2017

GST (BOTH)

ITC on Union?



Only excise, not
service tax



Both on excise,
service tax



N/A



ITC on State?



N/A



N/A



I can explain this, but I'll NOT do it. #RAFTAAR

Pillar2A → Budget → Revenue Part → Taxes → Indirect Taxes → GST

GST Economic Angle

GST Constitutional Angle

Inverted Duty, Vaccine pe GST

Union taxes replaced by GST

State taxes replaced by GST

GST on Goods & Services 0%-28%

GST Compensation to States

Misc. Concepts & Misc. Organizations

GST Benefits & Challenges

Flowchart of Tax Replacement:

```

graph TD
    A[Inputs buying pe Taxes] --> B[Buy INPUTS]
    B --> C[CGST]
    C --> D[ITC]
    D --> E[CGST]
    E --> F[But, No ITC on Sales Tax/VAT]
    F --> G[Excise Duty, Service Tax,]
    G --> H[CGST]
    H --> I[TATA Motors]
    I --> J[Pay Price+Taxes]
    J --> K[Car Buyer]
    K --> L[CGST]
    L --> M[SGST]
    M --> N[VAT]
    N --> O[Sales Tax]
    O --> P[No ITC on Anything]
    P --> Q[No ITC on Union Taxes (Excise, Customs)]
    Q --> R[Sales Tax]
    R --> S[Replaced with]
    S --> T[VAT]
    T --> U[ITC]
    U --> V[SGST]
    V --> W[Car Buyer]
  
```

Boss ?	System	Provided ITC on Union's Taxes	Provided ITC on States' Taxes
Union	MODVAT (1986-2004)	Yes on excise paid by bizman	No
Union	CENVAT (2004-2017)	Yes on excise & services tax paid by bizman	No
State	VAT (2005-2017)	No	Yes on VAT paid by Bizman
Union & State combined (GST Council)	GST (2017)	Yes	Yes

Q) MCQ-UPSC-Pre-2014. The sales tax you pay while purchasing a toothpaste is at:
 (a) tax imposed by the Central Government
 (b) tax imposed by the Central Government but collected by the State Government
 (c) tax imposed by the State Government but collected by the Central Government
 (d) tax imposed and collected by the State Government

UPTO PAGE 293

Pillar2A → Budget → Revenue Part → Taxes → Indirect Taxes → GST

GST Economic Angle

GST Constitutional Angle

Inverted Duty,
Vaccine pe GST

Union taxes replaced by GST

State taxes replaced by GST

GST on Goods & Services 0%-28%

GST Compensation to States

Misc. Concepts & Misc. Organizations

GST Benefits & Challenges

2017	Both	Tax, etc. which were not subsumed in VAT. So cascading continued. From 1st July, 2017: Goods and Services Tax (GST: वस्तु एवं सेवा का) became effective. Here, supplier gets input tax credit for (most of the) indirect taxes of Union & States that he paid in the previous stage.
------	------	--

MCQ-UPSC-CDS-2013-I. Which of the following are direct tax in India?

1. Corporation tax 2. Tax on income 3. Wealth tax 4. Customs duty 5. Excise duty
Ans. Codes: (a) 1, 2 and 3 (b) 1, 2, 4 and 5 (c) 2 and 3 (d) 1, 3, 4 and 5

MCQ-UPSC-Pre-2014. The sales tax you pay while purchasing a toothpaste is a:

- (a) tax imposed by the Central Government
(b) tax imposed by the Central Government but collected by the State Government
(c) tax imposed by the State Government but collected by the Central Government
(d) tax imposed and collected by the State Government.

22.6 INDIRECT TAXES → GST: TIMELINE (समयरेखा)

2004	Vijay Kelkar Task Force on Fiscal Responsibility and Budget Management (FRBM) recommends GST.
2006	In Budget speech, P. Chidambaram announces the launch of GST from 2010
2011	UPA government introduces 115 th Amendment Bill 2011 to implement GST lapsed with the dissolution of 15th Lok Sabha. (लोकसभा विघटन)
2014-16	Modi govt. introduces 122 nd Constitutional Amendment Bill 2014 in 16th Lok Sabha. Since GST aimed to change federal financial relations, this constitutional bill required: <ul style="list-style-type: none"> - @Union Parliament Lok Sabha and Rajya Sabha each having 2/3rd total membership, and 2/3rd majority of all members - @State Vidhan Sabha: approval by majority of state Vidhan-sabhas of India at that time) Ultimately, it passed & became <ul style="list-style-type: none"> - 101st Constitutional Amendment Act, 2016 (संविधान संशोधन अधिकार) - 102nd, 2018: Constitutional status to National Capital Region Classes - 103rd, 2019: 10% EWS - 104th, 2020: Anglo Indian reservation removed in Loksabha

Audio/Video Problem?



Edu Doubt?
Ask through



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122nd Constitutional Amendment Bill 2014 by Modi

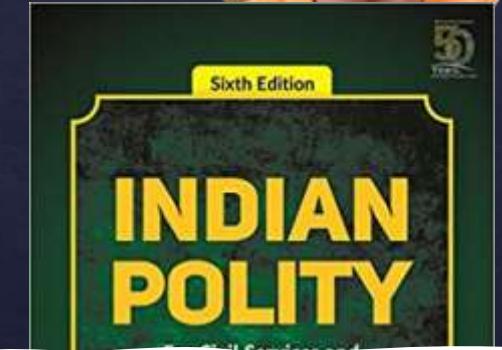
जीएसटी लागू करने के लिए संविधान में संशोधन करना जरूरी था

Since GST changes federal financial relations, hence as per Art.368, this constitutional bill required:

- ◆ @Union Parliament Lok Sabha and Rajya Sabha each: 50% majority of the total membership, and $\frac{2}{3}$ rd majority of all members present and voting.
- ◆ @State Vidhan Sabha: Approval by Majority of state assemblies (i.e. 15 Vidhan-sabhas of India at that time) राज्य की विधानसभाओं से भी पारित करवाना था
- ◆ Ultimately, it passed & became 101st Constitutional Amendment Act, 2016.



Tried
but
failed



Ref: LX ch on Amendments
OR unacademy lecture/
Notes

Read handout

- 102nd, 2018: Constitutional status to National Commission for Backward Classes (NCTC को संवैधानिक दर्जा दिया जाए)
- 103rd, 2019: 10% EWS reservation (आर्थिक रूप से पिछड़े वर्ग के लिए आरक्षण)
- 104th, 2020: Anglo Indian reservation removed in LS & Vidhan shabha but SC/ST continued till January 25, 2030. (एंग्लो भारतीय समुदाय का आरक्षण हटाया)
- 105th, 2021: To restore states' power to make their own OBC lists- After SC judgement (राज्य सरकार अपनी OBC सूची बना सके)

EWS etc
= Self-study in Polity
I've given here for MCQs
revision.

22.7 📦 🛒 : 🚧 GST: 101ST CONSTITUTIONAL AMENDMENT ACT, 2016

101 वां संवैधानिक संशोधन अधिनियम, 2016 amended following articles in our Constitution.

246-A	<ul style="list-style-type: none">- States given power to tax goods and services. (previously, they couldn't tax services.)- But only UNION will have the power to tax inter-state supply of goods and services in the form of “IGST” (एक राज्य से दूसरे राज्य में वस्तु और सेवा की आपूर्ति पर केवल केंद्र सरकार टैक्स माँग सकता है जिसे IGST कहा जाएगा)
268-A	Previously, this article empowered Union to levy Service Tax. But, since tax on services has been brought under GST, this article was deleted. (सेवा कर को हटाया गया)

101ST CONSTITUTIONAL AMENDMENT ACT, 2016 (संविधान संशोधन)

Matter



Who'll tax 'services'
e.g. COACHING?

BEFORE

Only Union Service Tax.
 States No power.

AFTER

Union → CGST,
 States → SGST

पहले सेवा वह पर सिर्फ केंद्र सरकार टैक्स मांग सकती थी
राज्य सरकार टैक्स नहीं मांग सकती थी
कितु जीएसटी में दोनों ही केंद्र और राज्य सरकारों को यह अधिकार दिया गया

101ST CONSTITUTIONAL AMENDMENT ACT, 2016 (संविधान संशोधन)

Matter



Who'll tax 'services'
e.g. COACHING?

Who'll tax "Interstate
Trade"?

Who'll decide tax
distribution formula?

BEFORE

Only Union Service Tax.
 States No power.

Union's
Central Sales Tax.

Only Finance
Commission

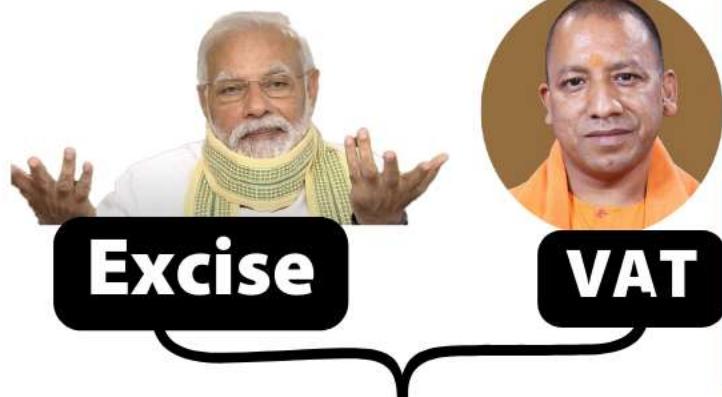


AFTER

Union → CGST,
 States → SGST

CST abolished. Now,
Union's IGST
(=CGST+SGST)

FC continued but GST
Council also in picture



+ sp. cases for State Taxes

1. electricity

2. liquor



1. Crude oil

2. Natural gas

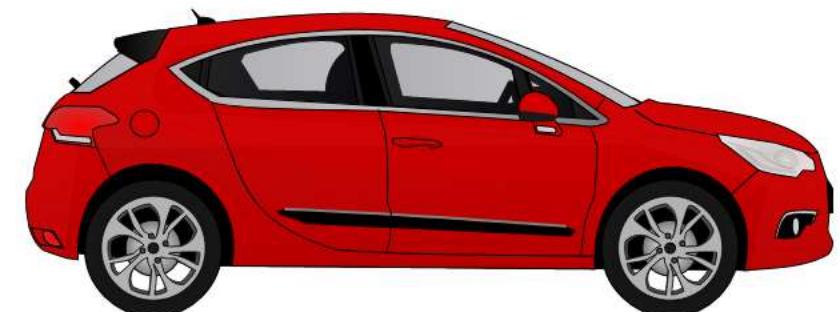
3. ATF

4. Petrol

5. Diesel



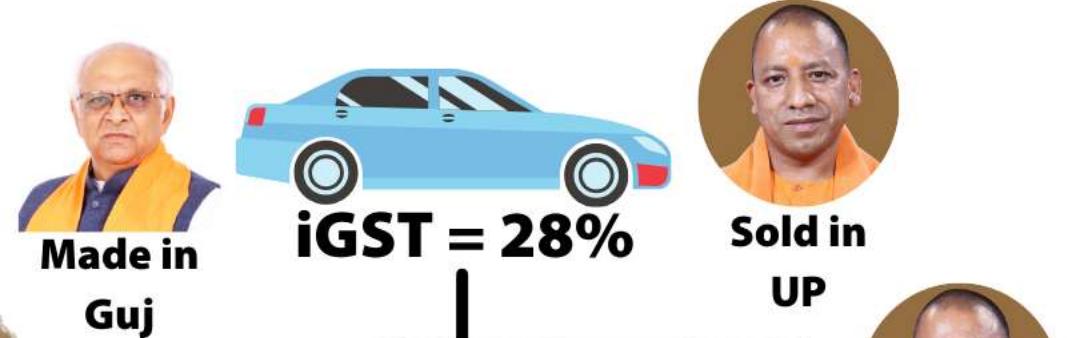
most of the other
goods & services
subjected to GST





1. Crude oil
2. Natural gas
3. ATF
4. Petrol
5. Diesel

most of the other
goods & services
subjected to GST



GST Council- for 28% iGST
we'll decide: 14% + 14%
2


Reliance
Industries Limited
adani



**Corp.
Tax**

**Income
Tax**

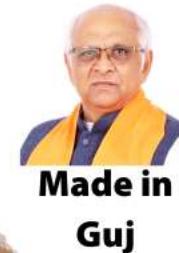
**CGST
(14)**

3

4 @Union: give 41% of your tax collection to State Govts



**15th FC
NK Singh**



Made in
Guj

iGST = 28%

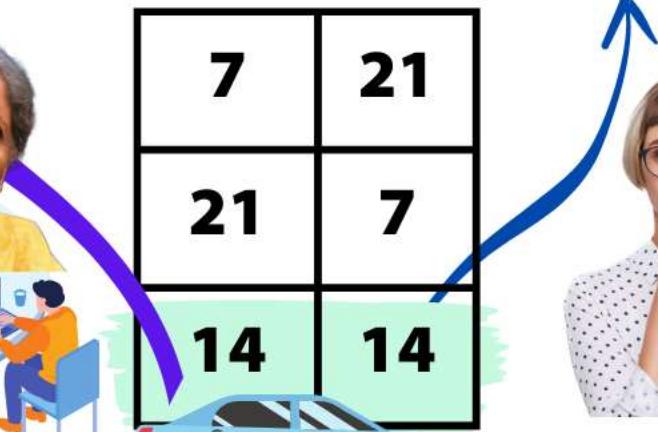


Sold in
UP



CGST??

**1 how to divide
28% iGST?**



GST Council- for 28% iGST

we'll decide: 14% + 14%

2

FIRST 101ST CONSTITUTIONAL AMENDMENT ACT, 2016

270

- CGST will be distributed between union and states as per the formula by the Finance Commission



279-A

- President of India to appoint a constitutional body, “GST Council” headed by Finance Minister.

15th FC: NK Singh
Union to share 41% with states

366

- Alcoholic liquor for human consumption is kept out of GST.
- (i.e. State govt can levy State Excise on its production and State VAT on its sale.)



मदिरा पर नहीं लगेगा
जीएसटी।
राज्य सरकार के पुराने
टेक्श जारी

279-A: GST Council: Composition (जीएसटी परिषद)

Union representatives (2)

1. Finance Minister as the **Chairman**
2. Union Minister of State for Finance or revenue.



279-A: GST Council: Composition (जीएसटी परिषद)

Union representatives (2)

1. Finance Minister as the Chairman
2. Union Minister of State for Finance or revenue. (केंद्र के राज्य कक्षा के मंत्री)



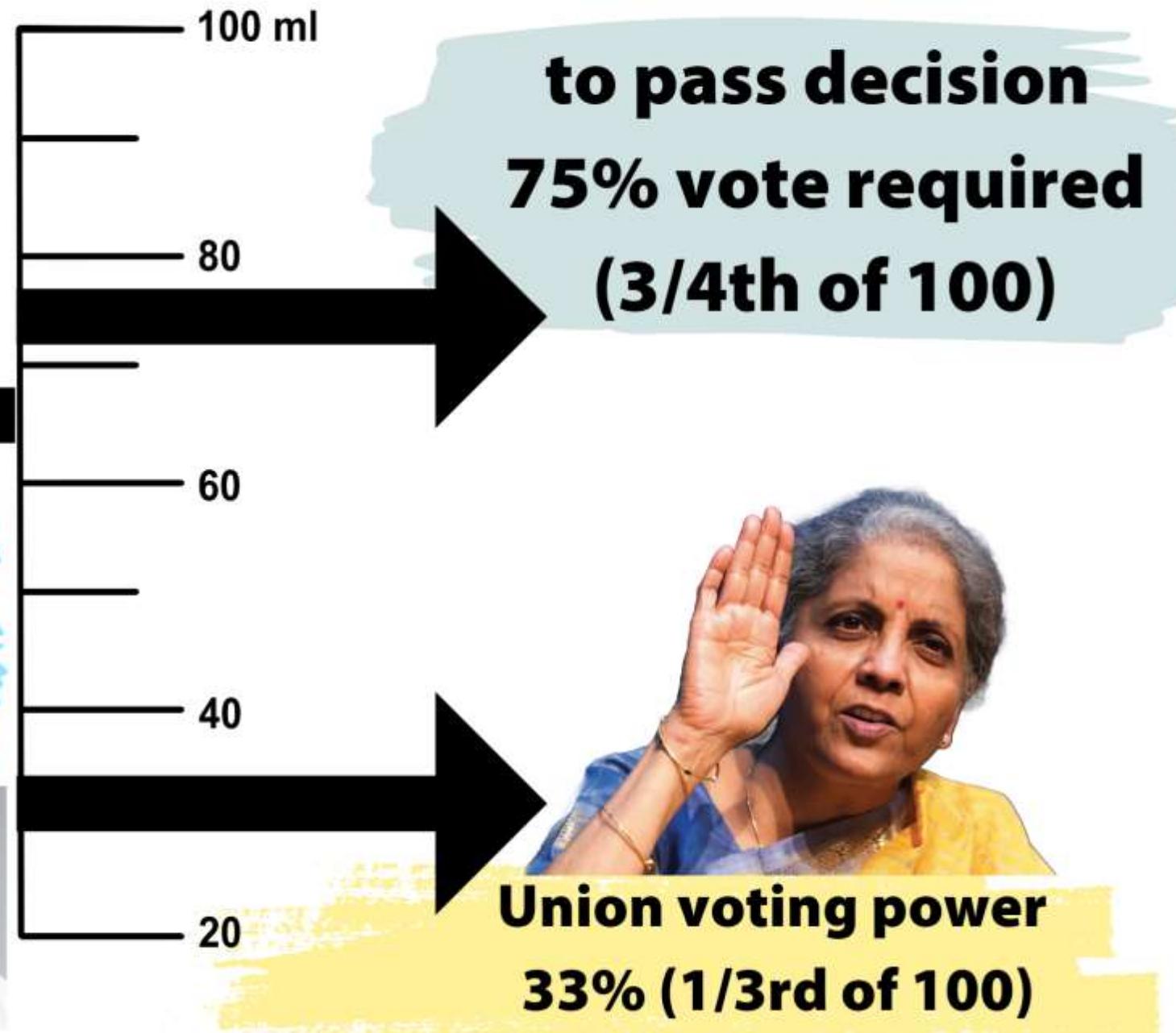
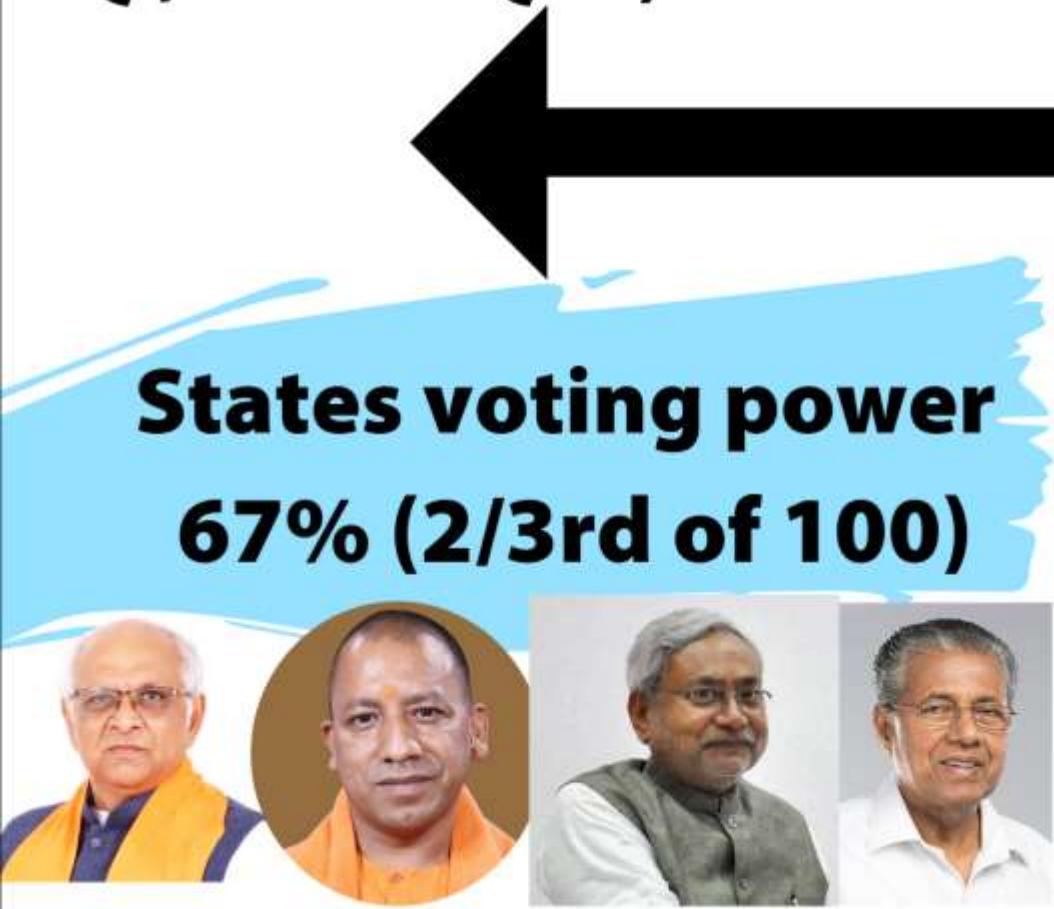
+CBIC chairman
“Permanent invitee
without voting power.

States' representatives (31)

- Each state government (including UT with legi: J&K, Pudu, Delhi) can nominate 1 minister
- One of them will be selected as the Vice-Chairman of GST council.

	Delhi	Shri Manish Sisodia	Deputy Chief Minister	20-09-2016	
	Jammu & Kashmir	Shri K.K. Sharma	Advisor to Honorable Governor (I/C Finance)	17-12-2018	

- if all 33 members don't unanimously agree over a proposal -> then voting
- (यदि किसी प्रस्ताव पर सर्वसम्मति नहीं, तो वोटिंग होगा)



GST Council meeting

- ❖ Q1) any pattern about how frequently / regularly they meet? सालाना कितनी बार मिलते हैं?
- ❖ Ans. Chairman (FM) decides the date.
- ❖ Usually 1 meeting every quarter (3-3) months.
- ❖ She can also call for extra emergency meetings.
- ❖  These are not mandated in Constitution.



Pillar2A → Budget → Revenue Part → Taxes → Indirect Taxes → GST

GST Economic Angle

GST Constitutional Angle

Inverted Duty, Vaccine pe GST

Union taxes replaced by GST

State taxes replaced by GST

GST on Goods & Services 0%-28%

GST Compensation to States

Misc. Concepts & Misc. Organizations

GST Benefits & Challenges

Functions of GST Council

MCQ-UPSC-CDS-2013-I. Which of the following are direct tax in India?	
1. Corporation tax 2. Tax on income 3. Wealth tax 4. Customs duty 5. Excise duty	
Ans. Codes: (a) 1, 2 and 3 (b) 1, 2, 4 and 5 (c) 2 and 3 (d) 1, 3, 4 and 5	
MCQ-UPSC-Pre-2014. The sales tax you pay while purchasing a toothpaste is a:	
(a) tax imposed by the Central Government (b) tax imposed by the Central Government but collected by the State Government (c) tax imposed by the State Government but collected by the Central Government (d) tax imposed and collected by the State Government	
22.6 INDIRECT TAXES → GST: TIMELINE (समयरेखा)	
2004 Vijay Kelkar Task Force on Fiscal Responsibility and Budget Management (FRBM) recommends GST.	
2006 In Budget speech, P.Chidambaram announces the launch of GST from 2010	
2011 UPA government introduces 115 th Amendment Bill 2011 to implement GST lapsed with the dissolution of 15th Lok Sabha. (लोकसभा विघटन)	
2014-16 Modi govt. introduces 122 nd Constitutional Amendment Bill 2014 in 16th Lok Sabha. Since GST aimed to change federal financial relations, this constitutional bill required: <ul style="list-style-type: none"> - @Union Parliament Lok Sabha and Rajya Sabha each having 2/3rd total membership, and 2/3rd majority of all members - @State Vidhan Sabha: approval by majority of state Vidhan-sabhas of India at that time) Ultimately, it passed & became <ul style="list-style-type: none"> - 101st Constitutional Amendment Act, 2016 (संविधान संशोधन अधिकार 101) - 102nd, 2018: Constitutional status to National Capital Region Classes - 103rd, 2019: 10% EWS - 104th, 2020: Anglo Indian reservation removed in Loksabha 	
Audio/Video Problem?	
Edu Doubt? Ask through	
Google Forms	

(Batch:PCB1) Mrunal's Economy Pillar#2A: Budget → Revenue Part → Taxes → Indirect Taxes → GST

Page 291 onw

5 hydrocarbons: their indirect taxes not yet subsumed in GST.

अभी पेट्रोल डीजल जीएसटी के दायरे से बाहर है



Crude oil



Petrol



Diesel



Aviation Turbine
Fuel



natural gas

Present



1) Oil drilling / refining:
Union's Excise



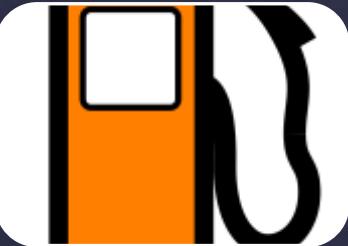
2) When selling:
State's VAT

- Petrol & Diesel:
- Union Excise →
- Union's Road and Infrastructure Cess →
- Public Account →
- Central Road & Infrastructure Fund

5 hydrocarbons: their indirect taxes not yet subsumed in GST.



Crude oil



Petrol



Diesel



Aviation Turbine
Fuel



natural gas

Present



1) Oil drilling / refining:
Union's Excise



2) When selling:
State's VAT

CGST

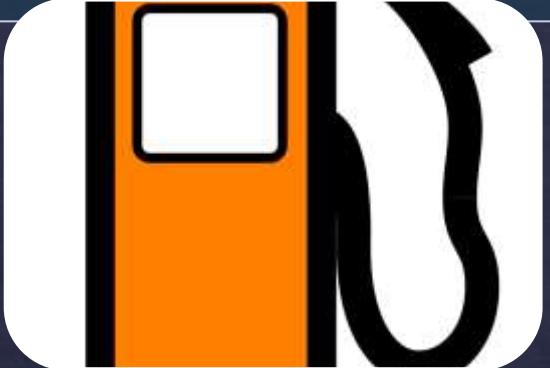


SGST

3) Once the GST council
decides the date



GST Council ke functions



Decide which indirect taxes to subsume & when



GST Standards
Rates e.g.
5,12,18,28

Dispute resolution,
Compensation to State



GST Special Rates
during natural calamity

Protect NE & Himalayan States from injustice

e.g.

Sikkim offered Rs.250 cr for Covid wave 2.0



e.g.

Kerala allowed levy a 1% calamity cess on intra-state trade
For two years for flood rehabilitation

GST Council ke functions: registration norms for Bizman

व्यापारियों की पंजीकरण के नियम-जीएसटी परिषद् तय करता है

If a bizman's annual turnover is

Ordinary state

- >₹40 lakhs

Sp.Cat States

- >₹20 lakh
- = NE, Himalayan States **

He must register with GSTN portal
& deposit the GST collected from
buyers there.



Small retailer
Price+GST

Wholesaler
/company owner

customer

GST Council ke functions: registration norms for Bizman

व्यापारियों की पंजीकरण के नियम-जीएसटी परिषद् तय करता है



We decide these limits

If a bizman's annual turnover is

Ordinary state

- >₹40 lakhs

Sp.Cat States

- >₹20 lakh
- = NE, Himalayan States **

He must register with GSTN portal
& deposit the GST collected from
buyers there.



Small retailer
Price+GST

Wholesaler
/company owner

customer

How to put a Constitutional provision into effect?

संविधान में जो चीज़ लिखी है उसको वास्तव में लागू करने के लिए अलग से कानून बनाने होते हैं

Constitution says	How to put it in effect?
Union can levy tax on income other than agriculture →	Income Tax Act, 1961-आयकर कानून
Right to education is a fundamental right →	RTE Act 2009- शिक्षा का कानून
compassion for living creatures is fundamental duty →	Prevention of Cruelty to Animals Act, 1960
GST related things →	CGST Act, SGST Act, UTGST Act..



We decide this

Parliament, Vidhan Sabha to pass acts

Implementation of GST- संविधान में सिर्फ परिषद बनाई और परिषद की सिफारिशों के हिसाब से उस हिसाब से कानून बनाएंगे

- ◆ 101st Constitutional Amendment →
- ◆ Set up GST council →
- ◆ GST council's meeting → laws passed by Parliament and Vidhan Sabhas, to implement the GST related mechanisms.



Parliament has passed following in 2017 → amended 2018

इस प्रकार से केंद्र की संसद में कानून बनाएं, और समयांतर पर उसमें संशोधन भी किए

CGST

- Central Goods and Services Tax Act. (CGST)

IGST

- Integrated Goods and Services Tax Act. (iGST)

UT-GST

- Union Territory Goods and Services Tax Act.

Compensation

- Goods and Services Tax (Compensation to States) Amendment Act.



What have states done? इस प्रकार के राज्यों ने भी अपने कानून बनाए हैं

- ◆ State Legislatures have passed State Goods and Services Tax Acts.
- ◆ Jammu & Kashmir also had GST system (2017)

After abolition of Art-370

- ◆ J&K UT with legislature = SGST continued
- ◆ Ladakh UT without legislature = UTGST



Pillar2A → Budget → Revenue Part → Taxes → Indirect Taxes → GST

**GST ITC
Let's understand with a case study**

GST Economic Angle

GST Constitutional Angle

Union taxes replaced by GST

State taxes replaced by GST

GST on Goods & Services 0%-28%

GST Compensation to States

Misc. Concepts & Misc. Organizations

GST Benefits & Challenges

2017	Both	Tax, etc. which were not subsumed in VAT. So cascading continued.
	सर्वे राज्योऽपि	From 1st July, 2017: Goods and Services Tax (GST: वस्तु एवं सेवा का) became effective. Here, supplier gets input tax credit for (most of the) indirect taxes of Union & States that he paid in the previous stage.

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Ans. Codes: (a) 1, 2 and 3 (b) 1, 2, 4 and 5 (c) 2 and 3 (d) 1, 3, 4 and 5

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22.6 INDIRECT TAXES → GST: TIMELINE (समयरेखा)

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(Batch:PCB1) Mrunal's Economy Pillar#2A: Budget → Revenue Part → Tax-Receipts → Page 2/8

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When Goods / Services (produced &) supplied →

In the same State

= Intra-state supply (अंतःराज्य)

1. Union levies → CGST
2. State levies → SGST

Total GST = CGST+SGST



SGST



CGST



Suppose in Jan-2021: a Gujarat based Calendar printing company

Bought (Input) in 2021-January	Price ₹	CGST	SGST (Guj)
If Intra-state (=within state)			
Ink from a factory in Guj @18% GST	10,000	900	900

 A pink arrow points from the man holding a calendar towards the CGST and SGST boxes.


CGST


SGST

Total 18% GST = 1800



Suppose printing press brought from Maharashtra to Gujarat

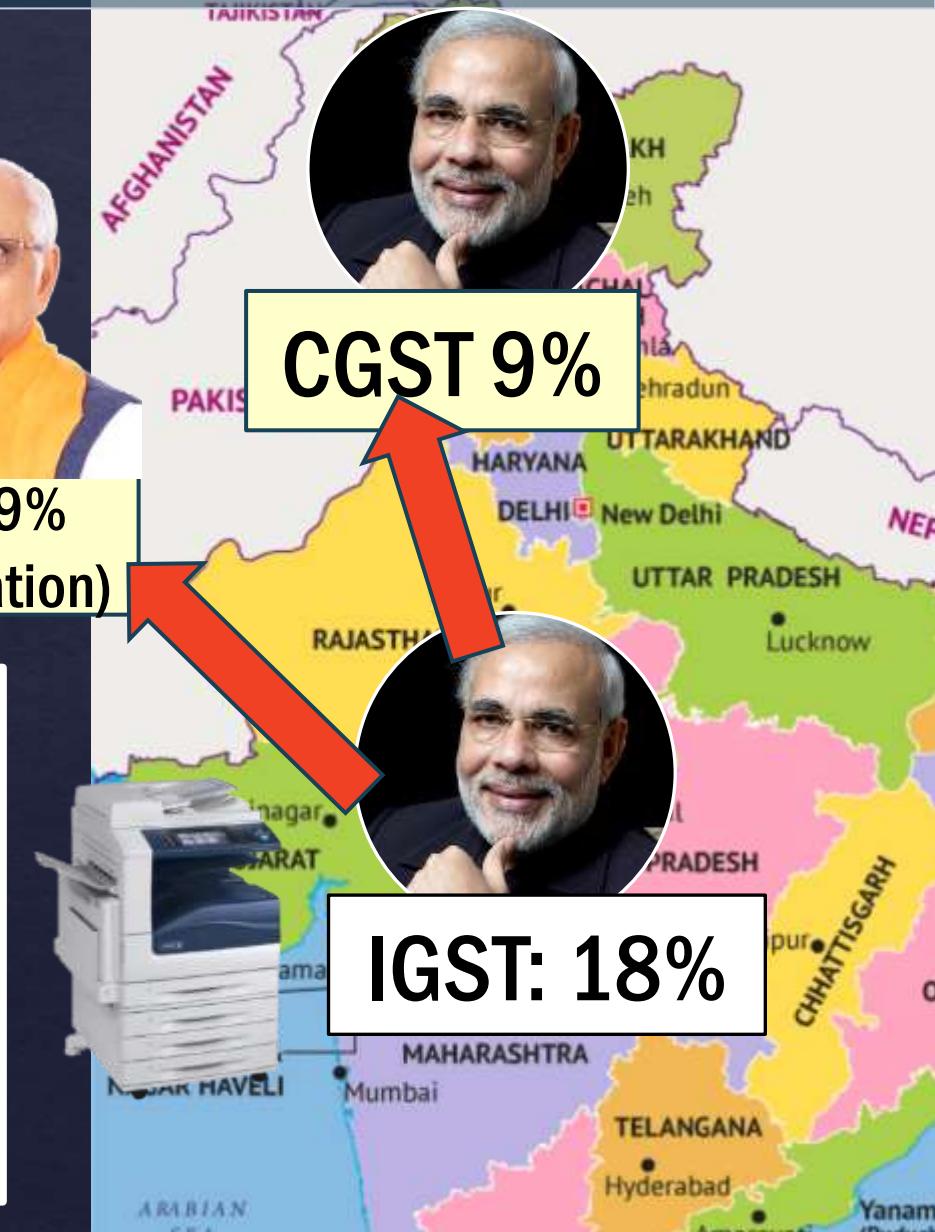
गुजरात में कैलेंडर का उत्पादन करने के लिए मैं महाराष्ट्र से एक प्रिंटिंग मशीन आयात करूँ



SGST 9%
(Destination)

CGST 9%

Interstate:
केंद्र सरकार जीएसटी (iGST) की रकम लेगी
और फिर कुछ हिस्सा अपने पास रखेगी (CGST)
और कुछ हिस्सा ग्राहक के राज्य को देगी (SGST)



IGST: 18%



18,000 (iGST credits)
added in Mrunal's wallet
@GSTN webportal



Mrunal pays Rs.1 lakh Price + 18,000
iGST to seller in Maharashtra

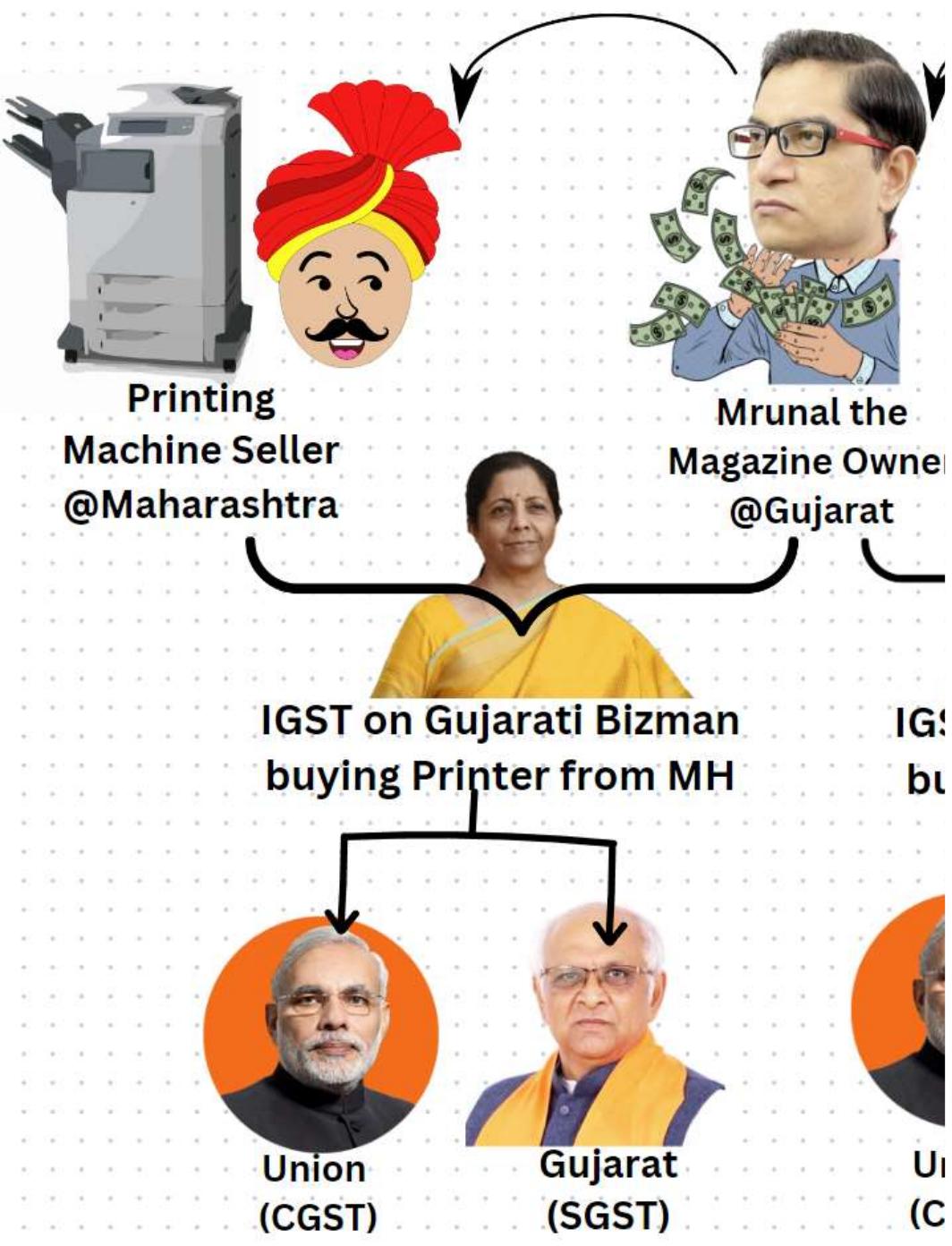


Printing
Machine Seller
@Maharashtra



Mrunal the
Magazine Owner
@Gujarat





Suppose in Jan-2021: a Gujarat based Calendar printing company

Bought (Input) in 2021-January	Price ₹	CGST	SGST (Guj)	IGST, if inter-state supply
Ink from a factory in Guj @18% GST	10,000	900	900	N/A
Printer from Mumbai @18% IGST	1 lakh	👉 N/A	👉 N/A	18000

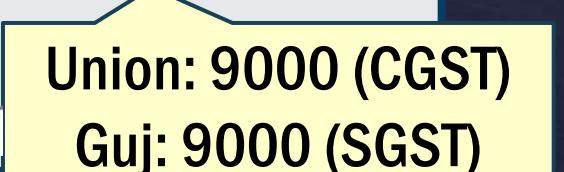
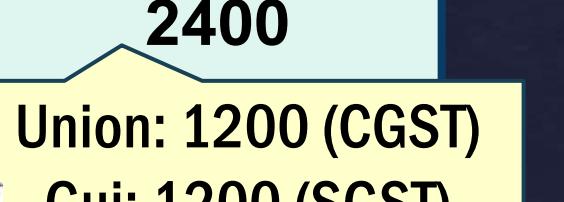
Union: 9000 (CGST)
Guj: 9000 (SGST)

Destination state will get the SGST portion.



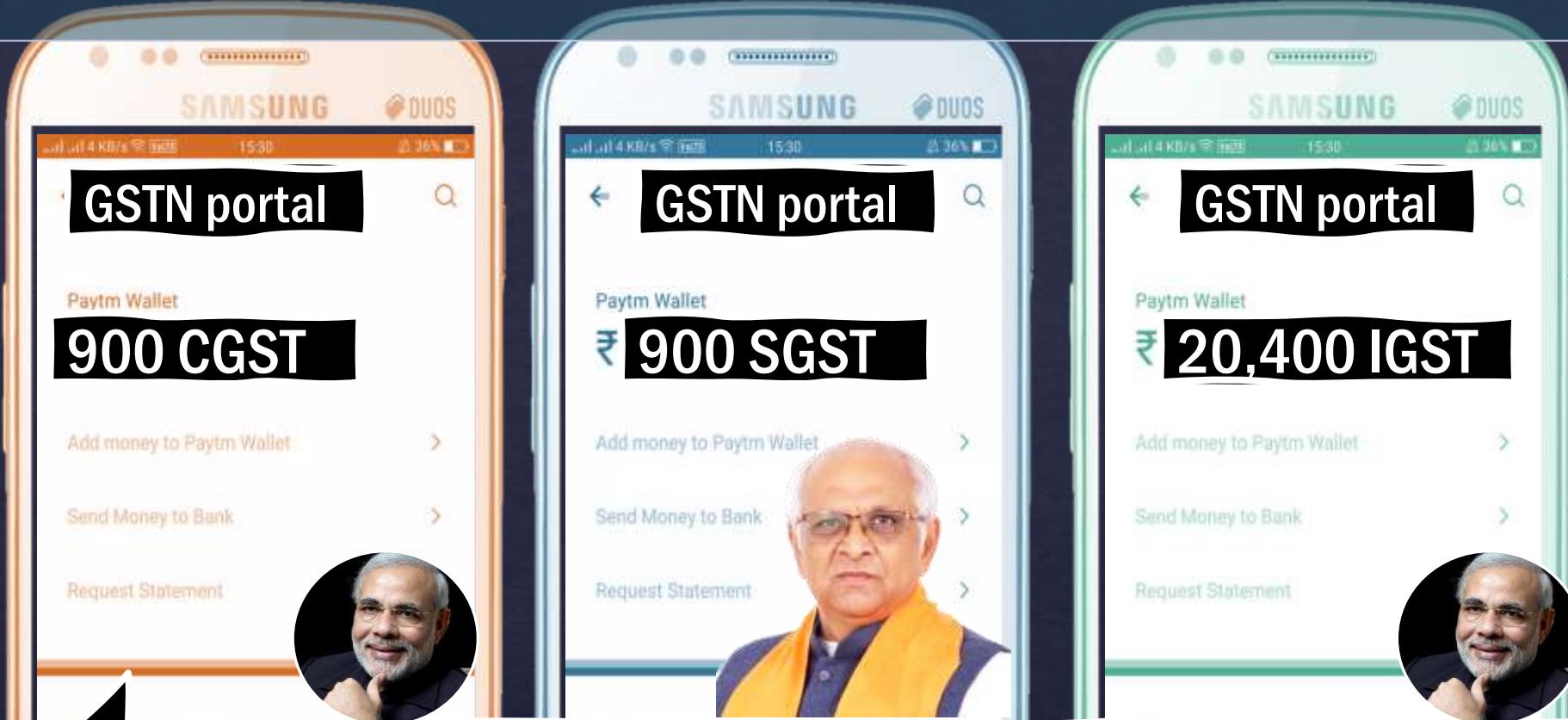
Suppose in Jan-2021: a Gujarat based Calendar printing company

गुजरात का ग्राहक बाहर से सामान खरीदे तो राज्य वाला जीएसटी गुजरात को मिलेगा

Bought (Input) in 2021-January	Price ₹	CGST	SGST (Guj)	IGST, if inter- state supply
Ink from a factory in Guj @18% GST	10,000	900 	900 	N/A 
Printer from Mumbai @18% IGST	1 lakh	N/A 	N/A 	18000 Union: 9000 (CGST) Guj: 9000 (SGST) 
Paper from Himachal @12% GST	20,000	N/A 	N/A 	2400 Union: 1200 (CGST) Guj: 1200 (SGST) 
Total	1.30 lac	900	900	20,400

If Intra-state (=within state)

GSTN online webportal → 3 streams of tax credit



1) Whatever GST I paid to suppliers. I get 'ITC credits'
उत्पादन के दोरान जीतने GST-tax मेने भरे वो सब का लाभ मुजे मिलेगा
ये सारी टेक्ष की रकम मेरे 'ऊपर/पीछे' वाले व्यापारी सरकार में भरेंगे।

Now company manufactures (prints) and sells calendars @₹100 each, @12% GST

Sold (Output) in 2021-January	Price	CGST If Intra-state (=within state)	SGST Guj)	IGST, if inter-state supply
500 Calendars within Gujarat	50k	3000	3000	N/A

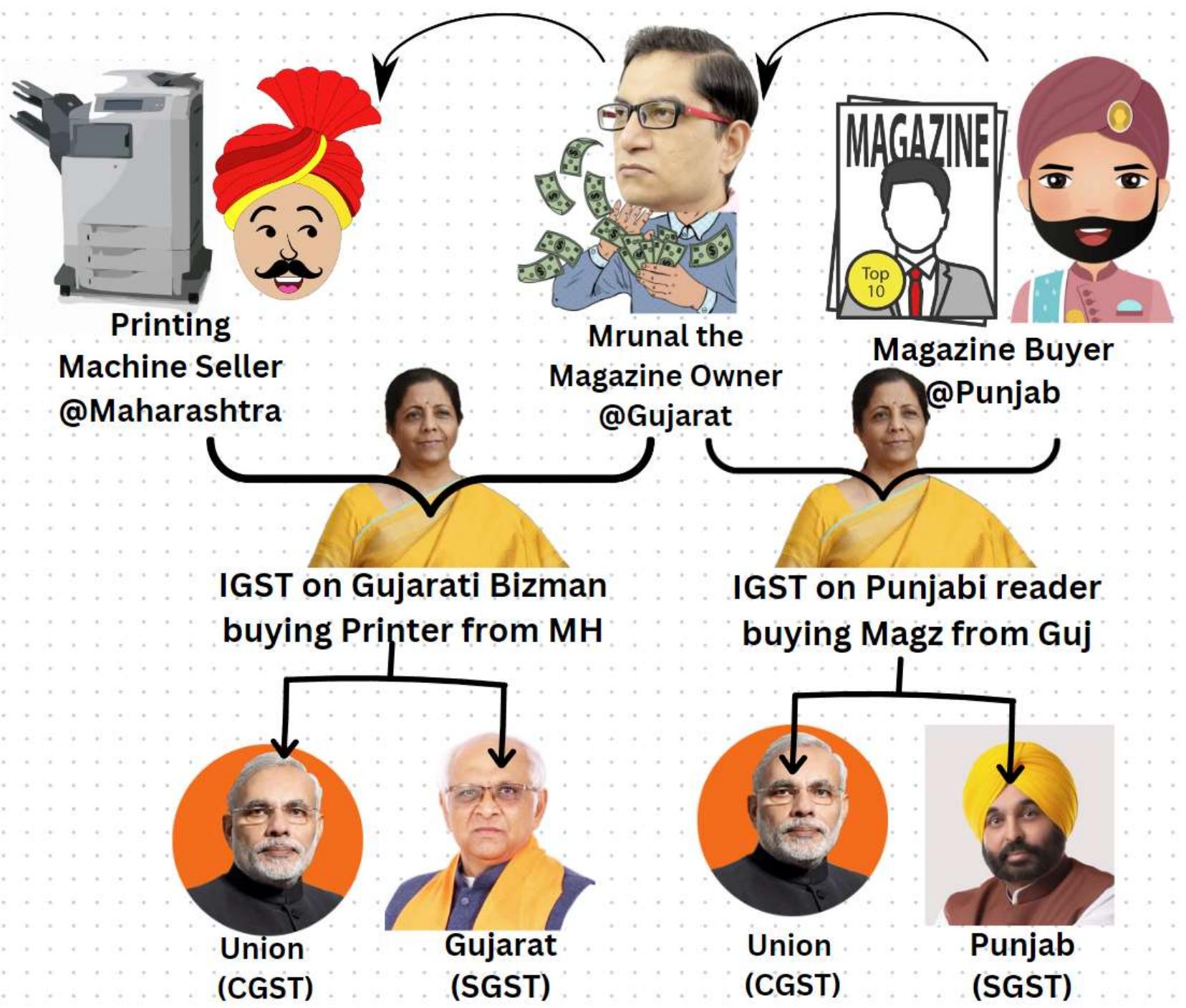


माल का उत्पादन हो गया,
अब में माल बेचना शुरू करता हु

Now I sell the output.

@Rs.100 + 12% GST





Now company manufactures (prints) and sells calendars @₹100 each, @12% GST

Sold (Output) in 2021-January	Price	CGST If Intra-state (=within state)	SGST Guj)	IGST, if inter-state supply	
Sold 500 Calendars within Gujarat	₹50k	3000 	3000 	N/A	
Sold 500 Calendars to Punjab	₹50k	⌚ N/A	⌚ N/A	6000	Union: 3000 (CGST) Punjab: 3000 (SGST)
Total	100k	3000	3000	6000	



I sold calendar @price+TAX
So I must deposit tax with govt
क्योंकि मैंने पब्लिक से जीएसटी लिया, मुझे सरकार में उसे जमा करना होगा



Punjab Customers paid ₹50k price+6k GST to Mrunal

3) Do I have to deposit all the ₹12,000 GST which I collected from customers? Ans: No! 😊

मैंने ग्राहकों को कैलेंडर बेचा तो ग्राहकों ने मुझे GST दिया होगा. क्या मैंने वह सारा GST सरकार में जमा करना है?



2) GST deposit

1) ₹1 lakh price + ₹12,000 GST



CBIC



4) Because I've ITC credit!

I can use it to pay GST dues मैं पुराना कैशबैक इस्तेमाल कर सकता हु

3) Do I have to deposit all the ₹12,000 GST I collected from customers? Ans: No! 😊



2) GST deposit

1) ₹1 lakh price + ₹12,000 GST



CBIC

So, how much tax will the Calendar company have to deposit online at the GSTN webportal?

GST liability in 2021-January	CGST	SGST (Guj)	IGST
GST Taxes collected on Output (from wholesalers, retailers or customers)	3000	3000	6000

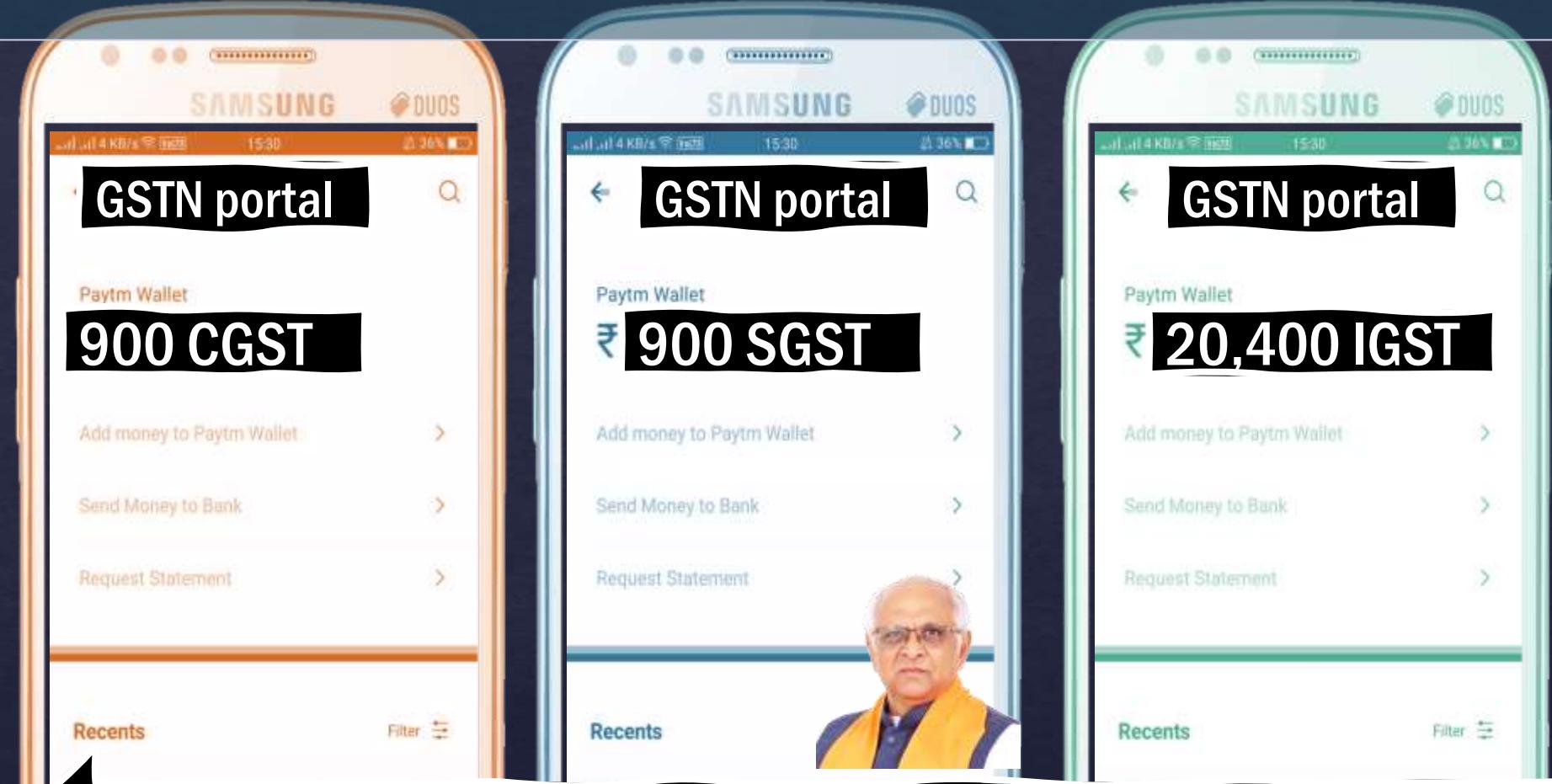
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क्योंकि मैंने पब्लिक से जीएसटी लिया, मुझे
सरकार में उसे जमा करना होगा



Customers paid GST to Mrunal



GSTN online webportal → 3 streams of tax credit



1) लेकिन मुझे इस Input Tax Credit (ITC) का लाभ मिलेगा 🌐

So, how much tax will the Calendar company have to deposit online at the GSTN webportal?

ग्राहकों से मैंने जितना जीएसटी लिया उसमें से सरकार में कितना जमा करना होगा?

GST liability in 2021-January	CGST	SGST (Guj)	IGST
GST Taxes collected on Output (from wholesalers, retailers or customers)	3000	3000	6000
MINUS GST Taxes paid on Input (in previous stage for raw material, intermediate goods)	-900	-900	-20,400



If Government doesn't give me input credit

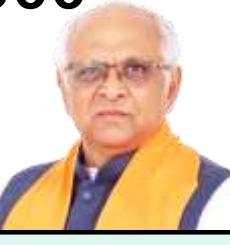
→ cascading effect 😞😞😞 &

Besides, रोमन सैनी को ITC मिला तो मुझे भी मिलना चाहिए



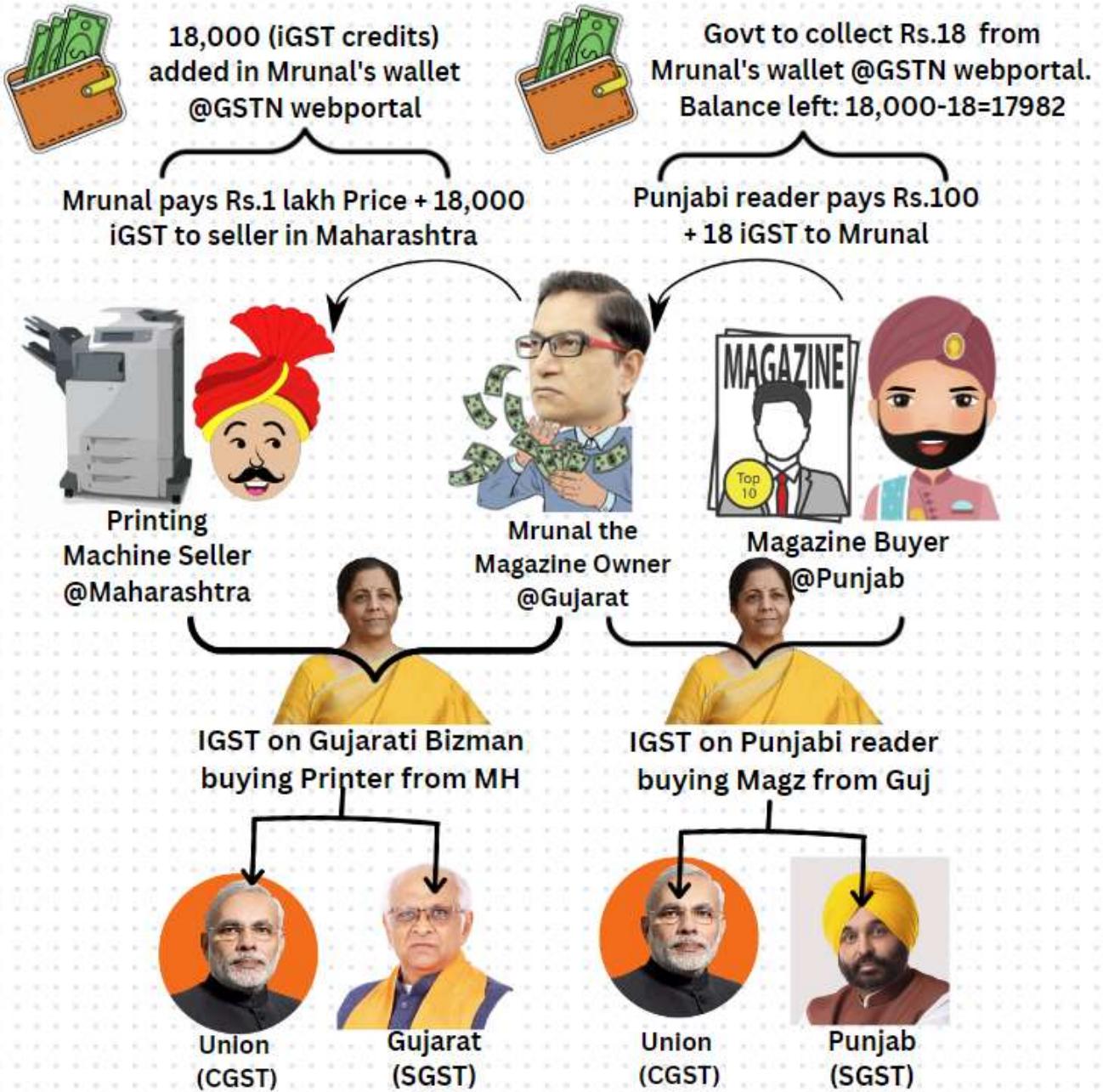
So, how much tax will the Calendar company have to deposit online at the GSTN webportal?

ग्राहकों से मैंने जितना जीएसटी लिया उसमें से सरकार में कितना जमा करना होगा?

GST liability in 2021-January	CGST	SGST (Guj)	IGST
GST Taxes collected on Output (from wholesalers, retailers or customers)	3000 	3000 	6000 
MINUS GST Taxes paid on Input (in previous stage for raw material, intermediate goods)	-900	-900	-20,400
=Company must deposit how much tax @GSTN webportal?	2100	2100	-14400** 



Input Tax Credit
for future



- Given in your handout in a simpler format.
- In video I explained in more detail so u can understand other subtopics better e.g.
 - Inverted duty structure**
 - Why vaccine pe GST can't be 0**

Students' query: if ITC credit given then how will Govt will earn any income from GST?

अगर व्यापारी को केशबेक मिलता ही रहा, तो सरकार टेक्षण में कमाएगी क्या?



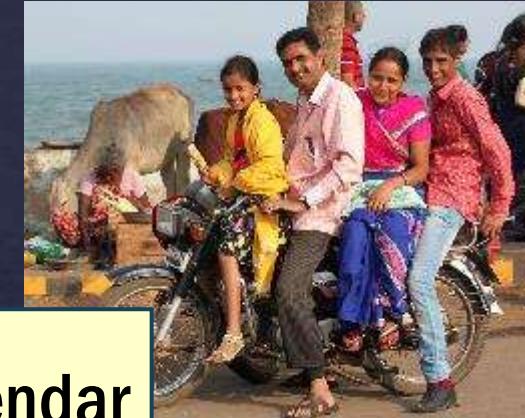
1) Input paper
₹ 50



*Value addition
and profit*



2) Output selling calendar
₹ 100



3) We want 12%
GST on this

Students' query: if input credit given then how will Govt will earn any income from GST?

अगर व्यापारी को केशबेक मिलता ही रहा, तो सरकार टेक्षा में कमाएगी क्या?



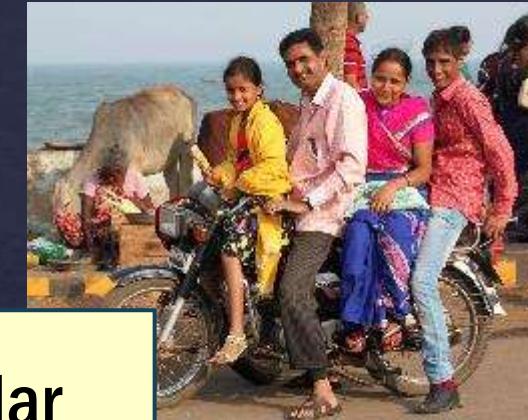
Input paper
₹ 50 + 6 GST



*Value addition
and profit +50*



Output selling calendar
₹ 100 + 12 GST



We want 12% GST on
this

Students' query: if input credit given then how will Govt will earn any income from GST?

अगर व्यापारी को केशबेक मिलता ही रहा, तो सरकार टेक्ष में कमाएगी क्या?

ऐसा नहीं कि
सरकार को
कोई टैक्स
मिल ही नहीं

रहा
मूल्यवर्धन के
हिसाब से
टैक्स मिल रहा
है



Input paper
₹ 50 + 6 GST



Value addition
and profit +50



Output selling calendar
₹ 100 + 12 GST



1) He deposited ₹ 6 to govt

2) Output minus input = 12 - 6
= ₹ 6 : Mrunal required to pay.



3) Yaani ki ₹ 12 we still earned.
However, the benefit is that Mrunal
did not have to pay ₹ 12 himself.
He paid it only for his
“Value ADDITION” (+50 → +6)

union territory without legislature

केंद्र शासित प्रदेश जहां विधानसभा नहीं है

- ◆ If the goods or services are **sold in union territory without legislature**, then instead of SGST, they will levy **UTGST** but the funda will remain similar



After removal of Art 370

UT of J&K (with legi)	UT of Ladakh (without legi)
• SGST	• UTGST

विधानसभा नहीं
है तो **UTGST**

अगर केंद्र शासित प्रदेश
में विधानसभा है तो
SGST

union territory without legislature

केंद्र शासित प्रदेश जहां विधानसभा नहीं है

◆ If the goods or services are sold in union territory

without legislature, then instead of SGST, they will levy UTGST but the funda will remain similar

In same the State = Intra-state supply (अंतःराज्य)	In another State = Inter-state supply (अंतरराज्यीय)
<ol style="list-style-type: none"> 1. Union levies → CGST 2. State levies → SGST <p>Total GST = CGST + SGST</p>	<ol style="list-style-type: none"> 1. Union levies IGST = CGST + SGST 2. From this IGST → CGST goes to Union, and the other portion goes to the Destination State

If UT without legislature (=Laddakh etc) then replace the word SGST with UTGST.



After removal of Art 370

UT of J&K (with legi) • SGST	UT of Ladakh (without legi) • UTGST
---------------------------------	--



अगर केंद्र शासित प्रदेश में विधानसभा है तो SGST

GST service exports are “ZERO RATED”

भारत से कोई चीज निर्यात करेंगे तो जीएसटी में आपको ITC मिलेगी



2) Output (sold services)

If exported to foreign country then

0% GST



3) Input Tax Credit (ITC)

= ₹0 minus ₹10000

= +10k credit earned 🎉

1) Input of Infosys

Buying computer, server, internet bills

10,000 GST paid to WIPRO

GST service exports are “ZERO RATED”

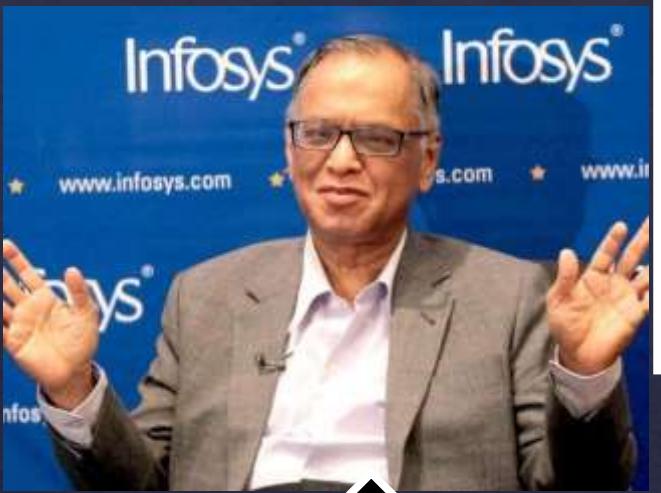
भारत से कोई चीज निर्यात करेंगे तो जीएसटी में आपको ITC मिलेगी



1) Whatever GST I paid to suppliers. I get ‘ITC credits’
उत्पादन के दोरान जीतने GST-tax मेने भरे वो सब का लाभ मुझे मिलेगा
ये सारी टेक्ष की रकम मेरे ‘ऊपर/पीछे’ वाले व्यापारी सरकार में भरेंगे।



How this GST-ITC help Infosys?



1) Price + GST for designing
Unacademy Portal



2) Will Infosys pay the GST
collected from Unacademy?
No. Murthy will use ITC points from
his ZERO RATED EXPORTS



CBIC

ZERO Rated Exports= Isn't this a 'loss' to Government?

सरकार ने इतनी सारी छूट दे दी तो सरकार का नुकसान नहीं होगा टैक्स में?

GST service exports are "ZERO RATED"

भारत से कोई चीज निर्यात करेंगे तो जीएसटी में आपको ITC मिलेगी



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10,000 GST paid to WIPRO

How this GST-ITC help Infosys?

2) Will Infosys pay the GST collected from Unacademy?
No. Murthy will use ITC points from his ZERO RATED EXPORTS



1) Price + GST for designing Unacademy Portal



GST Loss= YES



Exports ↑, Current Account Deficit ↓
(More in Pillar3)



Jobs ↑, GDP ↑



Infosys foreign customers & profit ↑ →
Corporation Tax ↑

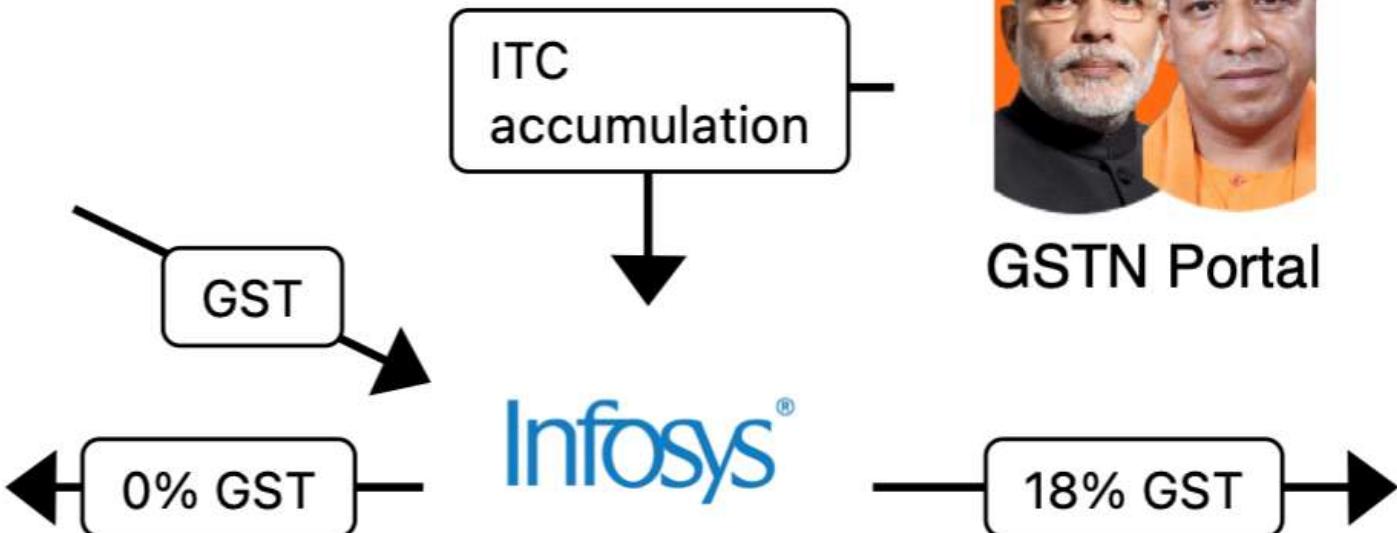


Domestic Sales



Exports

Infosys®
Company



GSTN Portal



Supplier: server,
keyboard, bulbs etc.

GST RATES- special cases

TERM

Rate?

Example

ITC given?

GST ZERO
RATED

0% GST

Export



GST service exports are “ZERO RATED”
भारत से कोई चीज निर्यात करेंगे तो जीएसटी में आपको ITC मिलेगी



2) Output (sold services)
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Buying computer, server,
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10,000 GST paid to WIPRO

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2) Will Infosys pay the GST
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1) Price + GST for designing
Unacademy Portal



GST RATES- special cases

TERM

Rate?

Example

ITC given?

GST ZERO
RATED

0% GST

Export



Non-GST
supply

N/A
(Excise/VAT)

Petrol, Diesel



GST RATES- special cases

TERM

Rate?

Example

ITC given?

GST ZERO
RATED

0% GST

Export

🌟 YES

GST NIL
Rated/EXEMPT

0% GST

Jaggery

🚫 NO



Suppose there is no tax...

मान लीजिए कोई टैक्स न लगता होता और कीमतें कुछ इस तरह से थीं



Input
₹25,000 ki Machine
& Raw material



Output
Jaggery
₹25 / kg



Suppose there is 18% GST on input but 0% GST on Output with NO ITC



मशीन खरीदने पर
जीएसटी भरा था
उसका टैक्स मेरे को
ITC नहीं मिल रहा तो
मैं अपनी लागत
वसूलने के लिए महंगे
में गुड़ बेचूंगा

Input
₹25,000 ki Machine
+ 4500 GST



Output Jaggery
GST = 0 (But no ITC) 😞
Price = ₹25 / kg → 32

- Q1) Why doesn't Government give them ITC?
- Q2) I've better suggestion



मैं बहुत भावुक हो गया हूँ
आक्रोश में भी आ गया हूँ

Suppose there is 18% GST on input but 0% GST on Output with NO ITC

मान लीजिए कोई टैक्स न लगता होता और कीमतें कुछ इस तरह से थी



मर्शीन खरीदने पर
जीएसटी भरा था
उसका टैक्स मेरे को
ITC नहीं मिल रहा तो
मैं अपनी लागत
वसूलने के लिए महंगे
में गुड बेचूंगा



गजब लूट मचा रखी है भाई

Input

₹25,000 ki Machine
+ 4500 GST

Output Jaggery

GST = 0 (But no ITC) 😠
Price = ₹25 / kg

- already excess-sugarcane produced. पहले ही गन्ने का बहुत ज्यादा माला में उत्पादन हो चुका है
- May be govt thinks ITC on jaggery will not improve GDP, jobs any Furter तो शायद सरकार को लगता हो कि इसमें टैक्स की माफी भी देंगे तो और ज्यादा उत्पादन और नौकरियां खड़ी होने वाली नहीं है .
- And it's not creating 'great hardship' on customer.
So better earn more tax by NOT giving ITC





Presently
Vaccine
Price
+5% GST



अभी वैक्सीन के Domestic Sales पर 5% GST लगता है

कुछ लोग मांग कर रहे हैं कि ये 0% होना चाहिए

ताकि वैक्सीन सस्ते हो जाए

लेकिन ऐसा करना व्यवहारिक नहीं होगा क्योंकि



Option-A: ZERO RATED even for domestic sales
But then tax loss for Government 😞

GST service exports are "ZERO RATED"
भारत से कोई चीज निर्यात करेंगे तो जीएसटी में आपको ITC मिलेगी

2) Output (sold services)
If exported to foreign country then 0% GST

3) Input Tax Credit (ITC)
= ₹0 minus ₹10000
= +10k credit earned 😊

1) Input of Infosys
Buying computer, server, internet bills
10,000 GST paid to WIPRO

इंफोसिस को जो **export वाला मज़ा दे**
रहे थे वो इधर vaccine domestic
sales पर देने बैठे तो सरकार को टैक्स में
कमाई कम ↓ होगी

We want
0% GST on
Vaccine



Presently
Vaccine
Price
+5% GST

Option-A: ZERO RATED
But then tax loss for Government 😞

GST service exports are "ZERO RATED"
भारत से कोई चीज निर्यात करेगे तो जीएसटी में आपको ITC मिलेगी



3) Input Tax Credit (ITC)
= ₹0 minus ₹10000
= +10k credit earned 😊

2) Output (sold services)
If exported to foreign
country then
0% GST

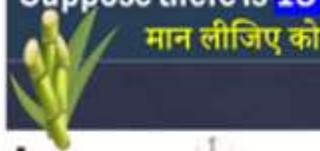
1) Input of Infosys
Buying computer, server,
internet bills
10,000 GST paid to WIPRO



Option-B: NIL RATED / EXEMPT
But then Price ↑ for patients 😞

वरना गुड़ वाला केस बना तो ग्राहक के लिए महंगा हो जाएगा

Suppose there is 18% GST on Input but 0% GST on Output with NO ITC
मान लीजिए कोई टैक्स न लगता होता और कीमतें कुछ इस तरह से थीं



मशीन खरीदने पर
जीएसटी भरा था
उसका टैक्स मेरे को
ITC नहीं मिल रहा तो
मैं अपनी लागत
वसूलने के लिए महंगे
में गुड़ बेचूंगा



Input
₹25,000 ki Machine
+ 4500 GST

Output Jaggery
GST = 0 (But no ITC) 😞
Price = ₹25 / kg → ↑ 32

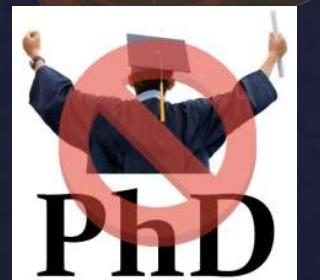
why GST =5% for Vaccine but 0% =Bad.



Presently
Vaccine
Price
+5% GST



1. 250 words mein Explain kro.
2. I've counter-arguments that in "X" situation this will not happen



- 1) 250 words question is not going to be asked from it. This is one line matter.
- 2) Not important for exam.



GST RATES- special cases

TERM

Rate?

Example

ITC given?

**GST ZERO
RATED**

0% GST

Export



**GST NIL
Rated/EXEMPT**

0% GST

Jaggery



**Non-GST
supply**

N/A
(Excise/VAT)

Petrol, Diesel



Inverted Duty Structure problem in GST?

Suppose there is 12% GST on input but 5% GST on Output with ITC



Input: Yarn, Machine

₹1 lakh ki Machine

+ 12000 GST

paid to Govt



Output Garments

100 Shirts @5% GST



₹5000 GST

collected from customers

Inverted Duty Structure problem in GST?

Suppose there is 12% GST on input but 5% GST on Output with ITC

Inverted Duty Structure problem in GST?

Suppose there is 12% GST on input but 5% GST on Output with ITC



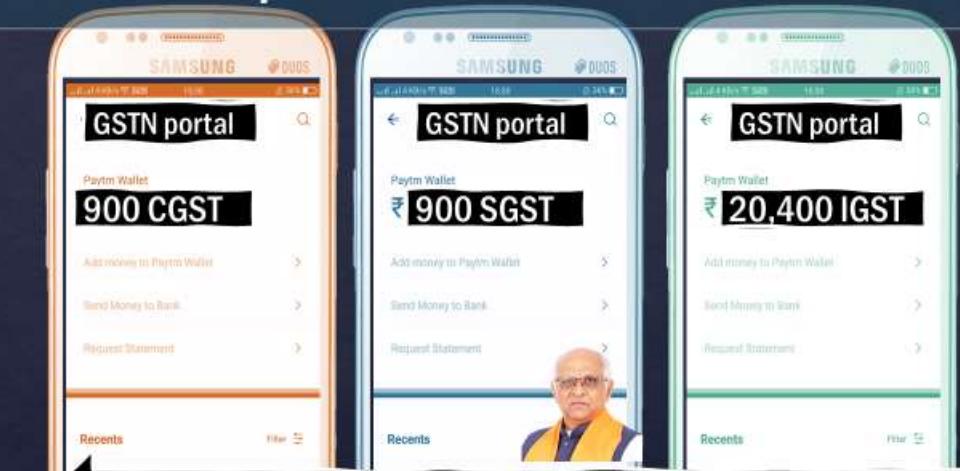
Input: Yarn, Machine
₹1 lakh ki Machine
+ 12000 GST
paid to Govt



Output Garments
100 Shirts @5% GST 😊
₹5000 GST
collected from customers



GSTN online webportal → 3 streams of tax credit



1) लेकिन मुझे इस Input Tax Credit (ITC) का लाभ मिलेगा 😊

% GST on Input >> % GST on Output

Textile factory owner will accumulate a very large quantity of ITC credit.

=Government will have to refund/adjust for future

= govt doesn't like it 😠 😠

Inverted Duty Structure = how to fix?

Change the rates



Input:



Yarn bought from supplier

12% GST

Output Garments

5%-12% GST 

collected from customers

अगर किसी आपूर्ति श्रृंखला (supply chain) कि सभी stages ki GST Rates को एक समान कर दिया जाए. तो फिर सरकार ने बहुत ज्यादा आईटीसी क्रेडिट नहीं देना होगा

Govt will not have to give huge size of ITC, if rates are same across supply chain

GST Council decides to defer rate hike on textiles from 5% to 12%

The GST Council on Friday decided to defer the hike in GST rate on textiles from 5 per cent to 12 per cent.

By: ENS Economic Bureau | New Delhi |
Updated: January 1, 2022 2:26:04 am



Finance Minister Nirmala Sitharaman (File)

2021-Dec

- Yes we'll raise GST on textile

2022-Jan

- No. we'll not do
- (due to protest by Textile Lobby)

Why not do “X” reform for “Y” situation ? अगर इसमें ऐसा है तो पुराने वाले सब मामलों में ऐसा क्यों नहीं किया

GST council's decision depends on **impact on nature of raw material, tax collection, jobs, GDP.**

Every case is different



ITC Presently Vaccine Price +5% GST

Option-A: ZERO RATED even for domestic sales
But then tax loss for Government 😞

GST service exports are "ZERO RATED"
भारत से कोई चीज निर्यात करने तो जीएसटी में आपको ITC मिलेगी

3) Input Tax Credit (ITC)
= ₹0 minus ₹10000
+ 10k credit earned 😊

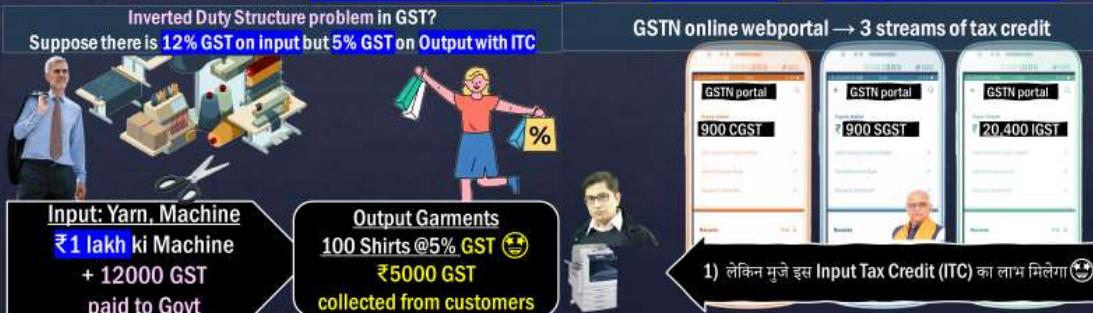
2) Output (sold services)
If exported to foreign country then 0% GST

1) Input of Infosys
Buying computer, server, internet bills
10,000 GST paid to WIPRO

इंफोसिस को जो **export** वाला मज़ा दे रहे थे वो इधर **vaccine domestic sales** पर देने बैठे तो सरकार को टैक्स में कमाई कम ↓ होगी

Inverted Duty Structure problem in GST?

Suppose there is 12% GST on input but 5% GST on Output with ITC



% GST on Input >> % GST on Output

Textile factory owner will accumulate a very large quantity of ITC credit.

=Government will have to refund/adjust for future

= govt doesn't like it 😢 😢

Suppose there is 18% GST on input but 0% GST on Output with NO ITC



Input
₹25,000 ki Machine + 4500 GST

Output Jaggery
GST = 0 (But no ITC) 😢
Price = ₹25 / kg → ↑ 32

Inverted Duty Structure problem in GST?

Suppose there is 12% GST on input but 5% GST on Output with ITC

Inverted Duty Structure problem in GST?
Suppose there is 12% GST on input but 5% GST on Output with ITC

GSTN online webportal → 3 streams of tax credit

Input: Yarn, Machine ₹1 lakh ki Machine + 12000 GST paid to Govt
Output Garments 100 Shirts @5% GST ₹5000 GST collected from customers

1) लेविन भजे इस Input Tax Credit (ITC) का लाभ मिलेगा 😊

% GST on Input >> % GST on Output
Textile factory owner will accumulate a very large quantity of ITC credit.
=Government will have to refund/adjust for future
= govt doesn't like it 😢

Suppose there is 18% GST on input but 0% GST on Output with NO ITC

मान लीजिए कोई टैक्स न लगता होता और कीमतें कछ इस तरह से थीं

मशीन चार्टर्ड बर्क जीपरीदी भारत वा उसका टैक्स मेरे को ITC नहीं मिल रहा तो मैं अपनी लागत बढ़ावने के लिए महंगे ने शुद्ध केरंगा

Input
₹25,000 ki Machine + 4500 GST

Output Jaggery
GST = 0 (But no ITC) 😢
Price = ₹25 / kg → ↑ 32



Look at individual slide as 1 liner

Don't mixup to cook khichdi of A → B → Z.

Else difficulty in solving MCQ



TERMS



😢 Cascading effect

- IF ITC not given for input
- Then taxes paid on Input will be added in COST Price
- Output → Tax on Tax 😢 burden on customer

उत्पाद के कच्चे माल पे व्यापारी द्वारा चुकाए गए टेक्स की **ITC** न मिले, तो, उसको भी उत्पाद खर्च में गिनके वो ग्राहकों पे दाम बढ़ा देता है, क्योंकि फिर टेक्स पे टेक्स लगेगा।



😢 Inverted Duty structure

- Raw material pe GST% (12%) >> Output Product pe GST (5%)
- Resulting in ITC accumulation.
- Govt disliked this for Textiles.

अंतिम उत्पाद पर टेक्श कम
और कच्चे माल पे ज्यादा हो



⭐ ZERO RATED Exports

- GST on Exports =0%
- ITC accumulation.
- Government allows this to Exports, GDP

निर्यात पे शून्य जीएसटी ताकि निर्यातकर्ता
को मोटा **ITC** प्रोत्साहन मिले

Pillar2A → Budget → Revenue Part → Taxes → Indirect Taxes → GST



3. Decide Standard rates (सामान्य दर) for GST (i.e. CGST, SGST and UTGST). IGST = (CGST + SGST or UTGST depending on destination)

4.
5.
6.
7.
8. **जीएसटी आने से कोन से पुराने कर रद हो गए?**

9. Dispute settlement between Union vs state(s), state(s) vs state(s). (विवाद निपटारा)

So, Constitutional Amendment → set up GST council → GST council's meeting → laws passed by Parliament and Vidhan Sabhas, to implement the GST related mechanisms.

1. 📢 Parliament has passed:
 - ✓ Central Goods & Services Tax Act (CGST: केंद्रीय वस्तु एवं सेवा कर अधिनियम)
 - ✓ Integrated Goods & Services Tax Act (IGST: एकीकृत माल और सेवा कर अधिनियम)
 - ✓ Union Territory Goods & Services Tax Act (UTGST: बंद शासित प्रदेश माल और सेवा कर अधिनियम): Finance Act 2020 → amends UTGST Act to update list of UTs:
 - (new) Ladakh without legislature.
 - (merged) 1) Dadra and Nagar Haveli + 2) Daman and Diu = treated as single UT (because Govt merged them in 2019).
 - ✓ Goods and Services Tax (Compensation to States) Amendment Act. माल और सेवा कर (राज्यों को मुआवजा) संशोधन अधिनियम
 - ✓ Parliament originally passed them 2017, later amended in 2018 As per the recommendations of the GST Council.
2. 📌 State Legislatures have passed State Goods and Services Tax Acts. (SGST)
3. 📌 Jammu & Kashmir passed SGST Act on 8th July, 2017 → then GST system became effective there as well. **JAMMU AND KASHMIR REORGANISATION ACT, 2019** has not abolished this SGST act. Present status is:
 - ✓ SGST applicable on J&K (UT with Legislature विधायिका युक्त केंद्रशासित पद्धति)
 - ✓ UTGST on Ladakh (UT without Leg: विधायिका-हीन केंद्रशासित पद्धति)

291 onw

Centre's Indirect Taxes subsumed in CGST → customs duty NOT REPLACE
जीएसटी आने पर केंद्र के कौन से करो को हटा दिया गया

For import-export: Basic Customs Duty, Cess / surcharge on it. वह अभी भी जारी ही है

- ❖  No. Customs Duty is NOT replaced with GST. It's still levied by the Union.
- ❖ Imported Items = Customs Duty + iGST (CGST+SGST of destination state).
- ❖ Exported items = Customs Duty + 0% GST. (so, that helps exporter to accumulate input credits. This will be clear in next lecture)



Centre's Indirect Taxes on imports

आयात पर विभिन्न प्रकार के कर लगते हैं



Special Additional Customs Duty (SAD)

👉 They are not replaced by GST

Countervailing Duty (CVD)

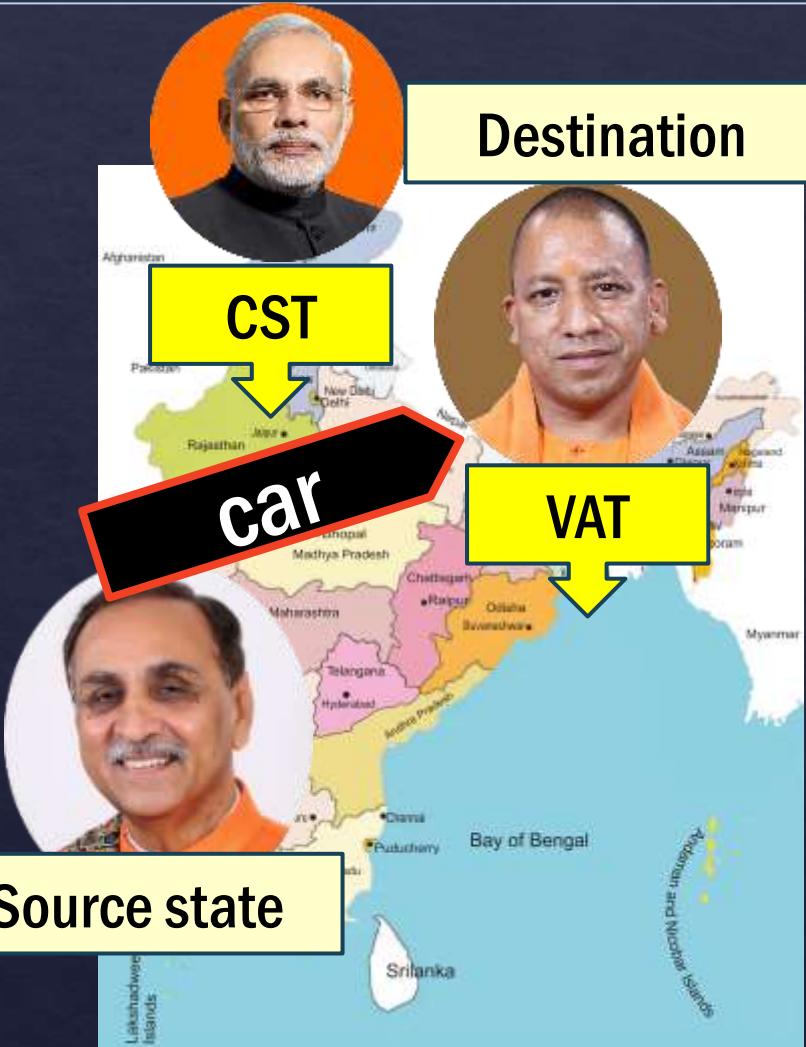
Anti-Dumping Duty

- imposed on **imported items** to protect the local producers.
विदेशी स्पर्धा से स्थानिक उत्पादकों को बचा सके
- How? **Pillar #3-> WTO.**

Q. What is **RODTEP Scheme**. Ans **Pillar#3**: basically tax credit to help exporters

1956-Union- Central Sales Tax Act (CST)

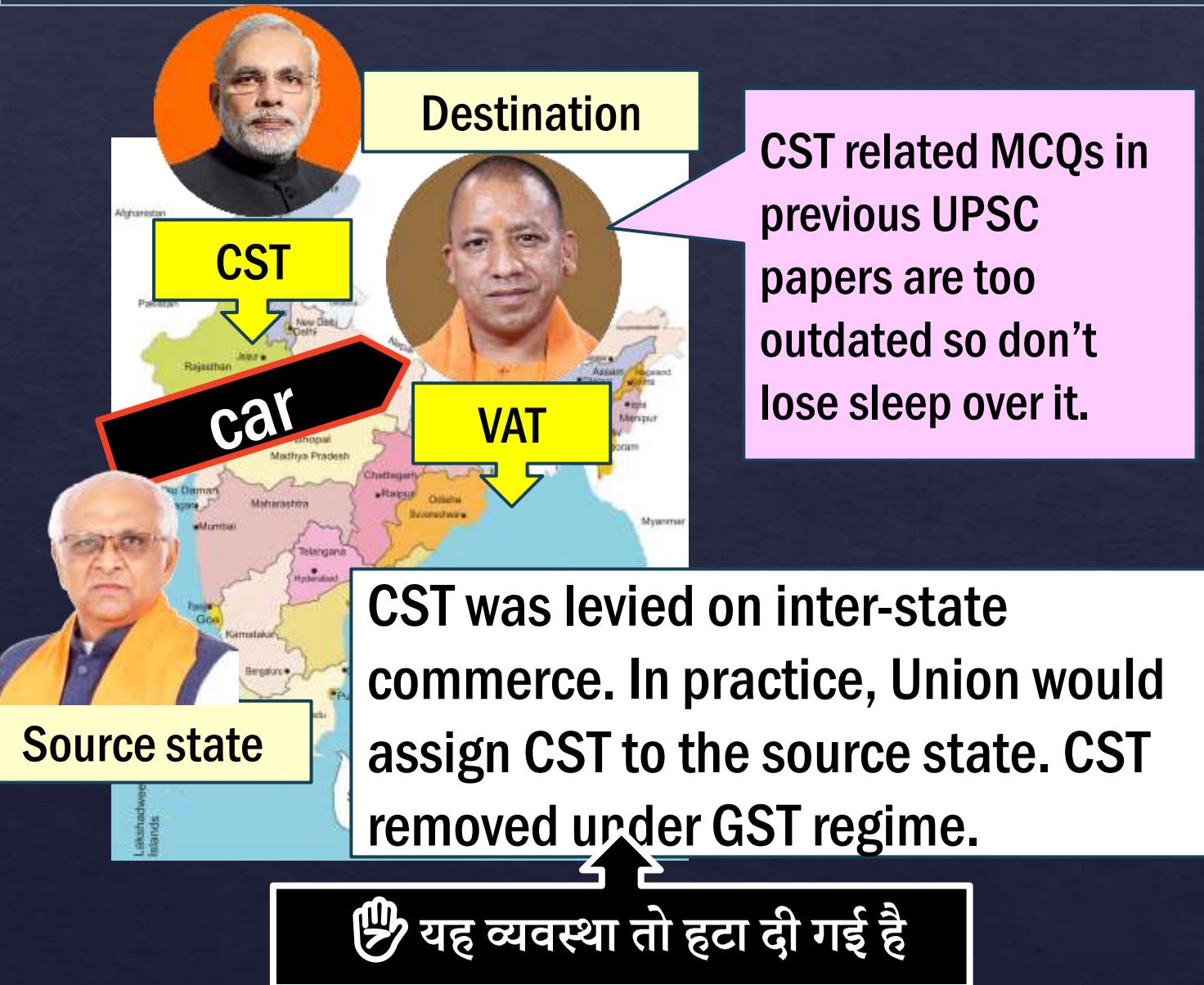
एक जमाने में अंतर राज्य व्यापार पर केंद्रीय बिक्री कर लगता था → **gone in GST**



- ✓ CST was levied on inter-state commerce.
- ✓ In practice, Union would assign CST to source state. (जहा से माल आया)
- ✓ CST removed under GST regime.

☞ So don't lose sleep in pre-GST era Prelims paper that contained complex Qs about CST. यह मुद्दा काफी पुराना हो चुका है 25 साल पुराना पेपर सेट खोल के CST ke MCQ सॉल्व करने की जरूरत नहीं अब

1956-Union- Central Sales Tax Act (CST)



Union indirect Taxes on Alcohol

प्रसाधन और चिकित्सा में इस्तेमाल किए जाने वाले

Alcohol used in medicinal
& toiletry preparation



CGST + SGST

37th Meeting of
Goods and Services Tax Council

19-20th September 2019, Goa



GST council will decide the rates.

e.g. hand Sanitizers with Alcohol

= 9% CGST + 9% SGST

= 18% GST

Union indirect Taxes on Alcohol

मानव उपभोग के लिए मदिरा उस पर केवल राज्य अलग से टैक्स मांगेगा. GST नहीं

Alcohol used in medicinal
& toiletry preparation



CGST + SGST

37th Meeting of
Goods and Services Tax Council
19-20th September 2019, Goa

19-20th September 2019, Goa

👉 Liquor tax outside
GST council's scope.
(Constitution itself
amended like that)

Liquor for drinking



Production
State excise

sale
State VAT



Liquor tax outside
GST council's
scope.
(Constitution itself
amended like that)

Liquor for drinking

WWW.WINE-PRICELIST.COM



Production
State excise

sale
State VAT

Bad News for Tipplers in Rajasthan as 20% 'Cow Cess'
on Liquor Comes Into Effect



The cess is in addition to the 20% surcharge on
stamp duty for the same cause.

* NEWS18.COM

* LAST UPDATED: JUNE 24, 2018, 11:33 AM IST

Haryana government decides to levy 'COVID cess' on liquor



इस पर हम उपकर लेंगे क्योंकि
कोरोना आमदनी कम हुई है

Tobacco products: तंबाकू उत्पादन पर जीएसटी लगेगा

उसके अलावा भी अनेक प्रकार के उपकर, टैक्स भी लगेंगे



- 14% CGST + 14% SGST = 28% GST
- + Union's GST Compensation Cess
- + Union's National Calamity Contingent Duty (NCCD) → disaster management आपदा प्रबंधन के लिए

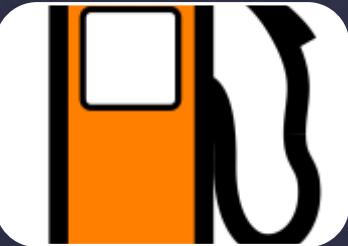
- Because Constitution itself amended like this.
- So, Union can ask taxes in addition to GST..
- संविधान में इसकी अनुमति दी गई है



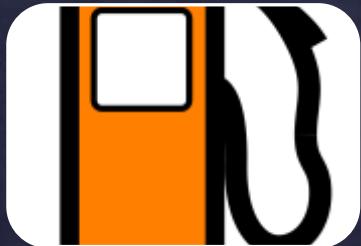
5 hydrocarbons: their indirect taxes not yet subsumed in GST.



Crude oil



Petrol



Diesel



Aviation Turbine
Fuel



natural gas

Present



1) Oil drilling / refining:
Union's Excise



2) When selling:
State's VAT

CGST



SGST

3) Once the GST council
decides the date



Q. Which Union taxes are replaced / abolished / subsumed in CGST/iGST?



Direct Taxes



Customs Duty on imports



**Excise on 5 Hydrocarbons



Tobacco



LIQUOR



Excise on alcohol used in deo..



Central Sales Tax (CST)



Service Tax on services



Excise Duty on Goods



Green = replaced by GST. Red = NOT replaced by GST. (alt: Whatever Devgan Likes)

OUTSIDE GST



Direct Taxes
(IT, CorpTax..)

OUTSIDE GST



Customs Duty
on imports

OUTSIDE GST



Excise on
5 Hydrocarbons

OUTSIDE GST



LIQUOR

Q. Which Union taxes GONE in GST? Ans.

Green = Replaced with GST.

Red = NOT replaced with GST



Tobacco



Central Sales Tax
(CST)



Excise on alcohol
used in deo..



Excise Duty
on Goods



unacademy
Service Tax
on services

GST+ NCCD
• Compensation
• Cess

Replaced
with GST

इस टेक्ष की जगह
अब जीएसटी लगता है

Replaced
with GST

इस टेक्ष की जगह
अब जीएसटी लगता है

956600

amount in ₹
crores

922675

900575

⊗ Budget - 2023

GST



Corporation Tax



Income Tax



कौन से टैक्स/कर में सरकार को
सबसे ज्यादा कमाई/आमदानी होगी?

339000

233100

**Excise
(Petrol / Diesel etc)** **Customs
(Import / Export)**



Pillar2A → Budget → Revenue Part → Taxes → Indirect Taxes → GST

जीएसटी आने पर राज्य के कोन से कर रद्द हो गए?

- GST Economic Angle**
- GST Constitutional Angle**
- Union taxes replaced by GST**
- State taxes replaced by GST**
- GST on Goods & Services 0%-28%**
- GST Compensation to States**
- Misc. Concepts & Misc. Organizations**
- GST Benefits & Challenges**

Indirect Tax of Union manufacturing/production of goods: Excise duty and various Cess / surcharges on it.(उत्पाद शुल्क और विभिन्न उपकर / अधिभार)	Whether replaced by CGST? hydrocarbon fuels: petrol, diesel etc.)
- Excise on manufacturing medicinal & toiletry preparations containing alcohol (e.g. Cough syrup, deodorants and perfumes) also replaced by CGS	- Alcoholic Liquor for human consumption- falls in States' purview so Union Excise / CGST not applicable on it.
Excise duty on Tobacco products	<ul style="list-style-type: none"> - It's replaced with 14% CGST. Further, Union also levies + GST Compensation Cess + National Calamity Contingency Duty** (NCCD-राष्ट्रीय आपाकास्मिकता डिफ़र्टी) on them. - **because 101st Constitutional Amendment allows Union to tax tobacco products separately. - NCCD money goes to Public Account → National Disaster Response Fund set up under Disaster Management Act, 2005. - Budget-2020: <input checked="" type="checkbox"/> National Calamity Contingency Duty on Cigarettes and other tobacco products
Excise duty on production/refining of Crude oil, Petrol (Motor Spirit), Diesel, Aviation Turbine Fuel and natural gas: कच्चे तेल, पेट्रोल (मोटर स्पिरिट), डीजल, विमान टरबाइन ईंधन और प्राकृतिक गैस पर उत्पाद शुल्क	<ul style="list-style-type: none"> - Once GST council decides the date they'll be brought under GST-regime. - Until then refineries / oil-drilling companies have to pay excise duty+cess/surcharges to Union for production / manufacturing of these items. (and petrol pump owner, etc will have to pay VAT to states on their sale.) - Presently, Petrol & Diesel are also subjected to Union's Road and Infrastructure Cess (सड़क और बुनियादी दांचा उपकर) which goes into Public Account→ Central Road & Infrastructure Fund setup under Central Road Fund Act 2000 (The word "Infrastructure" was added by Budget-2018). - Full-Budget-2019 <input checked="" type="checkbox"/> the excise and road-infrastructure cess on petrol and diesel.

Page 291 onw

22.10.1

GST registered suppliers have to deposit the GST at the GSTN portal on monthly basis (except those who opted for the GST composition scheme).

In monthly collection of GST, there are ups and downs based on seasonality.

Q. Which State taxes are replaced / abolished / subsumed in SGST?

जीएसटी आने पर राज्य सरकार के कौन से करों को विलीन कर दिया हुआ दिया



State Direct Taxes
रह गया/ जारी है



VAT on 5 Hydrocarbons
रह गया/ जारी है



LIQUOR (State Excise & VAT)
रह गया/ जारी है



Electricity Duty
रह गया/ जारी है



Road Tax
रह गया/ जारी है



Purchase tax on vehicle, boats, and animals
हटा दिया

Above taxes still levied. They are not subsumed/removed by GST



Advertisement tax on hoarding, banners etc
हटा दिया



Entry tax/Octroi for entry of goods in an area



Lottery & Gambling
हटा दिया



Entertainment Tax
हटा दिया



Luxury Tax on hotel,spa



VAT on Goods
हटा दिया



Green = removed with SGST. Red = reh gayaa (Continued)

OUTSIDE GST

इनपे GST नहि लगता

OUTSIDE GST

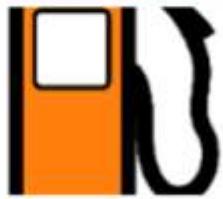
OUTSIDE GST

इनपे GST नहि लगता

इस टेक्ष की जगह
अब जीएसटी लगता है



State Direct Taxes



VAT on 5
Hydrocarbons



LIQUOR
(State Excise
& VAT)



Electricity Duty



Road Tax



Purchase tax on
animals, vehicle,
boats,

Q. Which State taxes GONE in GST? Ans.

Green = Replaced with GST.

Red = NOT replaced with GST



Advertisement tax
on hoarding,
banners etc



Entry tax/Octroi



Lottery
& Gambling



Entertainment
Tax



Luxury Tax
on hotel,spa



VAT on Goods

इस टेक्ष की जगह
अब जीएसटी लगता है

Replaced
with GST

5 hydrocarbons: their indirect taxes not yet subsumed in GST.



Crude oil Petrol



Diesel Aviation Turbine Fuel



natural gas

Present



1) Oil drilling / refining:
Union's Excise



2) When selling:
State's VAT

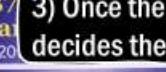
future



CGST



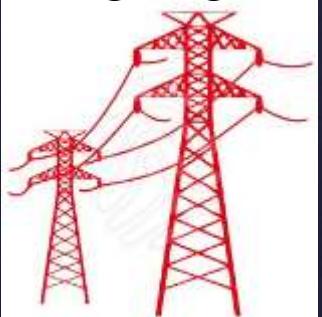
SGST



3) Once the GST council
decides the date



High voltage



Electricity pe

Union
Excise/GST

State Electricity
Duty

- NITI Aayog Suggested to put **GST** on petrol, diesel, electricity. **पेट्रोल डीजल और बिजली पर जीएसटी लगाया जाए**
- With **6 years compensation formula for States**. **और राज्यों को इसमें कर आमदनी में जो गिरावट या नुकसान हो उसकी भरपाई के लिए उन्हें 6 साल तक मुआवजा मिले**



Pillar2A → Budget → Revenue Part → Taxes → Indirect Taxes → GST

GST Economic Angle

GST Constitutional Angle

Union taxes replaced by GST

State taxes replaced by GST

GST on Goods & Services 0%-28%

GST Compensation to States

Misc. Concepts & Misc. Organizations

GST Benefits & Challenges

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Page 291 onw

22.10.1

GST registered suppliers have to deposit the GST at the GSTN portal on monthly basis (except those who opted for the GST composition scheme).

In monthly collection of GST, there are ups and downs based on seasonality.

GST on Services: 0% or Nil rated or Exempted

👉 इन सेवाओं पर जीएसटी नहीं लगता है

- ◆ Services provided by union government, state government, local bodies, constitutional bodies,
- ◆ Department of post (except premium services like speed post),
- ◆ Railways (except premium services like first class AC ticket)
- ◆ ESIC, EPFO services to the subscribers
- ◆ Religious, charitable activities, cooperative societies, Public libraries, Public toilets, Crematorium, Burial grounds.



👉 इन सेवाओं पर नहीं लगता GST

GST on Services: 0% or NiL rated or Exempted



- ◆ Services by RBI & other financial regulators.
- ◆ Services by Banks/NBFCs for Government sponsored banking, insurance and pension schemes. (Refer to Pillar#1D financial inclusion handout: JDY, SBY, JJBY, APY etc.)

No GST when RBI giving the backend services to them.



Although now fees ₹ 0

NEFT/RTGS: fees + 9% SGST + 9% CGST



इन सेवाओं पर नहीं लगता GST

GST on Services: 0% or Nil rated or Exempted

इन सेवाओं पर जीएसटी नहीं लगता है

- ◆ Educational services by Educational Institutes (like schools colleges universities Vocational institutes. **NOT COACHING Institutes**)

 Normal school / college fees pe **NO GST.**

- ◆ Sports, Art, Culture etc. clubs with member-fees less than “X” rupees.

 Coaching pe **YES GST.**

<+ many other services, refer handout peacefully>

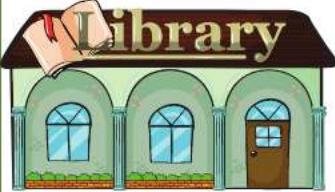
- ◆ Any service **EXPORTED outside India** (technically called “**ZERO RATED Export**”)



इन सेवाओं पर नहीं लगता GST

GST TAX

services



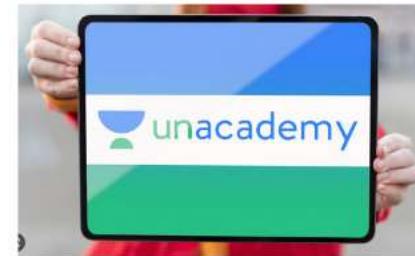
0%

5%

12%

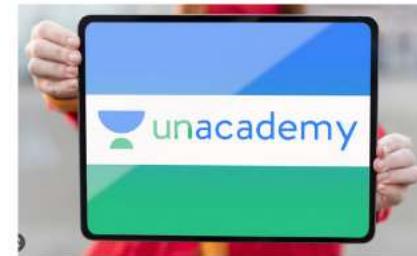
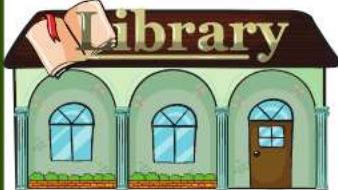
18%

28%



GST TAX

services



0%

5%

12%

18%

28%

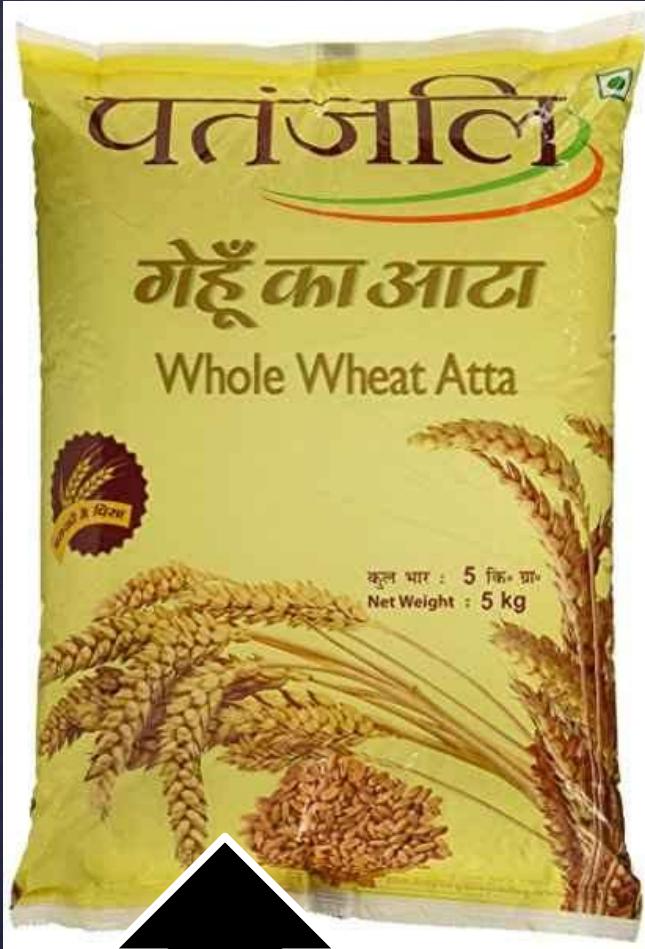
Refer to handout for more examples

A photograph of a man with a beard and dark hair, wearing a grey blazer over a white t-shirt with a graphic print, pushing a shopping cart. A young child is seated in the cart, looking down at something. They are in a supermarket aisle with shelves of products in the background.

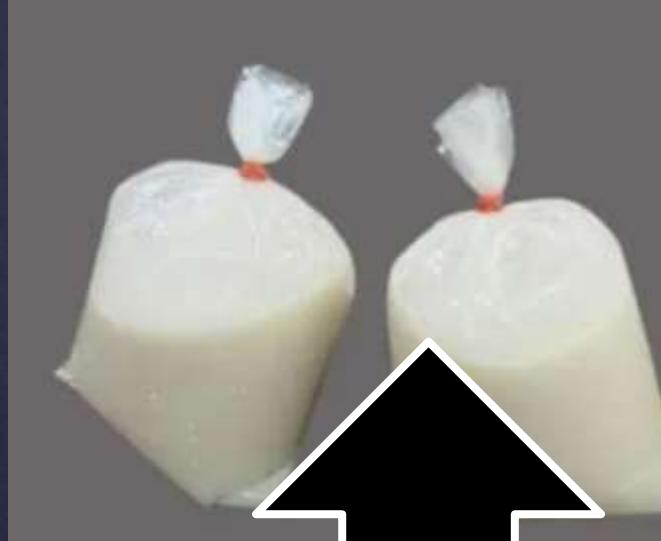
GST rates on services
learned...now GOODS



Loose, no
label/brand
0% GST



Prepacked and labelled
5% GST



CURD

Not branded/ labelled.
Not prepacked.
**Fresh/Nazar ke saamne
just packed. 0%**



Prepacked and labelled
5% GST

GST on Goods: 0% or NiL rated or Exempted

◆ Fresh milk, Pasteurized Milk

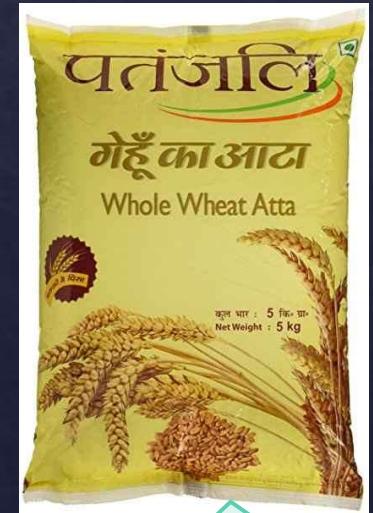
◆ Live animals (except race horses), poultry, pigs, shrimps, fishes, insects etc. and their “UNBRANDED/unlabelled” eggs, meat, honey, rawsilk etc. fresh products.

◆ Fresh flowers, leaves, fruits and vegetables, unroasted coffee beans & tea leaves, Salt.

◆ Bread (**except when served in Restaurant/pizza)



No GST.
 ☺ ☺ ☺



इन वस्तुओं पर नहीं लगता GST

Yes GST bcoz packed
labelled product.

Rahul Bose shocked over banana bill at Chandigarh 5-star hotel.

Rahul Bose had ordered room service for two bananas while at the luxury hotel. When the bill arrived, he was in for a shock. For the two bananas that he ordered, the hotel charged Bose Rs 442.50.

The India Today logo is a red square with the words "INDIA TODAY" in white, bold, sans-serif capital letters.

India Today Web Desk

New Delh

July 24, 2019 UPDATED: July 24, 2019 12:31 IST



Rahul Bose ordered bananas in hotel and then was shocked with the bill



Explain why Rahul Bose paid GST on tax-free bananas: JW Marriott told

After a tweet by the actor telling about how he was charged the whopping amount of Rs 442.50 for two fresh bananas, Chandigarh Deputy Commissioner and Excise and Taxation Commissioner Mandip Singh Brar had ordered an investigation into the matter.

Written by Hina Rohtaki | Chandigarh |

Updated: July 27, 2019 11:20:40 am

LIVE BLOG

Coronavirus India Live Updates: Over 470 children below 10 have tested positive for Covid-19 in Bengaluru since March 1

India vs England 3rd ODI Live Cricket Score Updates: India attack but down to lower order by 40th over

Assembly Elections 2021 Live Updates: BJP will win over 200 seats in West Bengal, says Amit Shah

BEST OF EXPRESS



BJP will win over 200 seats in West Bengal, says Amit Shah



Rajnath Singh interview: ‘BJP doesn’t believe in politics of polarisation’

The Excise and Taxation department on Friday sent a show-cause notice to JW Marriott hotel for levying GST on two bananas for which actor Rahul Bose had to pay Rs 442.50.

The department has sought a reply from the hotel in Sector 35 on how tax was charged on an item which is tax-free.



Entertainment
Holi 2021: Amitabh

GST on Goods: 0% or NiL rated or Exempted

- ❖ Human blood, contraceptives, sanitary napkins, tampons, hearing aid
- ❖ Agricultural hand tools like spade, axes, sickle.
- ❖ Printed Books, printed Newspapers, journals and periodicals irrespective of whether they containing advertisement or not. →

<+ many others, given in your handout>

- ❖ Any Goods EXPORTED outside India (technically called “ZERO RATED Export”).
- ❖ Here customs duty + 0% IGST.

इन वस्तुओं पर नहीं
लगता GST



Buy Ad-slot Newspaper:
Price + 18% GST



News



Buy Newspaper
Price + 0% GST



GST on Goods: not 0% (जिन वस्तुओं पर जीएसटी लगता है.) 😠

0.25%
GST

- Semi-precious stones like agate, amber, topaz, lapis lazuli etc.

0.125% union
0.125% state

1.50%

- Diamond,



0.75% union
0.75% state

3%
GST

- Jewellery, Pearls, Gold, platinum, silver etc.

1.5% union
1.5% state

WHY so low rates on diamonds??

हीरे जवाहरात पर जीएसटी की दर इतनी कम क्यों है?



₹ 1 lakh diamond:
1.50% GST
= ₹ 1500

Besides, most of gold,
diamond imported →
customs duty applicable.
तो सरकारने सीमा शुल्क में कमाई
करी है।



If ₹ 1 lakh diamond:
28% GST
= ₹ 28,000 but →
:(people will do cash
transaction without bills to
avoid the tax altogether,
because diamonds are
easy to hide & smuggle.



Mahindra Scorpio SUV:

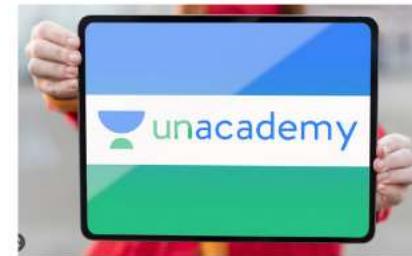
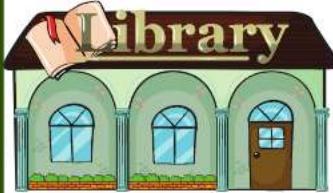
₹ 10 lakh + 28% GST

Difficult to evade because
car chassis number has to
be registered with RTO to
receive number plate.

जीएसटी छिपाना मुश्किल

GST TAX

services



0%

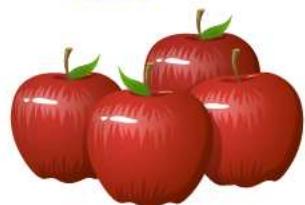
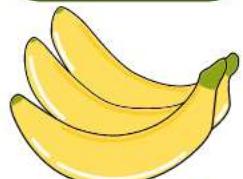
5%

12%

18%

28%

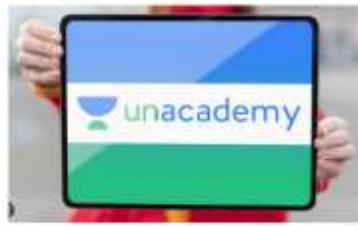
goods



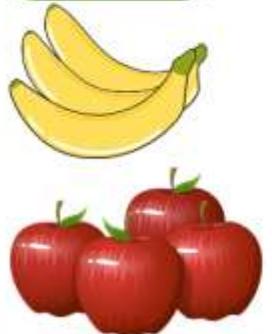
Refer to handout for more examples

GST TAX

services



goods



As per CBIC official FAQ. 0.25%, 1.50% etc slabs not loudly mentioned. For MCQ- slabs? 0/5/12/18/28 depending on options.

Pillar2A → Budget → Revenue Part → Taxes → Indirect Taxes → GST

GST Economic Angle

GST Constitutional Angle

Union taxes replaced by GST

State taxes replaced by GST

GST on Goods & Services 0%-28%

GST Compensation to States

Misc. Concepts & Misc. Organizations

GST Benefits & Challenges

- 22.18** → COMPENSATION TO STATES: WHY?
- Recall Definition: GST is a destination based indirect tax on consumption of goods and services. (जीएसटी वस्तुओं और सेवाओं के खपत-स्थान पर आधारित अप्रत्यक्ष कर है।)
- ✓ For the Union govt, largest source of tax collection were corporate tax and personal income tax. Both are direct taxes and therefore kept out of the GST regime.
 - ✓ For the state governments, VAT was largest source of tax income, but it is to be subsumed under GST, along with other indirect taxes, cess and surcharges levied by the states. Therefore, states were afraid their revenue income will .
 - ✓ Secondly, GST is a destination-based tax, therefore industrialized states are not happy with it. Consider a Nano car manufactured in Tata's Plant in Gujarat and sold in Uttar Pradesh. (Destination) UP gets SGST, While (Source) Gujarat gets nothing. Although reverse is also true- UP's bicycle sold in Gujarat, then Gujarat will earn SGST and UP will get nothing.
 - ✓ But the industrialized states such as Gujarat, Maharashtra, Tamil Nadu, Haryana feared they'd get less SGST revenue in absolute terms compared to erstwhile VAT regime.

Notable States that witnessed revenue increase in SGST (compared to VAT)	Notable States that witnessed revenue decline in SGST (compared to VAT)
Andhra Pradesh and some NE states -- Mizoram, Manipur, Sikkim, Nagaland	Punjab, Himachal, Chhattisgarh, Uttarakhand, J&K, Odisha, Goa, Bihar, Gujarat and Delhi and others.

- 22.18.1** → Compensation to States: HOW?
-
- Parliament enacted GST Compensation to States Act 2017 (राज्यों को मुआवजा अधिनियम)
- ✓ Under its provisions, GST council recommended Union Govt to impose "GST Compensation Cess" (जीएसटी परिपूर्ति उपकर) on specified luxury & demerit goods, like
 - pan masala (60%), tobacco products (cess varies as per product),
 - aerated water & Caffeinated Beverages (12%), coal / lignite (₹400 per tonne),
 - motor vehicles-aircraft-yacht (3-22% depending on type of vehicle).
 - These rates may change/update, but don't worry about figures. E.g. Passenger vehicles originally 15% cess, but due to slowdown in automobile sector, GST council reduced it to 1-3% depending on type of vehicle.]
 - ✓ The cess thus collected is used for compensating States for their revenue losses during the first five years since inception of GST.
 - ✓ The formula uses 2015-16 as base year to measure states' revenue, & assumes 14% annual growth in VAT system. Then relatively, how much less ₹ did state receive in SGST2 = compensation will be given accordingly. (गणराज्य के भवानमें जितना अंतर है)

Page285-320

Pillar2A → Budget → Indirect Taxes → GST: misc. concepts & bodies

Mechanisms

Composition

Reverse Charge

E-Way Bill

E-Invoice

Compensation

Bodies:

GoM

Profiteering

Advance Ruling

GSTN Portal

SAKSHAM

Numbers

SAC/HSN

PAN/GSTIN/UID

Audio/Video Problem?



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 Google Forms

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22.20 PAN vs GSTIN vs AADHAR



Table 16: ☺ don't lose too much sleep over it unless preparing for State Tax Dept Exams

Difference	PAN: स्थायी लेखा संख्याक	GSTIN: वस्तु एवं सेवा कर पहचान संख्याक
Full form	Permanent Account Number	Goods and Services Tax Identification

Page: 300 onw

Q. Consider the following items:

- 1) Cereal grains hulled- छिलका उतारे हुए अनाज
 - 2) Chicken eggs cooked - पकाए हुए अंडे
 - 3) Fish processed and canned - प्रसंस्करण के बाद डिब्बे में बंद मछली
 - 4) Newspapers containing advertising विज्ञापन वाले समाचार पत्र

Which is/are exempted under GST (Good and Services Tax)?

- (a) 1 only** **(b) 2 and 3 only**
(c) 1, 2 and 4 only **(d) 1, 2, 3 and 4**



इनमे से कोन सी चीज पे जीएसटी नहीं लगता?

100% Surety

50:50

E) Skip

Att



Q. Consider the following items:

- 1) Cereal grains hulled
 - 2) Chicken eggs cooked
 - 3) Fish processed and canned
 - 4) Newspapers containing advertising material

Which is/are exempted under GST (Good and Services Tax)?

- (a) 1 only** **(b) 2 and 3 only**
(c) 1, 2 and 4 only **(d) 1, 2, 3 and 4**

No GST on newspaper.



After 50:50

अभी पहले और दूसरे वाक्य को तो बिना पढ़े भी
सच्चा मान ही लेना है

50:50

E) Skip

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- 4) Newspapers containing advertising material

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- (d) 1, 2, 3 and 4

Processed & canned food is subject to some GST.

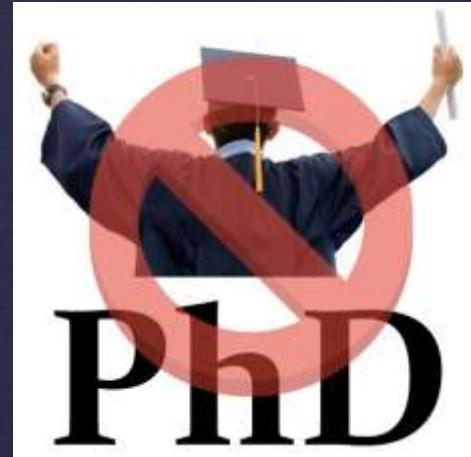


Some debate that chicken eggs cooked in 5 star hotel = GST. But official Answerkey said "C" so birbal khichdi, hyperthinking, lawyer-mindset useless.

100% Surety

50:50

GST composition scheme = relief to small traders



GST - regular

Big industrialist

Deposit GST every month.

सामान्य रूप से हर महीने व्यापारी ने

सरकार में जीएसटी जमा करवाना होता है

GST - composition scheme

Small trader

Deposit GST every 3-3 months.

Pillar2A → Budget → Indirect Taxes → GST: misc. concepts & bodies

Mechanisms

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E-Way Bill

E-Invoice

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Table 16: ☺ don't lose too much sleep over it unless preparing for State Tax Dept Exams

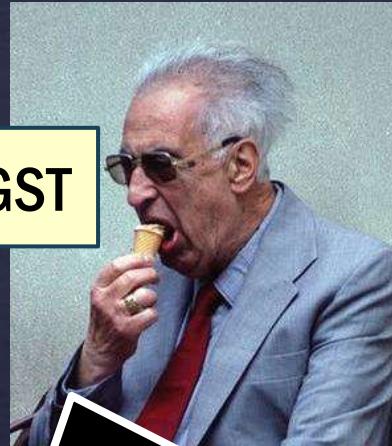
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Page: 300 onw

Reverse Charge Mechanism (विपरीत प्रभार की व्यवस्था)



Seller deposits GST



Ordinary Buyer

सामान्य रूप से ग्राहक वस्तु की price + GST
व्यापारी को देता है और
व्यापारी वह GST की रकम सरकार में जमा करता है

Reverse Charge Mechanism (विपरीत प्रभार की व्यवस्था)

Goods and Services Tax

New Registration

User Credentials OTP Verification

I am a *

Select

State / UT *

Select

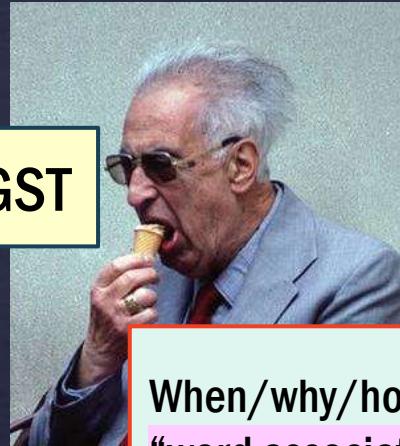
District

Select

Legal Name of the Business (As mentioned in PAN) *

Enter Legal Name of Business

Seller deposits GST



Ordinary Buyer



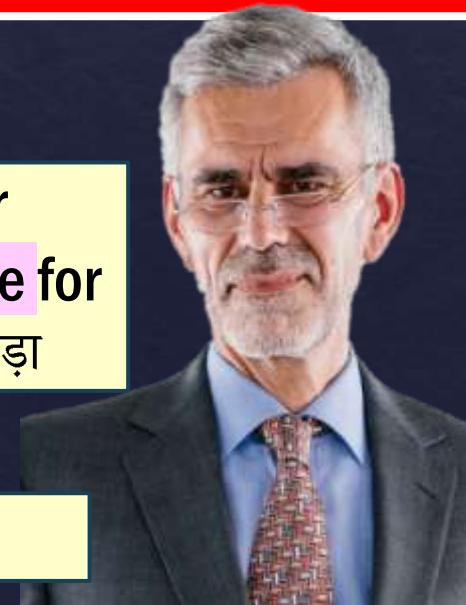
When/why/how? Not imp. just
“word association” its related to GST

2) Seller not registered with GST

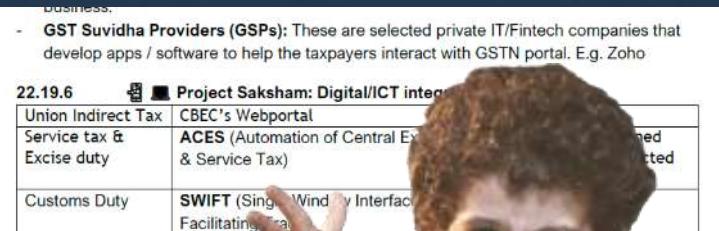
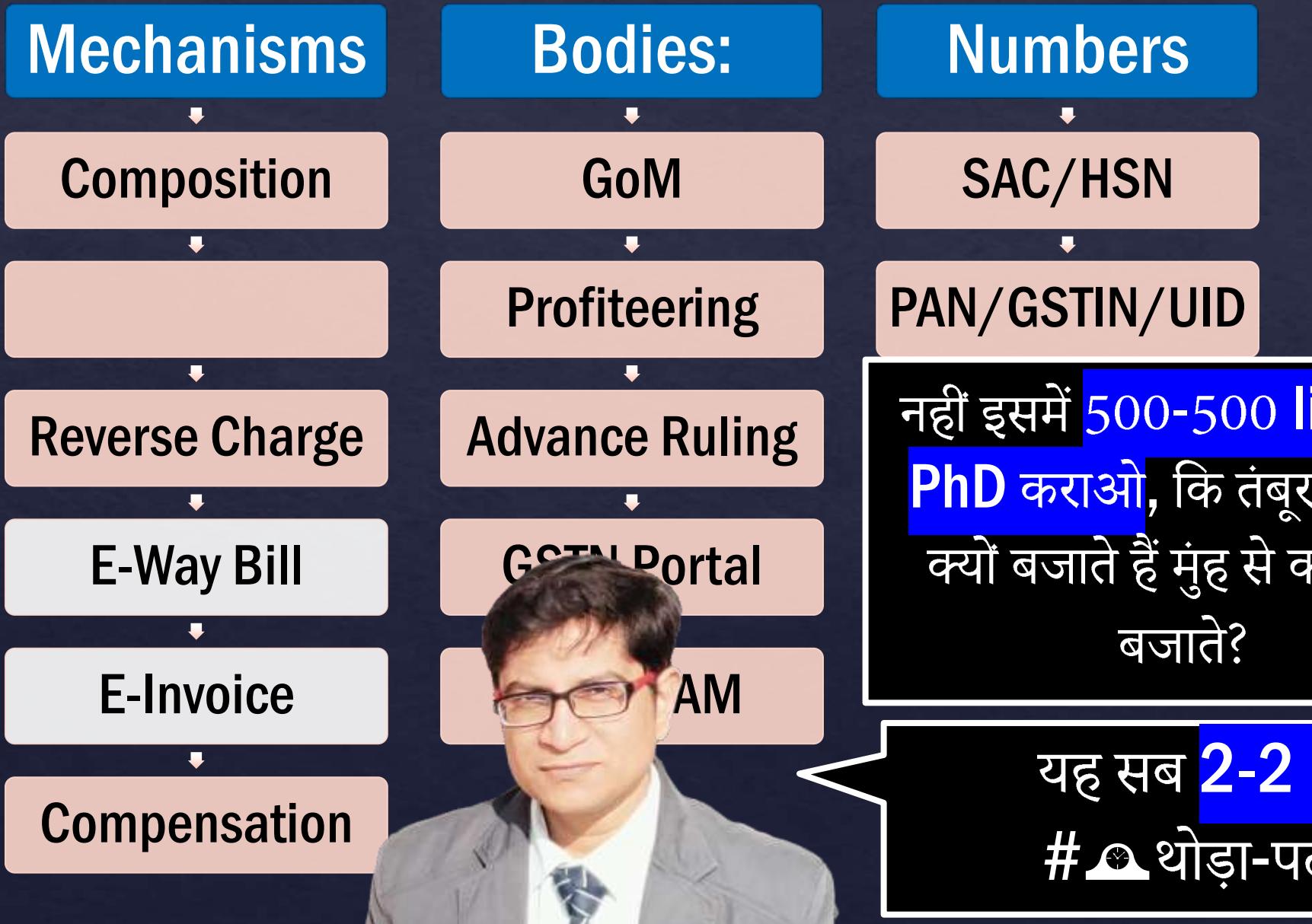


1) GST regi.Buyer bought race horse for his club - रेस का घोड़ा

3) Buyer has to pay GST via “Reverse Charge mechanism”



Pillar2A → Budget → Indirect Taxes → GST: misc. concepts & bodies



These portals/softwares and digital processes had to be integrated with the GSTN portal. So,

- **2016:** CBE/CBIC launched the portals' integration.
- **Separately, 2018:** India's objective of employees' convenience in GSTN was achieved.

22.19.7 HSN

- Service Accounting Code
coaching services = SAC Code 9992
- Harmonized System of Nomenclature

यूपीएससी के बाबू शोने



यह सब 2-2 ine के मुद्दे हैं
 थोड़ा-पढ़ो-आगे-बढ़ो

E-way Bill System (ई-वे बिल प्रणाली) from 2018 onwards

- ❖ When goods worth ₹50,000/> moved within a state (intrastate) or from one state to another (inter-state)
 - ❖ Then the truck/transport/cargo/shipping/aeroplane company
 - ❖ has to generate E-way Bill from GSTN Portal/App/SMS.
- ❖ E-way bill's self-declaration (*that our truck is carrying “x” type of goods worth “y” value*) .
- ❖ स्वयं प्रमाणित कीजिए कि आपके ट्रक में क्या भरा है



E-way Bill System (ई-वे बिल प्रणाली) from 2018 onwards

- ◆ ✋ Then **every truck will not be checked,**

- ◆ **only random checking of few trucks.**

सिर्फ कुछ ट्रकों की ही चेकिंग होगी. सब ट्रकों की नहीं

- ◆ ↓ scope of **bribery, delay, red-tape, harassment** at the check post. भ्रष्टाचार / उत्पीडन में कमी

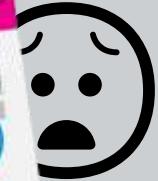
- ◆ = **rapid movement** for transporters, ease of doing biz.



E-Invoice

बिक्री का
बिल अलग

परिवहन का
चलान अलग



Present

1) **Bill/Invoice:** Customer name, item, GST, price

2) **E-Way bill:** If transporting goods worth ₹50,000/> beyond "X" kms



E-Invoice



बिक्री का
बिल अलग

परिवहन का
चलान अलग



Present

1) **Bill/Invoice:** Customer name, item, GST, price

2) **E-Way bill:** If transporting goods worth ₹50,000/> beyond “X” kms



Future

E-Invoice: It'll have both 1+2 inside it.

GSTN Council planning it from “X” date

भविष्य में यह दोनों चीजें
एक ही में आ जाएंगे

Pillar2A → Budget → Indirect Taxes → GST: misc. concepts & bodies

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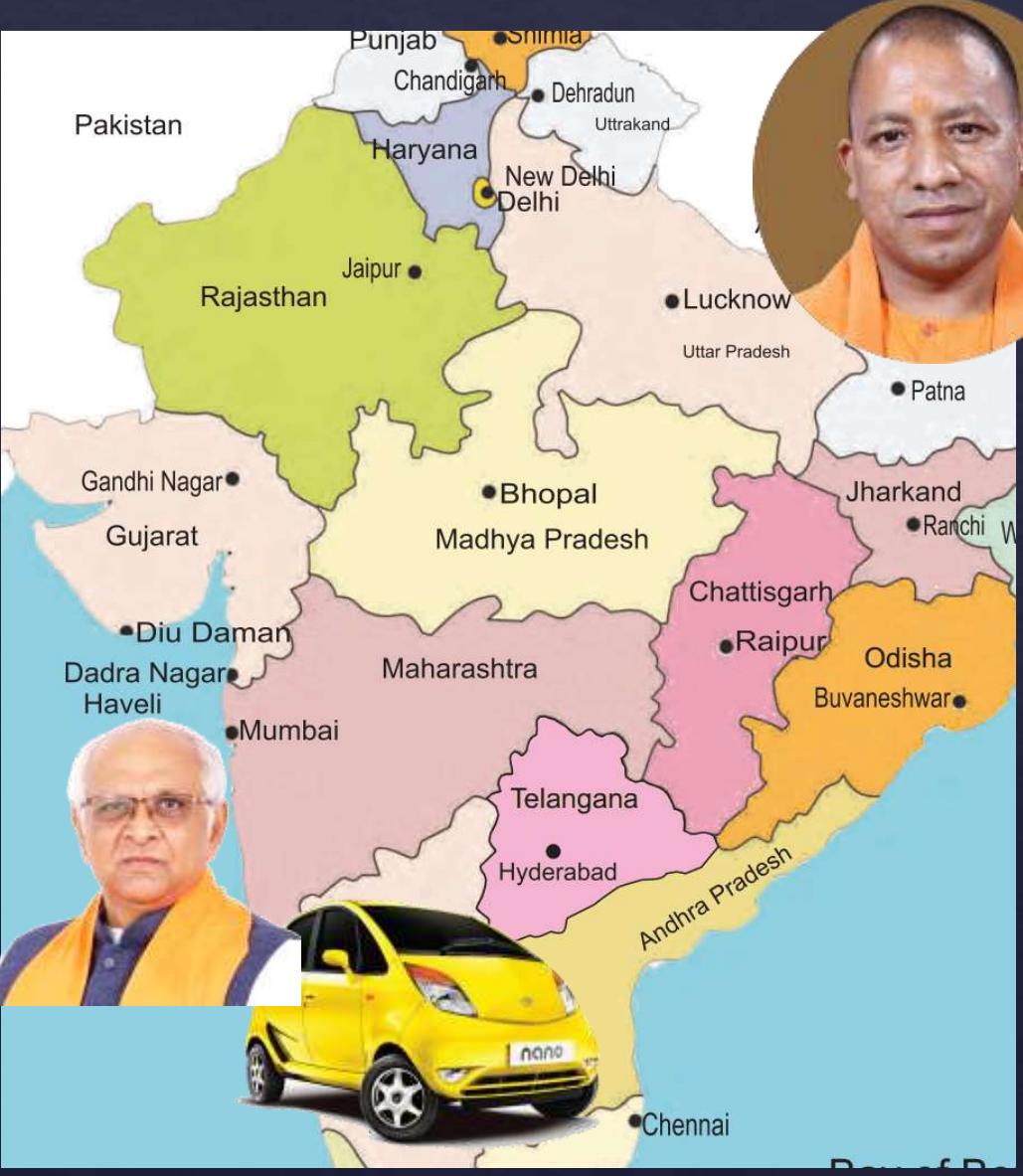
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GST = DESTINATION BASED INDIRECT TAX ON Consumption

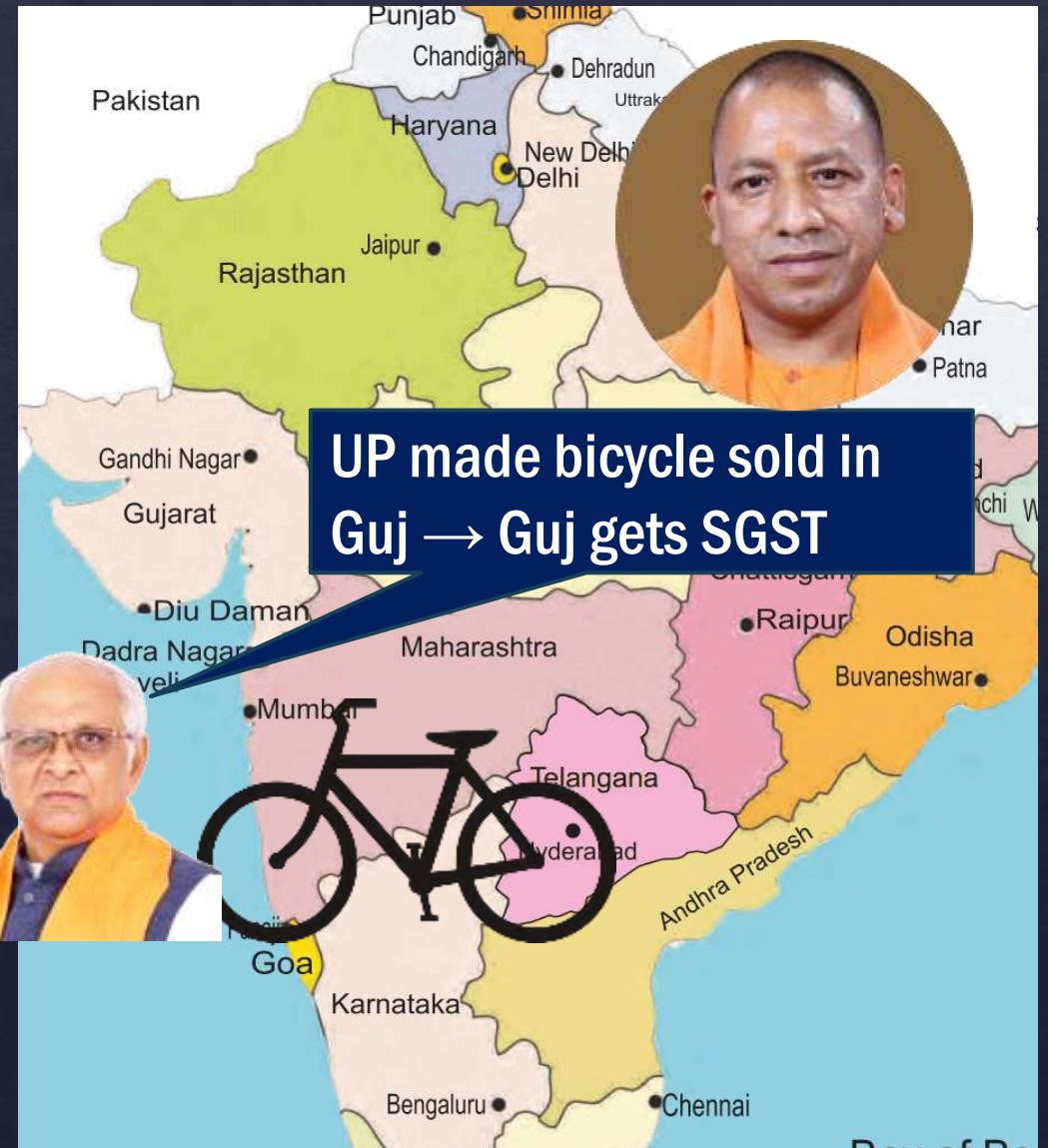
उपभोग के स्थान पर आधारित परोक्ष कर है



**Gujarat made car
sold in UP →
Then (UP gets SGST)**

GST = DESTINATION BASED INDIRECT TAX ON Consumption

उपभोग के स्थान पर आधारित परोक्ष कर है



Problem#2: what is your largest source of tax?

सबसे ज्यादा पैसा किस टेक्ष से कमाते हो?



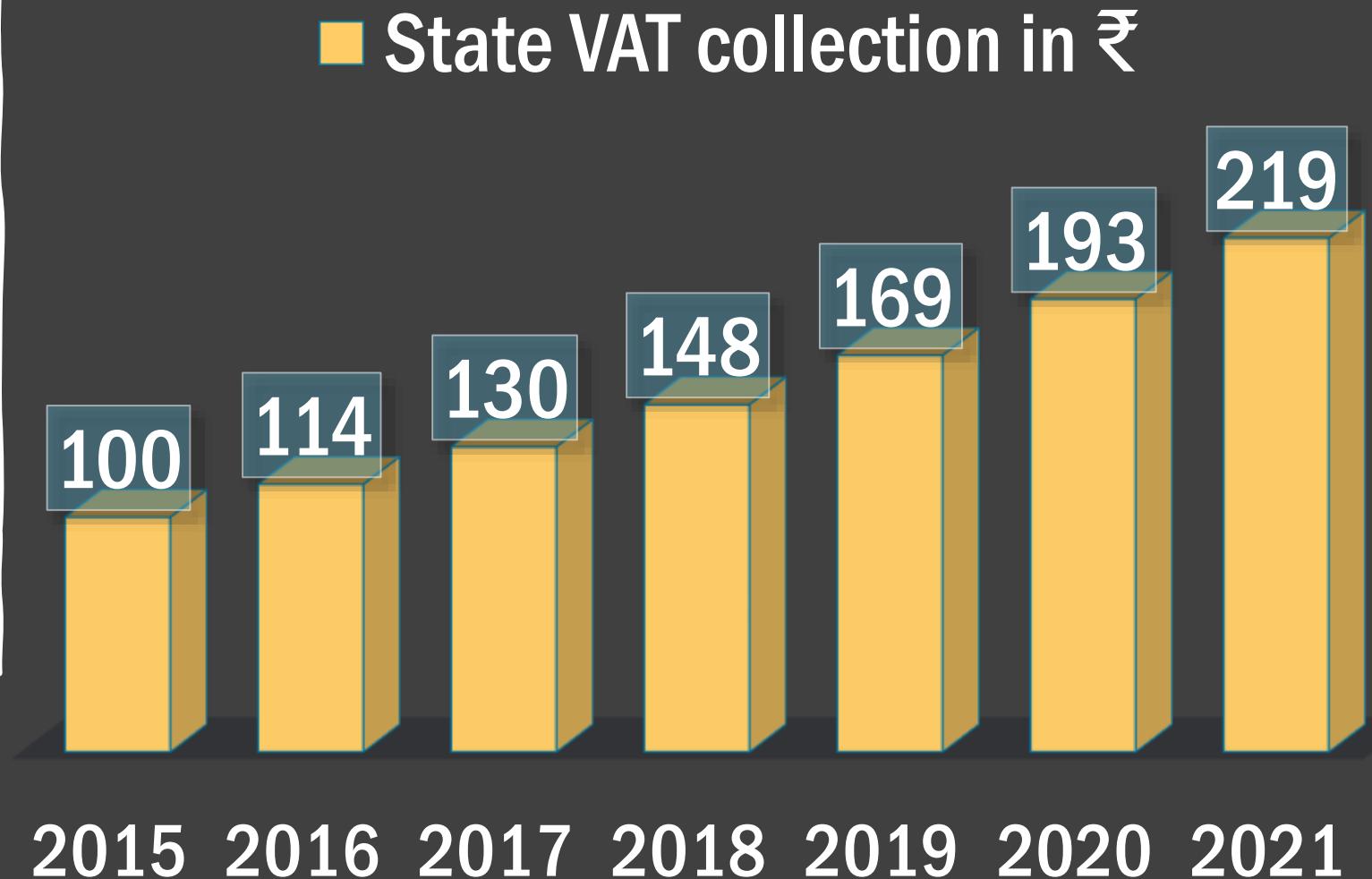
हमारी कमाई का मुख्य
साधन ही रद हो
गया! 😢

Taxes	Union	State
Before GST regime →	Corporation Tax, income tax	VAT
Is it abolished?	👉 NO because they are DIRECT TAXes	Yes. Abolished, and within GST, state get only half portion.

1. Let's take 2015 as BASE year and
2. assume 14% annual growth in VAT.
3. Now VAT replaced with SGST.
4. So, if less income for State , then Union will cover loss.



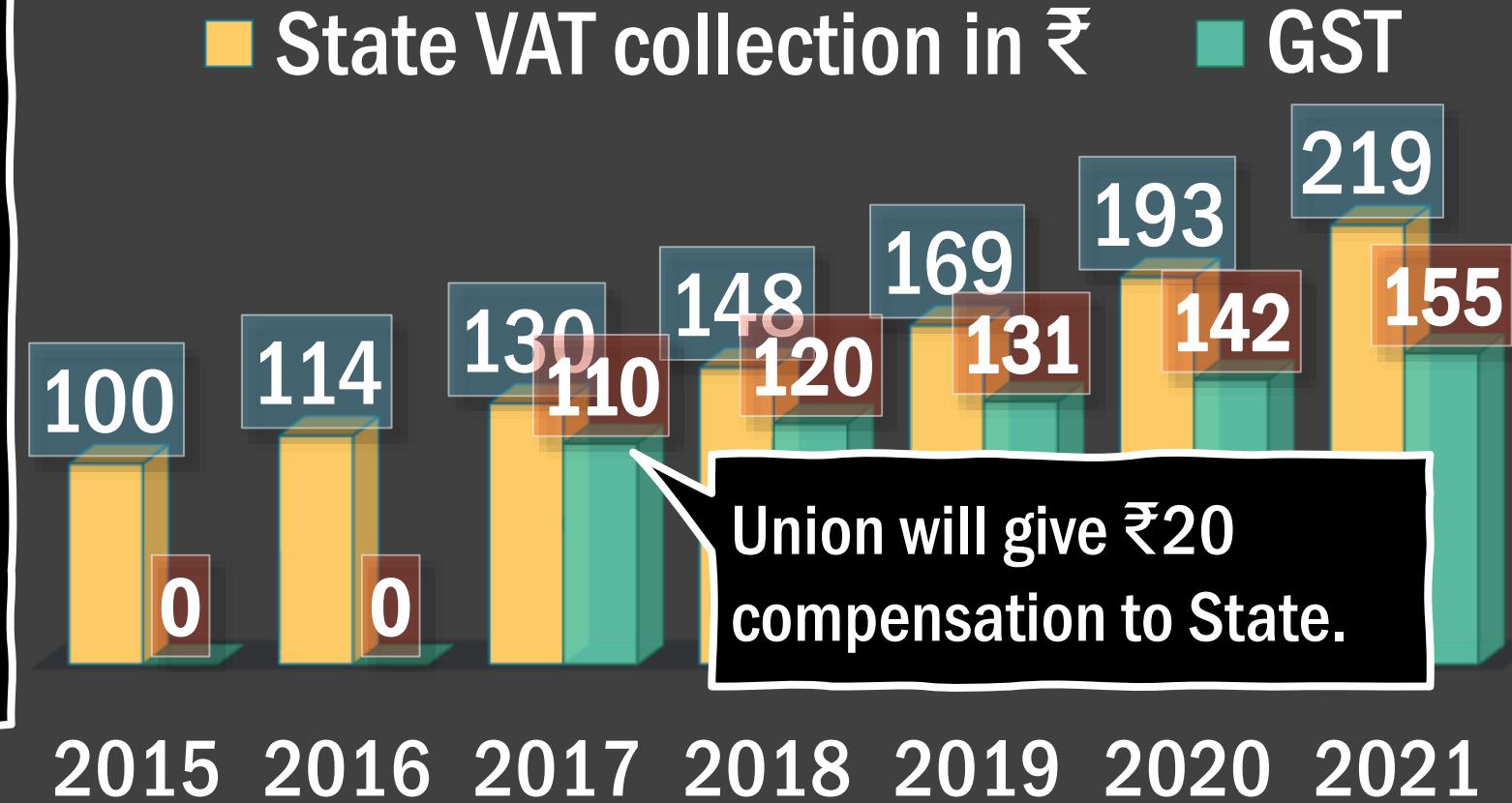
GST compensation



1. Let's take 2015 as BASE year and assume 14% annual growth in VAT.
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GST compensation



Union will give ₹20 compensation to State.

VAT में कितना कमा लेते थे. उसकी तुलना में अगर यहां SGST में कमाई कम हो गई तो मुआवजा मिलेगा. पहले 5 सालों के लिए from 2017 onwards

GST Compensation to States Act

- ◆ 2015-16 as base year to measure States' revenue (in VAT regime).
- ◆ If relatively if loss in GST regime,
- ◆ then state gets compensation.
- ◆ Scheme valid for 1st five years from 2017 only.



VAT में कितना कमा लेते थे.
उसकी तुलना में अगर यहाँ
SGST में कमाई कम हो गई तो
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पहले 5 सालों के लिए



Compensation to States: HOW?

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- ◆ Pan masala: 60%
- ◆ tobacco products (cess varies as per product)
- ◆ caffeinated beverages, aerated water: 12%
- ◆ coal / lignite (₹400 per tonne)
- ◆ motor vehicles-aircraft-yacht (3-22% depending on type of vehicle).
- ◆ <controversy: Not enough collection in Corona



GST compensation
cess



compensation



फूटा हुआ कारतूस

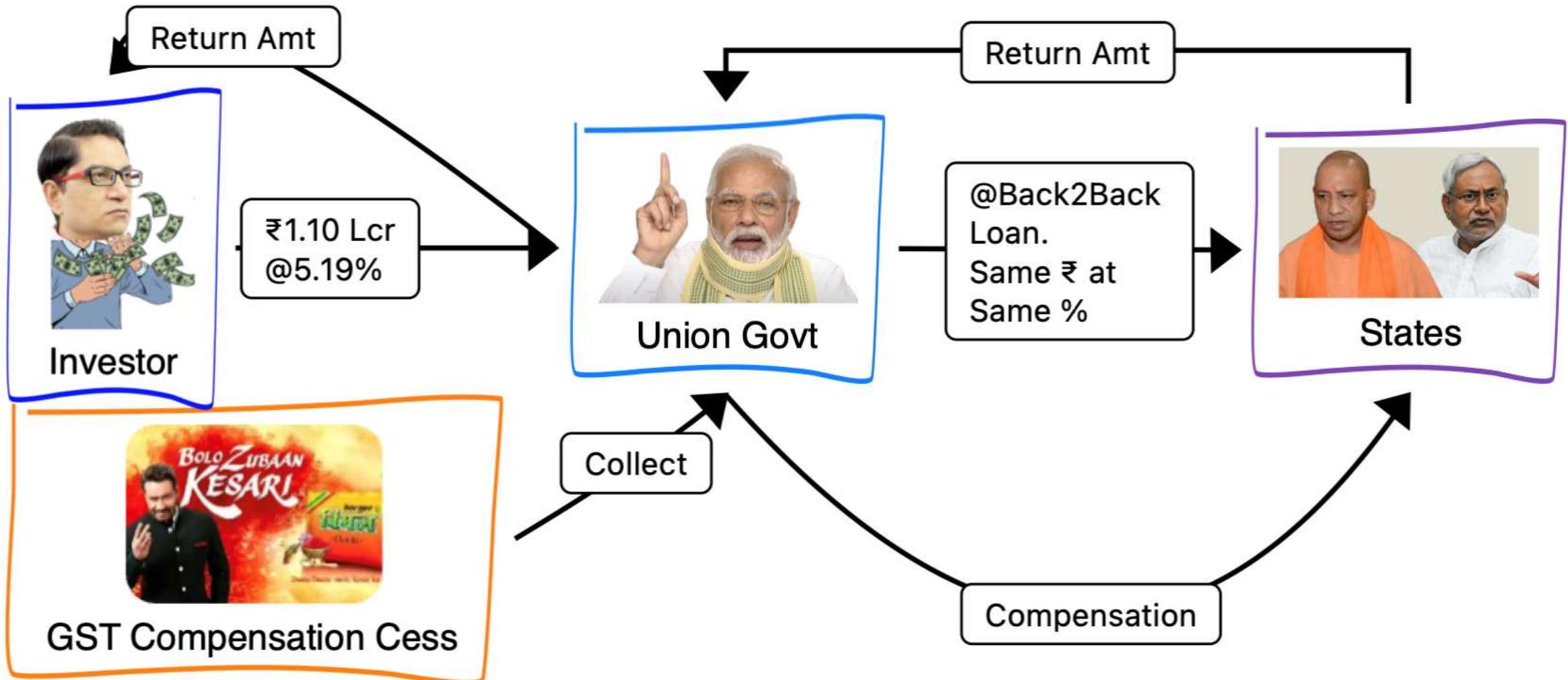


- 👉 all we have to remember is
- ✓ Union will borrow approx. ₹1.10 lcr from market
 - ✓ + GST compensation cess extended beyond 2022 to cover these loans

PHD over GST compensation

Option1 Option2

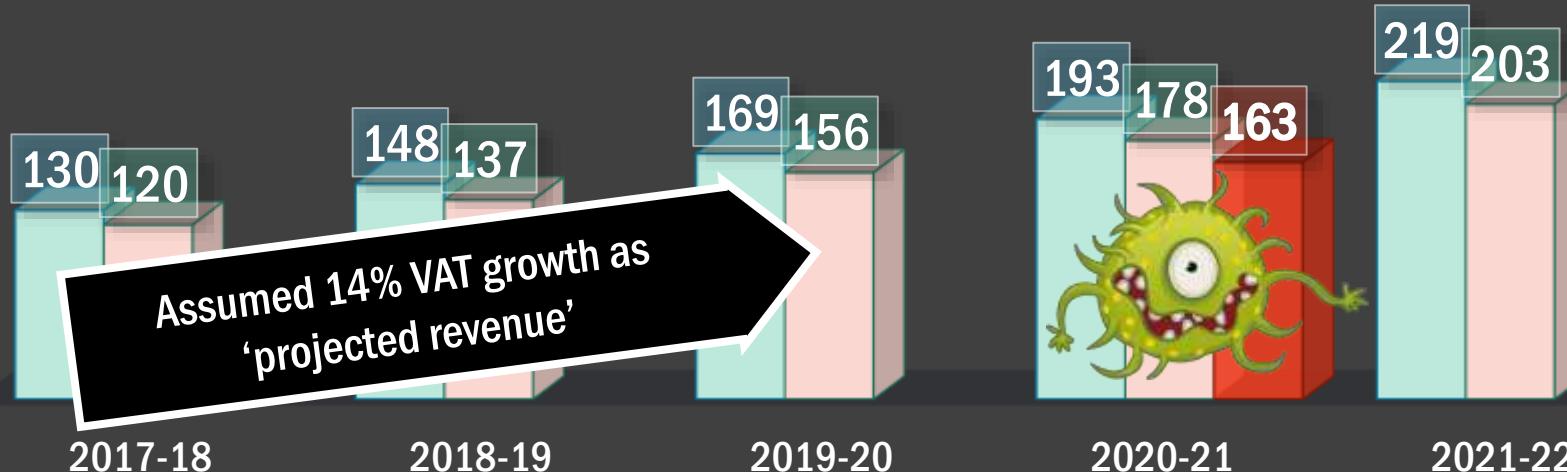




Corona: State Governments demanded 2.35 lakh cr compensation

सब राज्यों का इस तरह से मिला कर चलो 2.35 लाख करोड़ का नुकसान है

■ VAT ■ SGST(original estimate) ■ SGST (Revised/ due2Corona)



1) We can give only ₹97,000 cr
Corona is Act of God/Force Majure. वह सबको हम नहीं गिन सकते

2) No total loss of States is ₹2.35 lakh cr due to Corona



since Union and State differ over the compensation amount → attorney general's opinion was sought



Attorney General for India



Incumbent
K. K. Venugopal

1) 🙋 We can give only ₹97,000 cr
Corona is act of God/Force Majure. वह सबको हम नहीं गिन सकते

2) 😢 No our loss is
₹2.35 lakh cr due to Corona

3) as per the formula given in GST compensation Act.

Union need to pay ₹2.35 lakh cr

Act doesn't give 'excuse' to Union

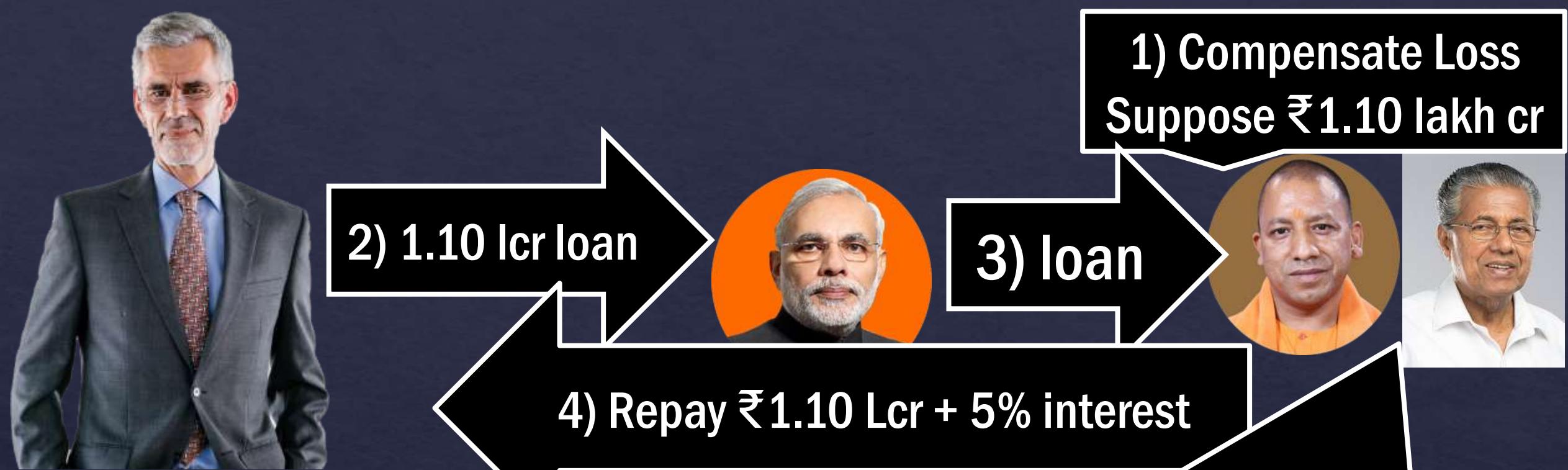
for unexpected circumstances like Corona

जितना नुकसान हुआ है केंद्र ने वह सारा देना होगा
कानून में कोरोना की कोई माफी नहीं है



GST compensation → Union to borrow from market → “back to back loan” to States





But this money we got
We've to return it!!

Then **how is it compensation? This is a loan!**
लेकिन हम को मुआवजा चाहिए यह तो ब्याज के साथ वापस
करना है तो क़र्ज़ हुआ, मुआवजा कैसे हुआ?



We've to repay the loan so where is 'compensation'?
हम को मुआवजा चाहिए यह तो ब्याज के साथ वापस करना है तो कर्ज़ हुआ, मुआवजा कैसे हुआ?



Ans. Total

- A) Loan repayment ke liye (1.10 lcr + 5% interest)
- B) Compensation ke liye 1.10 Lcr
- =A+B =whatever ₹ 2.20 lakh cr + + ₹ amount ...

Govt will continue to levy GST Cess till then beyond 2022 यह सब की भरपाई उपकर की रकम से होगी

1.10 loan return

Return Amt



₹1.10 Lcr
@5.19%

Investor

1.10 loan return

Return Amt



Union Govt

@Back2Back
Loan.
Same ₹ at
Same %



States



GST Compensation Cess

Collect

2.20

2.20

Compensation

For simplicity, I've ignored interest payment from calculation

Pillar2A → Budget → Indirect Taxes → GST: misc. concepts & bodies

Mechanisms

Composition

1% cash

Reverse Charge

E-Way Bill

E-Invoice

Compensation

Bodies:

GoM

Profiteering

Advance Ruling

GSTN Portal

SAKSHAM

Numbers

SAC/HSN

PAN/GSTIN/UID

Audio/Video Problem?



Edu Doubt?
Ask through
 Google Forms

BUSINESS.

- **GST Suvidha Providers (GSPs):** These are selected private IT/Fintech companies that develop apps / software to help the taxpayers interact with GSTN portal. E.g. Zoho

22.19.6 Project Saksham: Digital/ICT integration (2016)

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22.19.7 HSN and SAC Codes

- **Service Accounting Code (SAC)** are used for classifying services for GST rates. e.g. coaching services = SAC Code 999293 = 18% GST.
- **Harmonized System of Nomenclature (HSN)** developed by the World Customs Organization (WCO) is used for classifying goods for GST rates. e.g. Jarda scented tobacco = HAC code 24039930 = 28% GST.
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- 2020: Government threatened that if an imported good doesn't contain HSN code then we'll impose higher level of taxes on it. **Benefit?** traders will quote HSN number, better surveillance/data-mining. But low profile topic. ☺ DONOT LOOSE SLEEP.

22.20 PAN vs GSTIN vs AADHAR



Table 16: ☺ don't lose too much sleep over it unless preparing for State Tax Dept Exams

Difference	PAN: स्थायी लेखा संख्याक	GSTIN: वस्तु एवं सेवा कर पहचान संख्याक
Full form	Permanent Account Number	Goods and Services Tax Identification

Page: 300 onw

GST related org: Apart from GST Council



279-A: GST Council: Composition (जीएसटी परिषद)	
Union representatives (2)	States' representatives (31)
1. Finance Minister as the Chairman 2. Union Minister of State for Finance or revenue.	Each state government (including UT with LSR like J&K, Delhi & Puducherry) can nominate one minister to GST council One of them will be selected as the Vice-Chairman of GST council.
Total Voting power : 1/3 rd	Voting power : 2/3 rd
<ul style="list-style-type: none">✓ If all 33 members don't no unanimously agree over a proposal✓ (यदि किसी प्रस्ताव पर सर्वसम्मति नहीं, तो वोटिंग होगा)✓ To pass any proposal, min 3/4th votes required in favour of the proposal.✓ Council Meetings to proceed only with quorum of 50% of total membership.	

Group of Ministers (GoM: मंत्रियों का समूह) by GST Council

(list not exhaustive) GoM by ↓	Objective ↓
2019-Jan: Nitin Patel, Dy.CM of Guj	Real Estate Sector's issues under the GST
2019-Jan: Sushil Modi, Dy.CM of Bihar	Identify the factors responsible for revenue shortfall in SGST faced by several states, & how to solve it.
2018-Sept: Sushil Modi, Dy.CM of Bihar	Modalities for revenue mobilisation in case of natural calamities and disasters.

Many other GoM Committees. Just for illustration
की अलग-अलग मुद्दों पर जीएसटी परिषद् द्वारा समितियां बनाई जाती हैं



Game of Luck/Chance

28% GST

Game of skill

18% GST



Rummy/Poker/Blackjack/
Fantasy Cricket should be
counted as "game of skill" &
LESS tax.



We want to demand
28% GST on all ONLINE
Games. Doesn't matter
Game of Luck or Skill

GST on Online Gaming



Fees to join online gaming contest:

₹1,000



18% GST on this fees

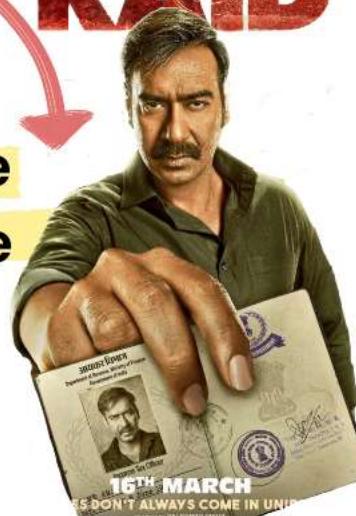


Prize for winning: ₹10,000



& we want to charge 28% GST on the prize

RAID



+ TDS & Income Tax
also applicable!



- Too much tax! ours is game of skill & not game of luck.
- We'll play underground in darknet with Bitcoins
- to hide income from Govt

Some of these are still at proposal.
So don't loose sleep.

GST on millet based health products (18%)



Biz lobby wants it reduced



GST Fitment committee -group of officers to study it



GST council finally decides

**बाजरा/ज्वार आधारित स्वास्थ्य उत्पादन ऊपर
जीएसटी की दरों को कम नहीं किया जाएगा**

Pillar2A → Budget → Indirect Taxes → GST: misc. concepts & bodies

Mechanisms

Composition

Reverse Charge

E-Way Bill

E-Invoice



Bodies:

GoM

Profiteering

Advance Ruling

GSTN Portal

SAKSHAM

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यह सब 2-2-line के मुद्दे हैं
#⌚ थोड़ा-पढ़ो-आगे-बढ़ो

Business	
-	
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HSN and SAC Codes	
-	

- Service Accounting Code (SAC) are used for classifying services = SAC

Code 999293 = 18% GST.

Classification (HSN) developed by CBEC for classifying goods for GST rates.
99930 = 28% GST.

Helps in computerised accounting by Tax authorities.

* An imported good does not benefit? traders will face DONOT

Audio/Video Problem?



CTRL R

Edu Doubt? Ask through

Google



यूपीएससी के
बाबू शोने

National Anti-Profiteering Authority (मुनाफाखोरी निरोधक प्राधिकरण)

अगर जीएसटी में कंपनी को ITC माफी मिल रही है तो ग्राहक को माल सस्ते में बेचना चाहिए

1) GST Input Tax Credit given
→ Cascading effects gone



Products should be @
cheaper rates than
Excise-VAT regime

But dominos pizza
😢 before ₹ 199,
😢 after also ₹ 199



But some companies do not pass this benefit to the customers.

कुछ बदमाश कंपनिया GST ITC Credit का लाभ लेकर भी,

वस्तुओं को सस्ता नहीं कर रही 😢 😢 | उनको सबक सिखाएंगे!

National Anti-Profiteering Authority: Functions

- ◆ Union govt has set up NAA under **Central Goods and Services Tax Act, 2017.**
- ◆ Depending on the case, NAA can impose **refund, penalty, cancel registration etc.**
- ◆ Further appeal → HC.
- ◆ This Authority shall **cease to exist after two years** from its inception, unless GST council renews it.
- ◆ 2022: Ultimately merged with **Competition Commission of India (CCI)**



सामान सस्ता नहीं किया
तो, इसकी सजा मिलेगी
बराबर मिलेगी



Pillar2A → Budget → Indirect Taxes → GST: misc. concepts & bodies

Mechanisms

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E-Way Bill

E-Invoice

Bodies:

GoM

Profiteering

Advance Ruling

GSTN Portal

SAKSHAM

Numbers

SAC/HSN

PAN/GSTIN/UID

Page :

300 onw

GSTN portal. So,

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22.19.7

HSN and SAC Codes

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- Commodity nomenclature (HSN) developed by UN for classifying goods for GST rates.

Code 999293 = 18% GST.
99930 = 28% GST.

Helps in computerised accounting by Tax authorities.

"An imported good does not benefit? traders will be charged."

Don't pay tax on imported goods.

Audio/Video
Problem?



CTRL R

Edu Doubt?
Ask through

Google



नहीं इसमें 500-500 lines की
PhD कराओ, कि तंबूरा हाथ से
क्यों बजाते हैं मुँह से क्यों नहीं
बजाते?

यह सब 2-2-line के मुद्दे हैं
⏰ थोड़ा-पढ़ो-आगे-बढ़ो

यूपीएससी के
बाबू शोने

Authority for Advance Ruling (अग्रिम फैसलों के लिए प्राधिकरण)

0% GST on
pasteurized milk



12% GST on
Diabetic foods
supplements



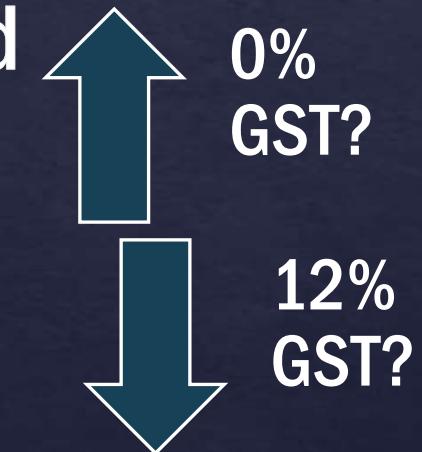
अभी कुछ नहीं बोलूँगा ! पहले
इनको selling करने दो फिर
जाकर परेशान करूँगा 🤪

- When Amul planning to launch a product..
- "**Camel milk is easy to digest and is high in an insulin-like protein, hence beneficial for diabetic person.**"
- So, whether Amul's product be subjected to **0% GST or 12% GST?**

Authority for Advance Ruling: Functions & Benefit

- ◆ Company would like to **clarification from Tax authorities** before starting the production, to avoid raids and **litigations afterwards.**
- ◆ Hence CGST Act, 2017 → statutory body called **Authority for Advance Ruling (AAR)**
- ◆ AAR gives **advance clarification.** Binding on company and the tax officials.
- ◆ Benefit? ↓ litigation & harassment afterwards → **Ease of doing business** → attract Foreign Direct Investment (FDI).

अभी कुछ नहीं बोलूँगा पहले
इनको बिक्री शुरू करने दो
फिर जाकर परेशान करूँगा

मेरा वचन ही मेरा शासन है

Pillar2A → Budget → Indirect Taxes → GST: misc. concepts & bodies

Mechanisms

Composition

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E-Way Bill

E-Invoice



Bodies:

GoM

Profiteering

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यह सब 2-2-line के मुद्दे हैं
#⌚ थोड़ा-पढ़ो-आगे-बढ़ो

Business:	
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Audio/Video Problem?



CTRL R

Edu Doubt?
Ask through



≡

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Difference	PAN: स्थायी लेखा
Full form	Permanent Account Number

यूपीएससी के
बाबू शोने

GSTN Network (Not for Profit Company- मुनाफ़ा रहित कंपनी)

The screenshot shows the 'New Registration' page of the GSTN Network. At the top, there is a navigation bar with links for Home, Services, GST Law, Downloads, Search Taxpayer, Help, and e-Way Bill System. Below the navigation bar, the path 'Home > Registration' is displayed. The main section is titled 'New Registration' and contains two numbered steps: '1 User Credentials' (highlighted in orange) and '2 OTP Verification'. A note indicates that a red dot next to a field means it is mandatory. There are two radio button options: 'New Registration' (selected) and 'Temporary Reference Number (TRN)'. Below these are dropdown menus for 'I am a', 'State / UT', 'District', and 'Legal Name of the Business (As mentioned in PAN)'. Each dropdown menu has a 'Select' placeholder.

1 User Credentials 2 OTP Verification

New Registration

• indicates mandatory fields

New Registration Temporary Reference Number (TRN)

I am a •

Select

State / UT •

Select

District

Select

Legal Name of the Business (As mentioned in PAN) •

Enter Legal Name of Business

Recall types of companies in
Pillar 1C2: companies Act

GSTN Network (Not for Profit Company- under Companies Act)

Original Partners	Ownership from 2013-18
 Union govt	24.5%
 All states of India (incl. Delhi & Puducherry)	24.5%
 Non-Government Financial Institutions such as HDFC Bank (20%), ICICI Bank (10%), NSE (10%), LIC Housing Finance (10%)	51%

GSTN Network (Not for Profit Company- under Companies Act)

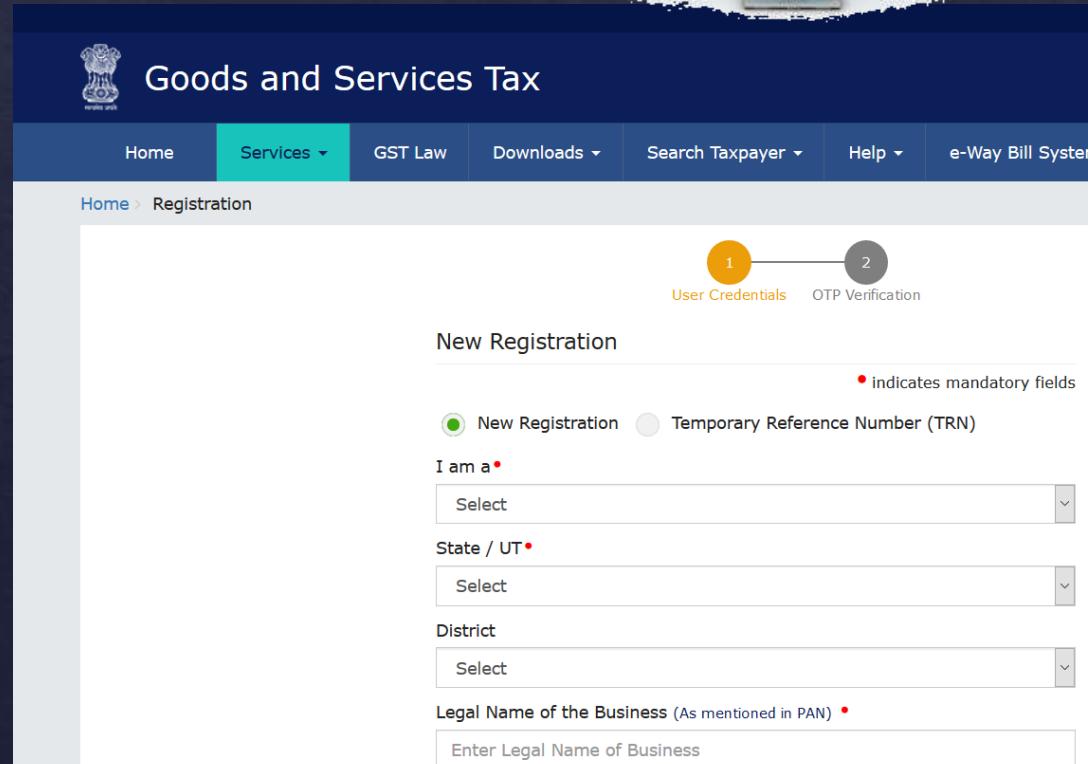
Original Partners	Ownership from 2013-18	Ownership in future**
 Union govt	24.5%	50%
 All states of India (incl. Delhi & Puducherry)	24.5%	50%
Non-Government Financial Institutions such as HDFC Bank (20%), ICICI Bank (10%), NSE (10%), LIC Housing Finance (10%)	51%	0%

2018-May: GST Council decided this. Then which state got how much % ownership. Ans: ✌ NOT IMP.

GSTN Network Ltd company → Functions

जीएसटी के संलग्न जितना भी ऑनलाइन काम होता है उसकी टेक्नोलॉजी का निर्माण

- ❖ This company runs the GST online portal,
- ❖ suppliers register themselves,
- ❖ pay their GST,
- ❖ claim input tax credits,
- ❖ generate e-way bills etc.
- ❖ [Infosys company developing this portal.]



Pillar2A → Budget → Indirect Taxes → GST: misc. concepts & bodies

Mechanisms

Composition

Reverse Charge

E-Way Bill

E-Invoice



Bodies:

GoM

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Audio/Video Problem?



CTRL R

Edu Doubt?
Ask through



यूपीएससी के
बाबू शोने

CBIC → Project Saksham: Digital/ICT integration (2016)

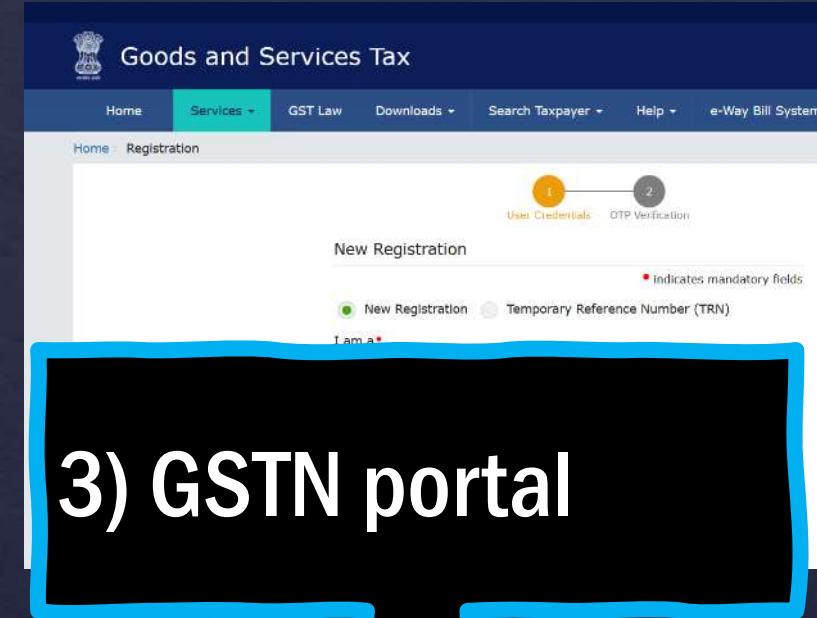
तीन अलग-अलग वेबसाइट का डाटा साझा करने के लिए



1) SWIFT portal:
Customs Duty
= import, exports



2) ACES portal:
Excise on selected items
only (petrol..)



3) GSTN portal

For streamlining all these portals.

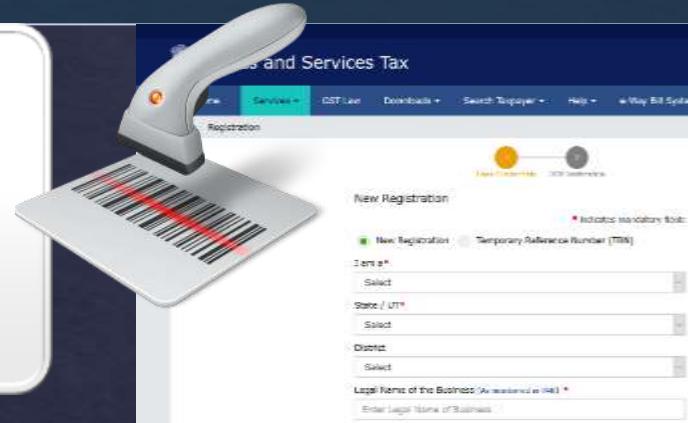
Separately: 2018: Indian Railways Project Saksham for employees' training and skill-upgradation for doing railway related work.

Bankbranch=IFSC, Sharebond=ISIN, then GST: HSN and SAC Codes



Service Accounting Code (SAC)

- for classifying services for GST rates.
- e.g. coaching services = SAC Code 999293 = 18% GST.



Harmonized System of Nomenclature (HSN)

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यानी कि कंप्यूटर बारकोड मशीन से बिल बनाने में सुविधा होती है



Benefit of SAC and HSN?

- Accounting software's billing, digitization,
- surveillance & big data analytics by Tax authorities.

numbers

PAN:

स्थायी लेखा संख्याक

GSTIN:

वस्तु एवं सेवा कर पहचान संख्याक

Permanent Account Number issued by
the Income Tax Department

**Goods and Services Tax Identification
Number** issued by the Central Board
of Indirect Taxes & Customs (CBIC)



Example and format- self study handout

Direct Taxes
payment ke liye

PAN



Indirect Taxes
payment ke liye

GSTIN



Suzlon Energy Ltd:
AADCS0472N

10 digit alphanumeric number
(=containing both alphabets and numbers)

Suzlon Energy Ltd:
24AADCS0472N1Z8

2 digit state code+ 10 digits PAN number +
3 characters = total 15 characters
(=containing both alphabets and numbers)

Further differences between Pan, GSTIN, UID-Aadhar are factual & self-explanatory in nature. Self-study peacefully in the handout, if preparing for state commercial tax inspector / asst. commissioner exams- then memorize facts given in handout

Pillar2A → Budget → Indirect Taxes → GST: misc. concepts & bodies

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1% cash

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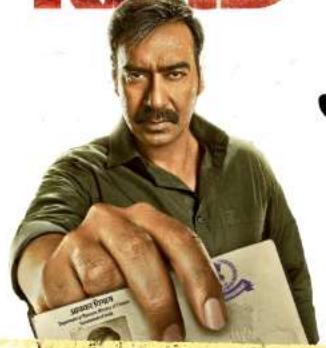
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Full form	Permanent Account Number	Goods and Services Tax Identification

Page: 300 onw

Ease of Doing Biz (EoD)



RAID



GST raid / Notice



Businessman

- 1. Adjudicating Authority
- 2. First Appellate Authority
- 3. Goods and Services Tax Appellate Tribunals (GSTATs -2023)
- 4. High court
- 5. Supreme court



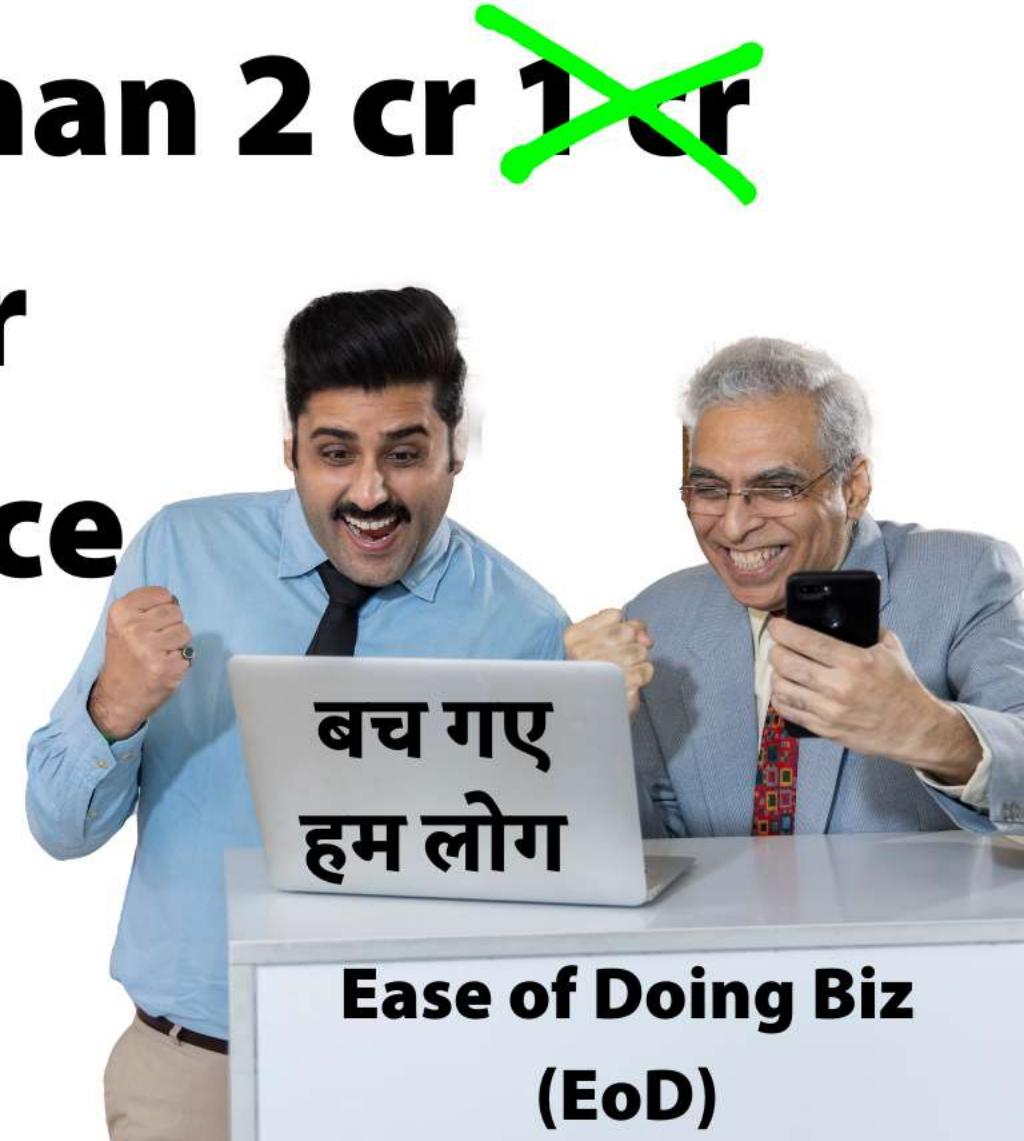
यह नया बनाएंगे ताकि केस
का निपटान जल्दी से हो सके

decriminalisation = जेल नहीं सिर्फ जुर्माना

1. GST evasion less than 2 cr ~~1 cr~~

2. Obstructing officer

3. Tempering evidence



Pillar2A → Budget → Revenue Part → Taxes → Indirect Taxes → GST

GST Economic Angle

GST Constitutional Angle

Union taxes replaced by GST

State taxes replaced by GST

GST on Goods & Services 0%-28%

GST Compensation to States

Misc. Concepts & Misc. Organizations

GST Benefits & Challenges

PAN and GSTIN	UID (=Aadhar Card)
- Goods & Service Tax Acts in 2017.	2016 ("आधार एक्ट 2016")
Primary objective of these id-numbers is to reduce tax evasion by tracking the transactions.	Primary objective is to eliminate bogus beneficiaries in government schemes & reduce subsidy leakage. Auxiliary benefits: Identifying dead bodies, tracking criminals, mobile number ownership, tax evasion etc.
Their format contains both numbers and alphabets.	Unique Identification number (UID) or Aadhaar is a 12 digit number. No alphabets.
Issued for individual humans, HUF/firms/companies/trusts**.	Only for living resident HUMANS of India. Not given for companies. Resident is defined as person who lived in India for 182 days/> in last 12 months.
	Full-Budget-2019: we'll consider giving immediate Aadhar card to NRIs with Indian Passport so they don't have to wait till ~180 days. It'll help them get through KYC bank/share market transaction.
One HUMAN → one PAN number only. No age limit. Minors can also join.	same
- ₹110 Fees to get PAN card. - No fees to get GSTIN	No fees to get Aadhar. मुफ्त में मिलता है.
Compulsory to enroll (अनिवार्य है), if your income or turnover is beyond "x" rupees**.	Voluntary to enroll. आधार कार्ड बनवाना स्वैच्छिक है. अनिवार्य / बाध्यकर नहीं है.**
They contain - Name - Photograph & Date of Birth (in case of "Human") - Address.	Demographic info: - Name, Date of Birth, Gender, Address. - Mobile & Email (optional) Biometric info: - Ten Fingerprints, Two Iris Scans, and Facial Photograph.

** Full-Budget-2019: More than 120 crore Indians Aadhaarcards but all don't have PAN card. Earlier, it was compulsory to give PAN card number when filling income tax. But if you don't have PAN Card you can simply quote your Aadhaar number to file Income Tax returns.

Later IT-department clarified that whoever quotes Aadhar number because he doesn't have PAN card → we'll issue him PAN card on suo-moto basis later on.

Budget-2020 added technical reforms in this process.

Self-Study? Right to Privacy debate / judgement; Aadhaar virtual ID etc.

22.21 **GST: BENEFITS (लाभ)**

- ✓ GST covers both goods and services, with standard rates, minimal number of cess/surcharges. सामान्य दर, बहुत कम चीजों पर उपकर/अधिभार लगता है।
- ✓ GST online portal and e-way bill system reduces the interface between tax-officials and the assesses, thereby reducing the scope of harassment, bribery and Inspector Raj. (=Ease of doing business) (उत्पीड़न, रिश्वतखोरी में कमी → व्यापार में सुगमता बढ़ी).

GST credit = companies outsource more (Ancillarisation) =MSME, jobs.
कंपनियां हर चीज खुद नहीं बनाएंगे. आउटसोर्सिंग  क्योंकि टैक्स में तो माफी मिल ही रही है



Outsourcing



BEFORE GST

- ITC problems
- So, In-house production of all components to  cascading effect

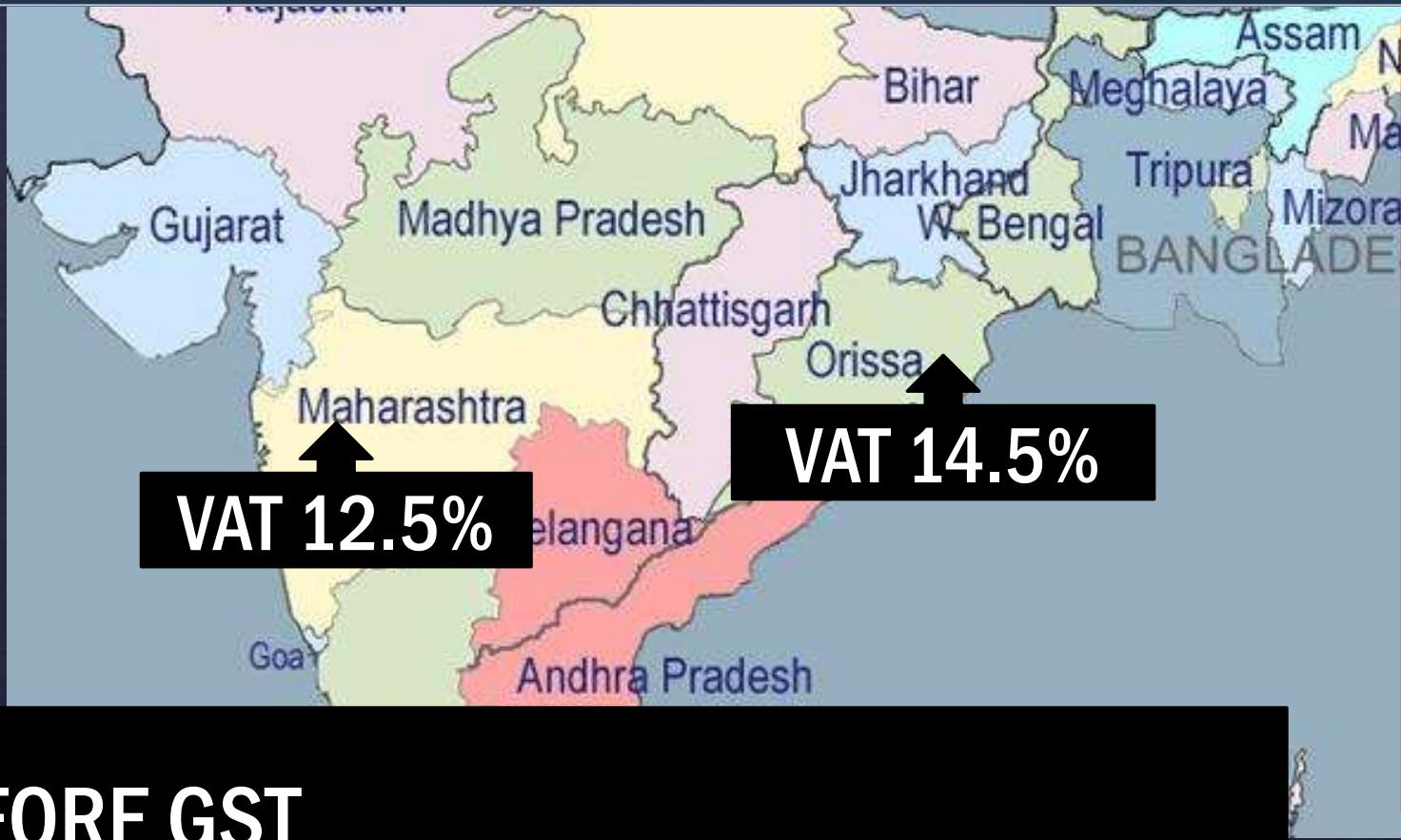


AFTER GST

- I'm getting GST credit 
- so I'll not do unnecessary headache of producing everything 'in-house'.
- **Subcontracting and Outsourcing** to procure from MSME industry and freelance professionals. लघु उद्योगों को ज्यादा काम मिलेगा

Before GST: rate arbitrage in “VAT”

पहले अलग-अलग राज्यों में वैट% अलग थी तो लोग सस्ते वाले राज्य से सामान खरीद 😊



1) BEFORE GST

- Car sales:= VAT of state
- VAT: rates not uniform

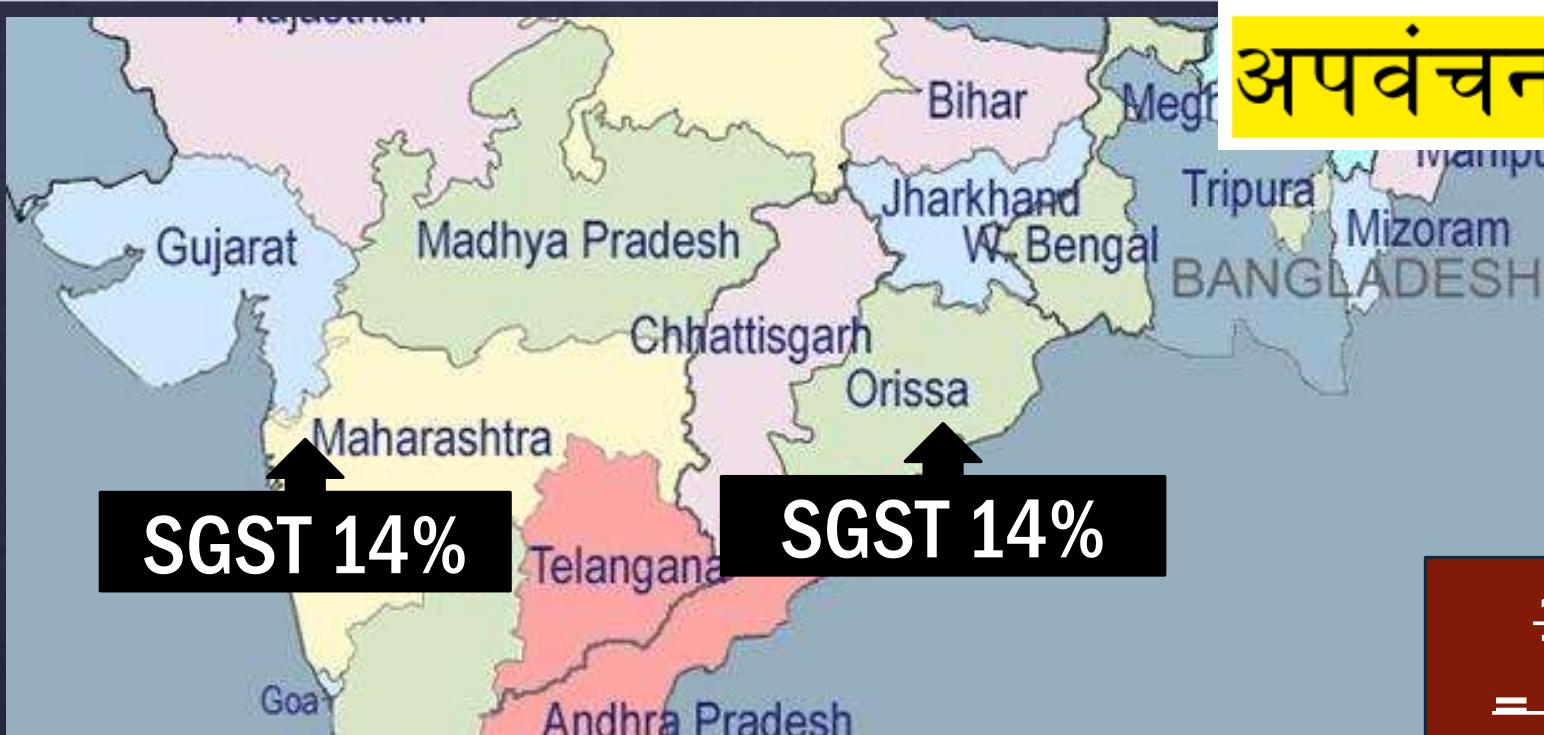
2) Odisha's Businessman
1 crore ki LUXURY car buy
from Maharashtra
= Rs.2 lakh saved

ओडिसा राज्यसरकार को tax
की आमदनी नहीं मिलेगी →
गरीब कल्याण 😞



(in theory) Rate Arbitrage ∇ = balanced regional growth Δ

अब किसी भी राज्य से खरीदो टेक्स एक समान ही लगेगा= one market



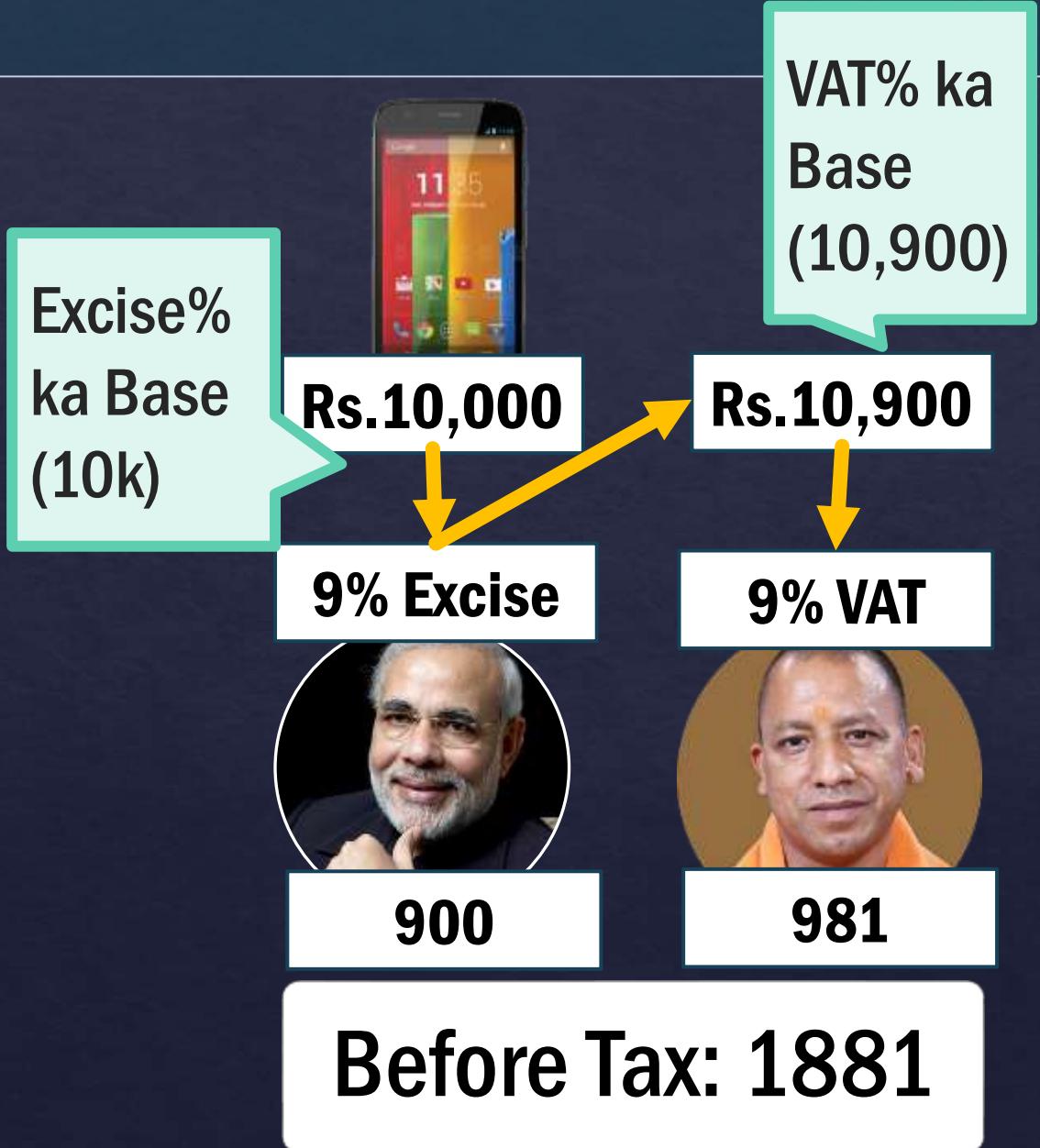
- VAT: Destination based tax but rates not uniform
- But SGST uniform (14%)

अपवंचन में कमी आएगी

1 crore ki LUXURY car
= Rs.2 lakh saved by MH
purchase.

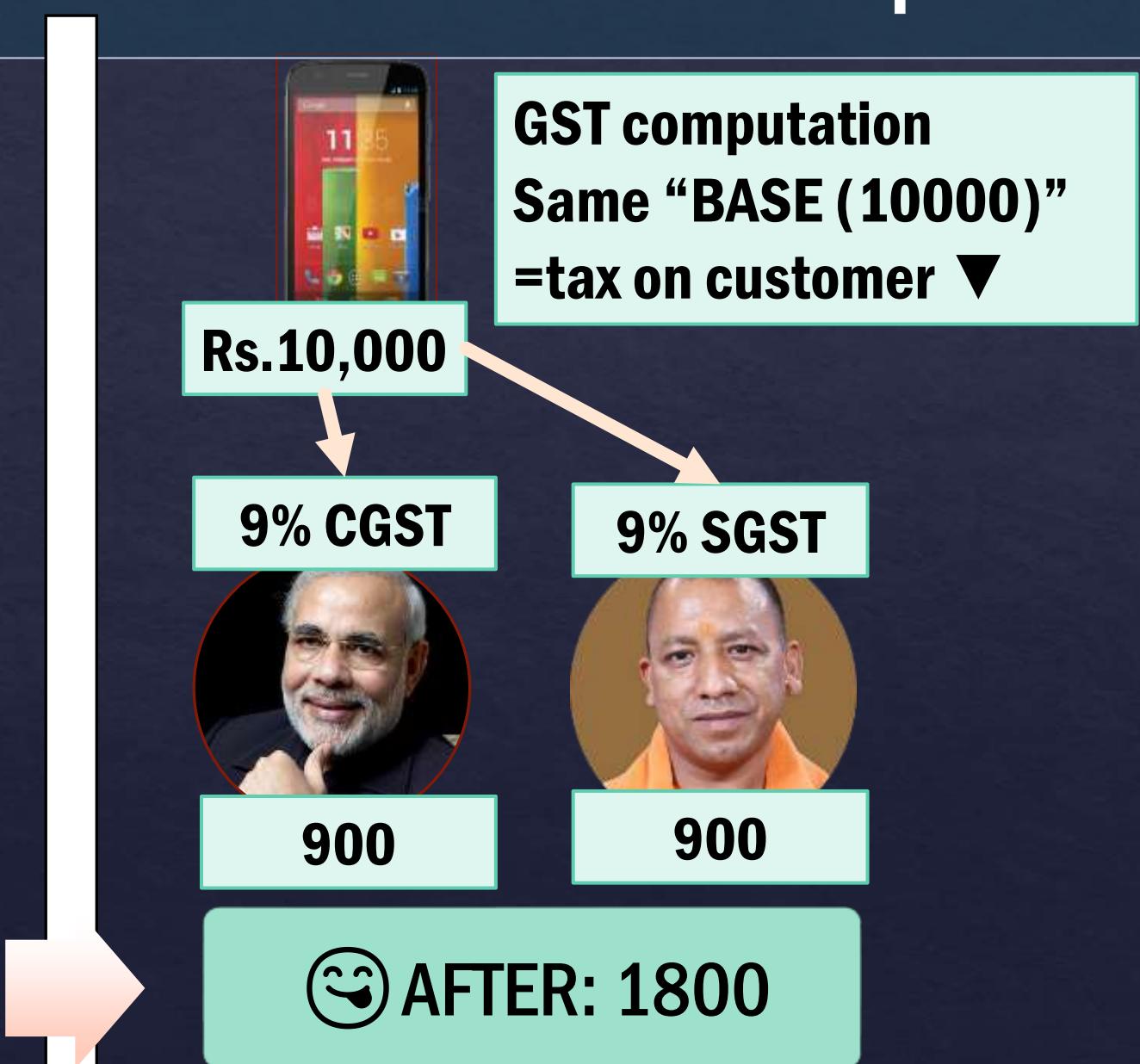
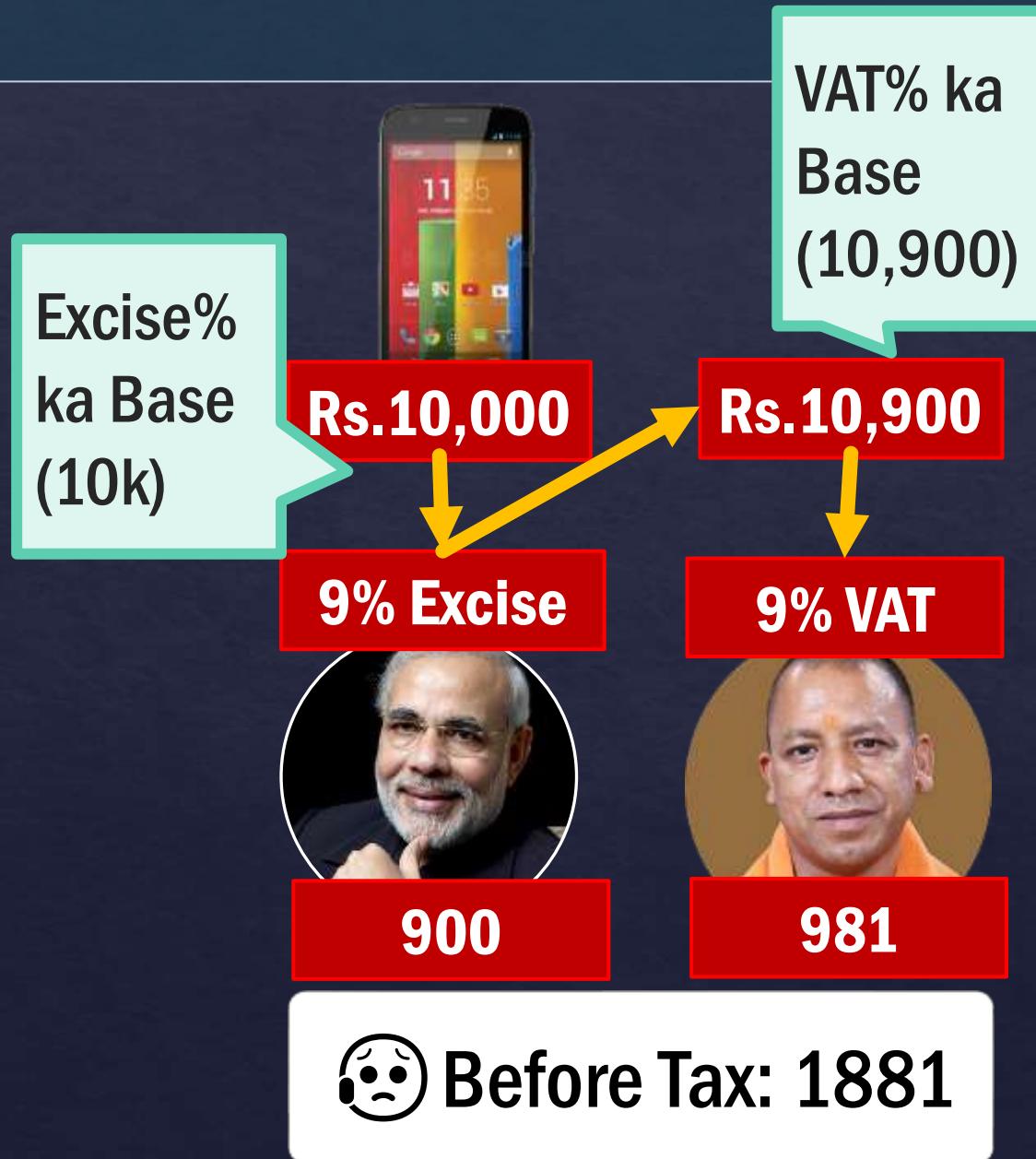


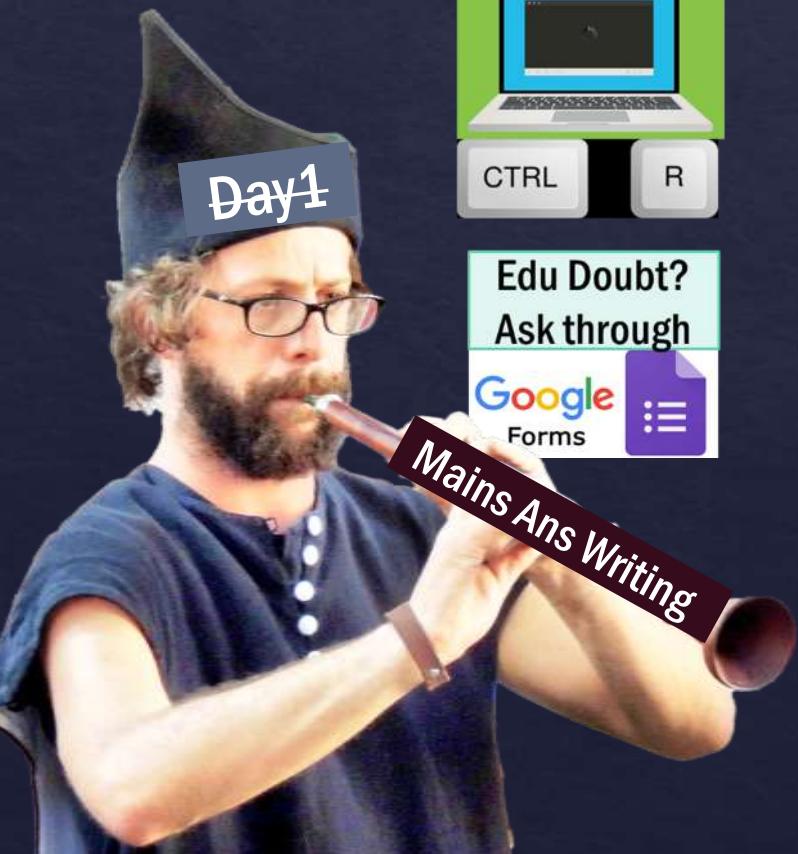
GST: SAME Base computation



प्रतिशत के
जिस आधार पर
हम गिन रहे हैं
वह आधार अलग-अलग है
इसलिए टैक्स का बहुत ज्यादा
है

GST: SAME Base computation





22.24 MOCK Q FOR MAINS GSM2/GSM3 (250 WORDS EACH)

1. (Asked in GSM3-2018) Comment on the important changes introduced in respect of the Long-term Capital Gains Tax (LCGT) and Dividend Distribution Tax (DDT) in the Union Budget for 2018. केंद्रीय बजट 2018 के दीर्घकालिक पूँजीगत कर (एलसीजीटी) और लाभांश वितरण कर (डीडीटी) के संबंध में पेश किए गए महत्वपूर्ण परिवर्तनों पर टिप्पणी करें। → Note we NEED not prepare answer since >D-2 YEARS SPAN. Q given is only for observation.
2. (Asked in GSM2-2017) Explain the salient features of the constitution (One Hundred and First Amendment) Act, 2016. Do you think it is efficacious enough 'to remove cascading effect of taxes and provide for common national market for goods and services'? १०१ वे संविधानिक संशोधन अधिनियम, 2016 की मुख्य विशेषताओं को स्पष्ट करें। क्या कि करों के सोपानी प्रभाव को हटाने और आम राष्ट्रीय बाजार बनाने के लिए यह पर्याप्तरूप से प्रभावकारी है?
3. (A
4. (A

Mains bol-bachchan: GST negative/challenges

Recorded PCB7:

Live Mains QEP

5. Ex have been taken by the Government in this regard. (राज्यों को जीएसटी मुआवजा करें। इस में केंद्र सरकार द्वारा क्या उपाय किए गए हैं?)

2022-Jun-Oct

2023-Jun

MCQ- UPSC-Pre-2017

Q. What is/are the most likely advantages of implementing GST?

1. It will replace multiple taxes collected by multiple authorities and will thus create a single market in India. (बहोत सारे करों को विलीन करके भारत में एकल-बाजार का निर्माण करेगा।)
 2. It will drastically reduce the ‘Current Account Deficit’ of India and will enable it to increase its foreign exchange reserves. (भारत के चालु खाते घाटे में भारी कमी करेगा।)
 3. It will enormously increase the growth and size of economy of India and will enable it to overtake China in the near future. (नजदीकी भविष्य में भारत के अर्थतंत्र को चीन से भी आगे ले जाएगा)

Select the correct answer using the code given below:

- (a) 1 only (b) 2 and 3 only (c) 1 and 3 only (d) 1, 2 and 3

100% Surety

50:50

E) Skip



जीएसटी आने से
कौनसे लाभ होंने की
सबसे ज्यादा सम्भावना
है??

MCQ- UPSC-Pre-2017

Q. What is/are the most likely advantages of implementing GST?

1. It will replace multiple taxes collected by multiple authorities and will thus create a single market in India.
 2. It will drastically reduce the ‘Current Account Deficit’ of India and will enable it to increase its foreign exchange reserves.
 3. It will enormously increase the growth and size of economy of India and will enable it to overtake China in the near future.

Select the **correct answer using the code given below:**

- (a) 1 only** **(b) 2 and 3 only**
(c) 1 and 3 only **(d) 1, 2 and 3**

India planning to become \$5 trillion GDP by 2025. (more in pill4)
China already \$10 trillion.
Immediately Overtake करने की Beyond our capacity.

100% Surety

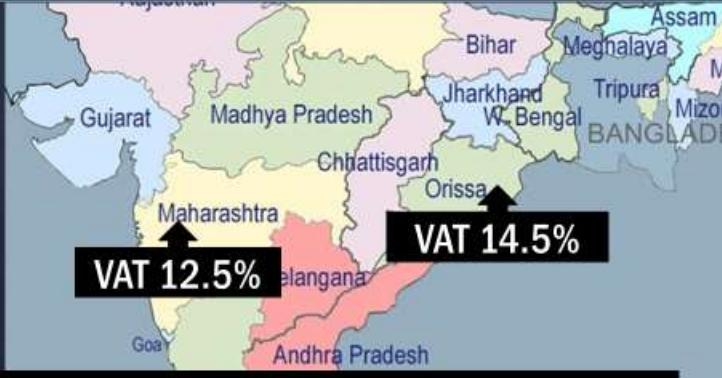
50:50

100 SMP

ATT

Before GST: rate arbitrage in “VAT”

पहले अलग-अलग राज्यों में वैट% अलग थी तो लोग सस्ते वाले राज्य से सामान खरीद लें।



1) BEFORE GST

- Car sales:= VAT of state
- VAT: Destination based tax but rates not uniform



Single market because %-difference gone.
So, Odisha people going to ‘Mumbai-car-market’ - हाथ



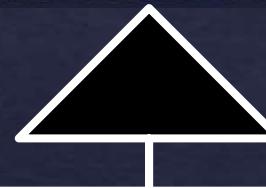
I DISAGREE!!

Q. Which State taxes are replaced / abolished / subsumed in SGST?

जीएसटी आने पर राज्य सरकार के कौन से करों को बिलीन कर दिया हुआ दिया

2) Odisha's Businessman 1 crore ki LUXURY car buy from Maharashtra = Rs.2 lakh saved	State Direct Taxes रह गया/ जारी है	VAT on 5 Hydrocarbons रह गया/ जारी है	LIQUOR (State Excise & VAT) रह गया/ जारी है	Electricity Duty रह गया/ जारी है	Road Tax रह गया/ जारी है	Purchase tax on vehicle, boats, and animals हटा दिया
ओडिशा राज्यसरकार को कर की आमदानी नहीं मिलेगी → गरीब कल्याण	Advertisement tax on hoarding, banners etc हटा दिया	Entry tax/Octroi for entry of goods in an area	Lottery & Gambling हटा दिया	Entertainment Tax हटा दिया	Luxury Tax on hotel,spa हटा दिया	VAT on Goods हटा दिया

Green = removed with SGST. Red = reh gayaa (Continued)



It's true many taxes not yet removed by GST. But then there is no option saying “none of the above” so, “A: only1” is ans

MCQ- UPSC-Pre-2017

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1. It will replace multiple taxes collected by multiple authorities and will thus create a single market in India.
 2. It will drastically reduce the ‘Current Account Deficit’ of India and will enable it to increase its foreign exchange reserves. Birbal ki khichdi
 3. It will enormously increase the growth and size of economy of India and will enable it to overtake China in the near future. HYPERBOLE

Select the correct answer using the code given below:

- (a) 1 only** **(b) 2 and 3 only**
(c) 1 and 3 only **(d) 1, 2 and 3**

**main cause of CAD =
crude oil import Pillar3**

