

Goods and Services Tax (India)

Goods and Services Tax (GST) is an [indirect tax](#) (or [consumption tax](#)) used in [India](#) on the supply of goods and services. It is a comprehensive, multistage, destination-based tax: comprehensive because it has subsumed almost all the indirect taxes except a few state taxes. Multi-staged as it is, the GST is imposed at every step in the production process, but is meant to be refunded to all parties in the various stages of production other than the final consumer and as a destination-based tax, it is collected from point of consumption and not point of origin like previous taxes.

Goods and services are divided into five different tax slabs for collection of tax: 0%, 5%, 12%, 18% and 28%. However, [petroleum products](#), [alcoholic drinks](#), and [electricity](#) are not taxed under GST and instead are taxed separately by the individual [state governments](#), as per the previous tax system.^[citation needed] There is a special rate of 0.25% on rough precious and semi-precious stones and 3% on [gold](#).^[1] In addition a [cess](#) of 22% or other rates on top of 28% GST applies on few items like aerated drinks, [luxury cars](#) and tobacco products.^[2] Pre-GST, the statutory tax rate for most goods was about 26.5%, Post-GST, most goods are expected to be in the 18% tax range.

The tax came into effect from 1 July 2017 through the implementation of the [One Hundred and First Amendment of the Constitution of India](#) by the [Indian government](#). The GST replaced existing multiple taxes levied by the [central](#) and [state](#) governments.

Rate

The GST is imposed at variable rates on variable items. The rate of GST is 18% for soaps and 28% on washing detergents. GST on movie tickets is based on slabs, with 18% GST for tickets that cost less than ₹100 and 28% GST on tickets costing more than ₹100 and 28% on commercial vehicle and private and 5% on readymade clothes.^[27] The rate on under-construction property booking is 12%.^[28] Some industries and products were exempted by the government and remain untaxed under GST, such as dairy products, products of milling industries, fresh vegetables & fruits, meat products, and other groceries and necessities.^[29]

Checkposts across the country were abolished ensuring free and fast movement of goods.^[30] Such efficient transportation of goods was further ensured by subsuming [octroi](#) within the ambit of GST.

The Central Government had proposed to insulate the revenues of the States from the impact of GST, with the expectation that in due course, GST will be levied on petroleum and petroleum products. The central government had assured states of compensation for any revenue loss incurred by them from the date of GST for a period of five years. However, no concrete laws have yet been made to support such action.^[31] GST council adopted concept paper discouraging tinkering with rates.^[32]

Reverse Charge Mechanism

Reverse Charge Mechanism (RCM) is a system in GST where the receiver pays the tax on behalf of unregistered, smaller material and service suppliers. The receiver of the goods is eligible for [Input Tax Credit](#), while the unregistered dealer is not.

The central Government released **Rs 35,298 crore** to the state under **GST compensation**. For the implementation, this amount was given to the state to compensate the revenue. Central government has to face many criticisms for delay in compensation.

Goods kept outside the GST

- Alcohol for human consumption (i.e., not for commercial use).
- Petrol and petroleum products (GST will apply at a later date), i.e., petroleum crude, high-speed diesel, motor spirit (petrol), natural gas, aviation turbine fuel.^[36]

GST rate on construction services and materials

In general, the GST rate on construction services is 18%. However, this rate varies in the construction sector as for affordable housing; it is 1%. Further, the input service and construction materials rate is 18%, while other segments have 5%. In the case of ITC incidence, the GST rate on construction services ranges from 8% - 10%.

Apart from this, many tutorials will tell you how to calculate GST under construction property with examples.

Various materials are required, from setting the foundation of the building to adorning it. The rates of GST on construction materials vary; some of these materials used for construction are:

- Cement: Irrespective of the type of cement, including aluminous, slag, portland, hydraulic, or super sulfate types of cement, the rate is 12%
- Sand: The sand type used may, and so does its rate. For instance, GST on construction materials such as tar sand, oil shale or bituminous, asphalt, asphaltic rocks, natural asphaltites, bitumen is 18%. But in the case of natural sand or any other type of metal-bearing sand, this rate decreases to 5%.
- Pebbles, crushed stones, and gravels: The rate of GST on the construction of residential houses and other structures is 5%.
- Bricks: Building bricks, fly-ash, siliceous, or other fossil-made bricks are available at the rate of 5%. However, this has been increased to 12% and will be implemented from 1 April 2022.

Besides, tiles, ceramic goods, and refractory bricks are available at the rate of 18%. GST on under construction property where materials composed of cement, glass-based blocks used for paving, concrete, artificial bricks can reach up to 28%.

- Marble and granite: The GST on these materials is 12% and 28% for the blocks and those that are not structured in blocks, respectively.
- Building stones: 5% GST is levied on slabs and blocks made up of basalt, porphyry, sandstone, or other such building stones.
- Coal: 5% GST is paid by the buyer.
- Steel and iron: The products of these materials are available in rolls, wires, blocks, etc., at the rate of 18%.
- Mica: 12% GST is levied.
- Tiles: Different types of tiles have different GST rates; in the case of bamboo flooring and roofing/ earthen flooring tiles, it is 18% and 5%, respectively. On the other hand, cement tiles, plastic flooring or artificial flooring tiles, concrete tiles, etc., can add 28% of GST to your amount.
- Interiors: Wallpapers, paint, enamels, varnish, electrical appliances, parts, etc., levied 28% on the buyer. Besides, bathroom necessities like the sink, urinals, flushing cisterns, bidets, baths, etc., also have the same GST rate. But pipe and tube fittings such as elbows or sleeves composed of iron, steel, plastic, copper, nickel, aluminum have an 18% GST rate.