



## GOODS AND SERVICES TAX

### What is Tax?

The word tax comes from a Latin word “taxo”. A tax is a compulsory fee or financial charge levied by a government on an individual or an organization to raise revenue for public works. The collected amount is then used to fund different public expenditure program. Failure in payment of taxes or resisting to contribute towards it invites punishment under the pre-defined law.

### टैक्स क्या है

टैक्स शब्द लैटिन शब्द “टैक्सो” से आया है। एक टैक्स एक अनिवार्य शुल्क या वित्तीय शुल्क है जो सरकार द्वारा किसी व्यक्ति या संस्था पर राजस्व जुटाने के लिए लगाया जाता है। जमा हुए टैक्स की कुल राशि को विभिन्न सार्वजनिक कार्यक्रमों के लिए उपयोग किया जाता है। कानून के मुताबिक, खुद से या गलती से टैक्स भुगतान ना करने पर जुर्माना या सज़ा मिल सकती है।

### Types of Taxes

An entity has to pay taxes in various forms. Depending on the manner in which they are paid to the taxation authorities, these taxes are classified into direct and indirect taxes.

### टैक्स के प्रकार

व्यक्ति/ संगठन को विभिन्न तरीकों से टैक्स का भुगतान करना पड़ता है। टैक्स अधिकारियों द्वारा टैक्स भुगतान के तरीके के आधार पर, टैक्स को डायरेक्ट टैक्स और इन-डायरेक्ट टैक्स में बाटा जाता है।

### Difference between Direct and Indirect Taxes

Direct taxes are non-transferable taxes paid by the tax payer to the government and indirect taxes are transferable taxes where the liability to pay can be shifted to others. Income Tax is a direct tax while Goods and Services Tax (GST) is an indirect tax.

### प्रत्यक्ष और अप्रत्यक्ष करों के बीच अंतर

प्रत्यक्ष कर सरकार को करदाता द्वारा भुगतान किए गए गैर-हस्तांतरणीय कर हैं और अप्रत्यक्ष कर हस्तांतरणीय कर हैं जहां भुगतान करने की देयता दूसरों को स्थानांतरित की जा सकती है। इनकम टैक्स एक प्रत्यक्ष कर है जबकि गुड्स एंड सर्विसेज टैक्स (GST) एक अप्रत्यक्ष कर है।



| DIRECT TAXES   | INDIRECT TAXES   |
|--|--|
| These are paid directly by the individual or entity to the central/state government  | These are paid by one individual/ entity to the government and subsequently the tax burden is passed on to a different entity/individual   |
| <b>Examples of Direct Taxes in India are:</b>  | <b>Examples of Indirect Taxes in India are:</b>  |
| <ul style="list-style-type: none"><li>Income Tax</li><li>Corporation Tax</li><li>Capital Gains Tax</li><li>Profession Tax</li><li>Property Tax</li><li>Road Tax</li><li>Stamp Duty</li></ul> | <ul style="list-style-type: none"><li>Goods and Services Tax (GST)</li><li>Value Added Tax (VAT)</li><li>Customs Duty</li><li>Excise Duty</li><li>Securities Transaction Tax</li><li>Dividend Distribution Tax</li><li>Sales Tax</li></ul> |

## Introduction to GST

GST is a transformational tax reform in our country since independence. All the existing indirect taxes being currently levied by Central and State Governments will be subsumed under GST. GST can be termed as “One Tax, One Nation and One Market”. GST is a highly compliance driven law.

## जीएसटी का परिचय

जीएसटी स्वतंत्रता के बाद से हमारे देश में एक परिवर्तनकारी कर सुधार है। वर्तमान में केंद्र और राज्य सरकारों द्वारा लगाए जा रहे सभी अप्रत्यक्ष करों को जीएसटी के तहत लिया जाएगा। जीएसटी को “वन टैक्स, वन नेशन और वन मार्केट” कहा जा सकता है। जीएसटी एक अत्यधिक अनुपालन संचालित कानून है।

## What is GST?

GST stands for Goods and Services Tax which is concurrent levy of taxes on “Supply” of goods and services. GST is an indirect Tax. GST in India will be dual system, where the Central and State together will levy tax on supply of goods and / or services, within the State (Intra-State) and Inter-State. Which was rolled out on 1 July 2017





## जीएसटी क्या है?

GST का मतलब गुड्स एंड सर्विसेज टैक्स है जो वस्तुओं और सेवाओं को खरीदने और बेचने पर लगाया जाता है। जीएसटी एक अप्रत्यक्ष कर है। भारत में जीएसटी दोहरी प्रणाली होगी, जहां केंद्र और राज्य मिलकर राज्य (इंट्रा-स्टेट) और (इंटर-स्टेट) के भीतर वस्तुओं और / या सेवाओं को खरीदने और बेचने पर कर लगाएंगे। जिसे 1 जुलाई 2017 को चालू किया गया था।

## Types of GST

There are four types of GST, Integrated Goods and Services Tax (IGST), State Goods and Services Tax (SGST), Central Goods and Services Tax (CGST), and Union Territory Goods and Services Tax (UTGST). The taxation rate under each of them is different.

## Difference between different types of GST

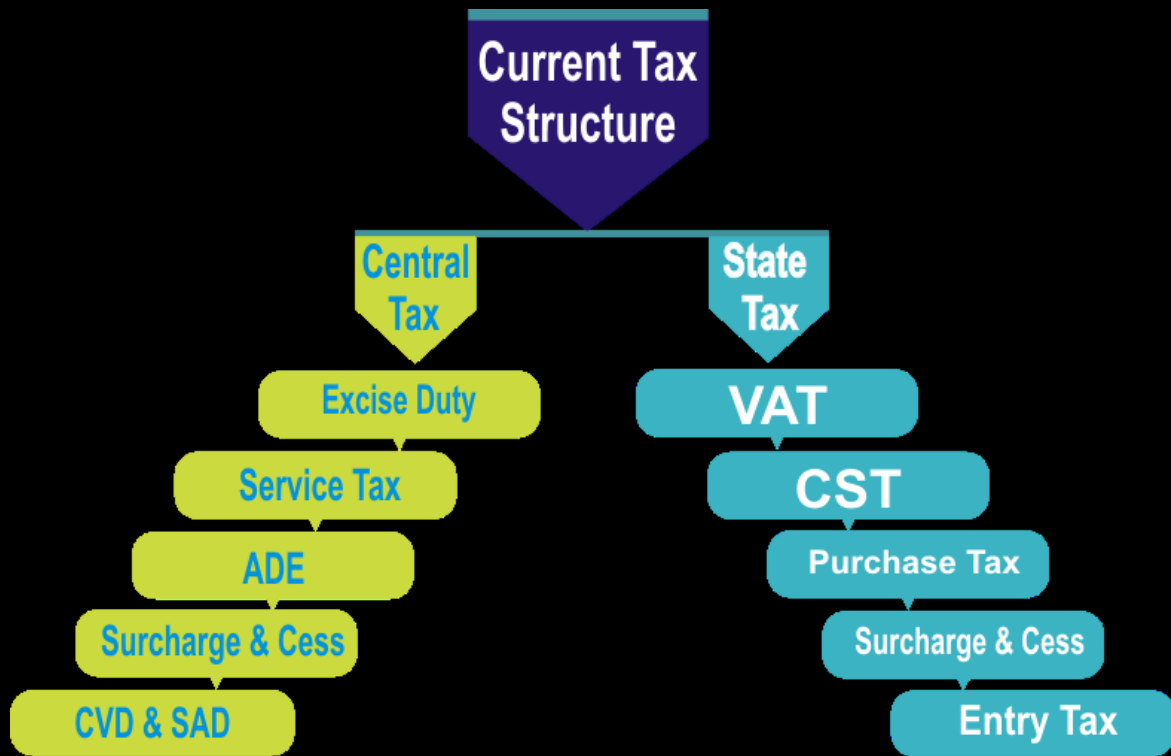
| Types of GST      | Authority which is benefitted           | Who is it collected by?         | Transactions which are applicable (Goods and Services)                         |
|-------------------|---|---------------------------------|--|
| <b>CGST</b>       | Central Government                      | Central Government              | Within a single state, i.e. intrastate   |
| <b>SGST</b>       | State Government                        | State Government                | Within a single state, i.e. intrastate   |
| <b>IGST</b>       | Central Government and State Government | Central Government              | Between two different states or a state and a Union Territory, i.e. interstate |
| <b>UTGST/UGST</b> | Union Territory (UT) Government         | Union Territory (UT) Government | Within a single Union Territory (UT)   |

## GST Rate

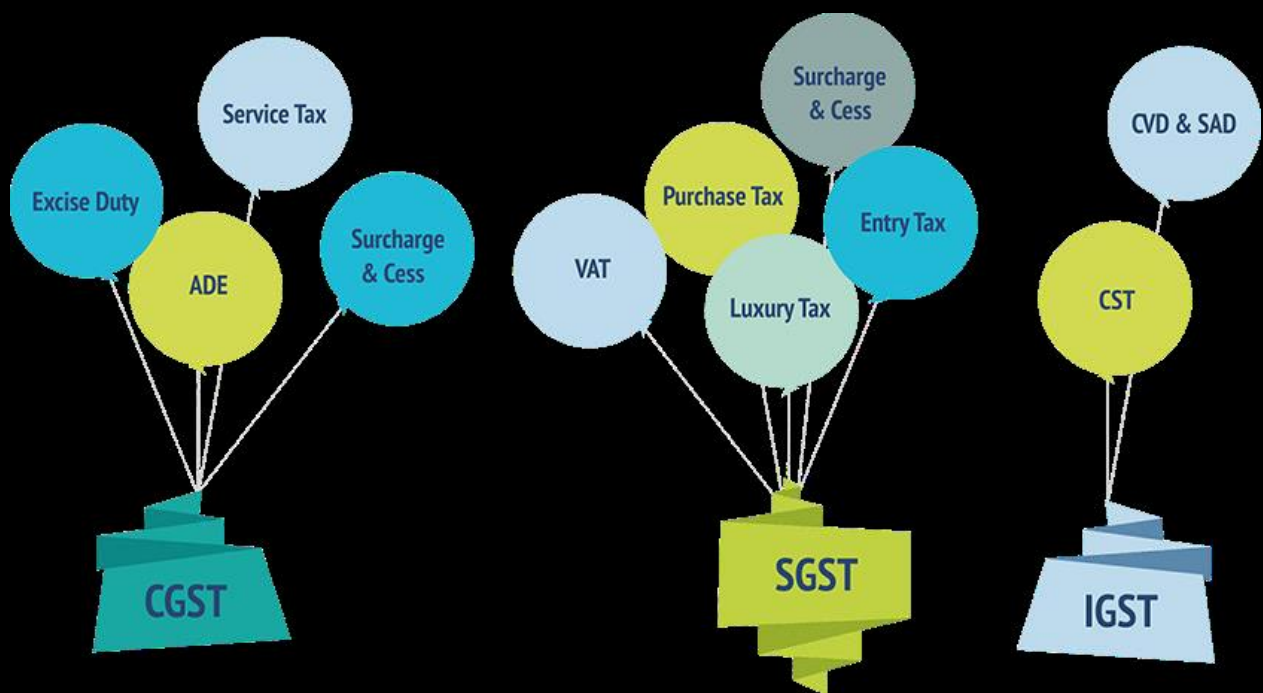
0%      5%      12%      18%      28%



## Pre GST



## Post GST





## Taxation System

➤ कोई भी **Tax** किसी भी नाम से लगाया जाये, उसे दो तरीके से लगाया जा सकता है।

**1. Gross Taxation System.** (पीछे जो **Tax** तुमने दिया उसे भूल जाओ और अभी का पूरा **Tax** दो, यहां पर **Gross Tax** हुआ।)

**2. Value Addition Taxation System.** (पीछे जो **Tax** तुमने दिया हम तुम्हे उसका **Credit** देंगे, बाकी जो **Tax** बढ़ा है वो तुम हमें दो। यहां पर **Value Addition Tax** हुआ।)

## Cascading Effect

Cascading tax effect is also termed as "tax on tax". GST eliminates the cascading effect of all indirect taxes in the supply chain from manufacturers to retailers, and across state borders.

### Pre GST

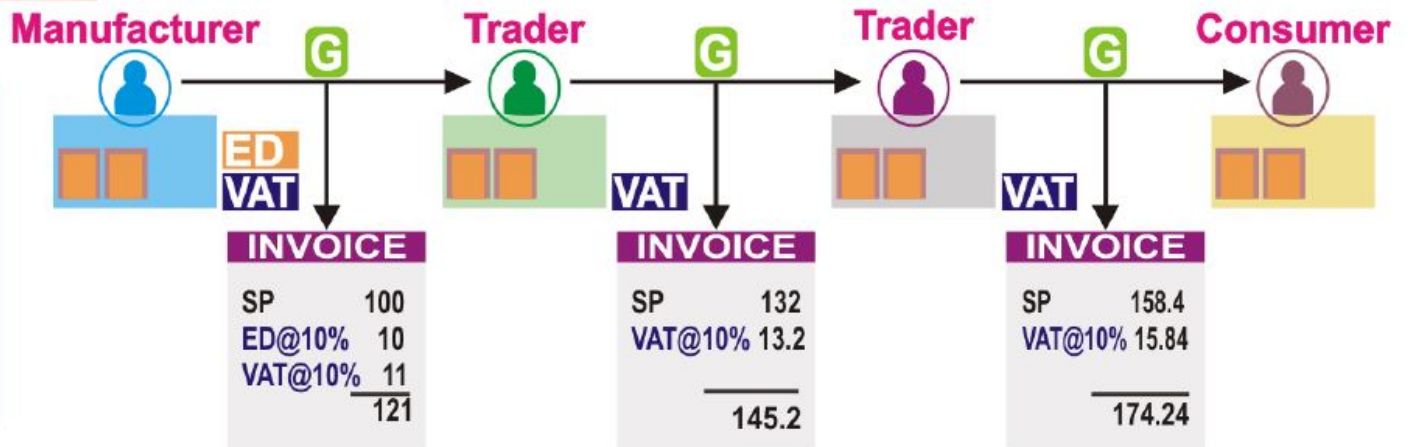
| Example of Car:                        | Existing |
|--|----------|
| Cost of Manufactures                   | 4,00,000 |
| Excise + Infrastructure cess @ 10 %    | 40,000   |
| Vat 12%                                | 52,800   |
| <b>Dealer Invoice</b>                  | 4,92,800 |
| <b>Dealer Cost (4,00,000 + 52,000)</b> | 4,40,000 |
| Margin @ 10 %                          | 44,000   |
| Sale Price for dealer                  | 4,84,000 |
| Vat 12 %                               | 58,080   |
| <b>Price to customer</b>               | 5,42,080 |
| <b>Dealers Tax Liability</b>           |          |
| Net VAT / GST after set-off            | 5,280    |

### Post GST

| Example of Car:          | GST      |
|--------------------------|----------|
| Cost of Manufactures     | 4,00,000 |
| CGST@11%                 | 44,000   |
| SGST@11%                 | 44,000   |
| <b>Dealer Invoice</b>    | 4,88,000 |
| <b>Dealer Cost</b>       | 4,00,000 |
| Margin @ 10 %            | 40,000   |
| Sale Price for dealer    | 4,40,000 |
| CGST@11%                 | 48,400   |
| SGST@11%                 | 48,400   |
| <b>Price to customer</b> | 5,36,800 |
| <b>Tax liability</b>     |          |
| GST after Set off        | 8,800    |

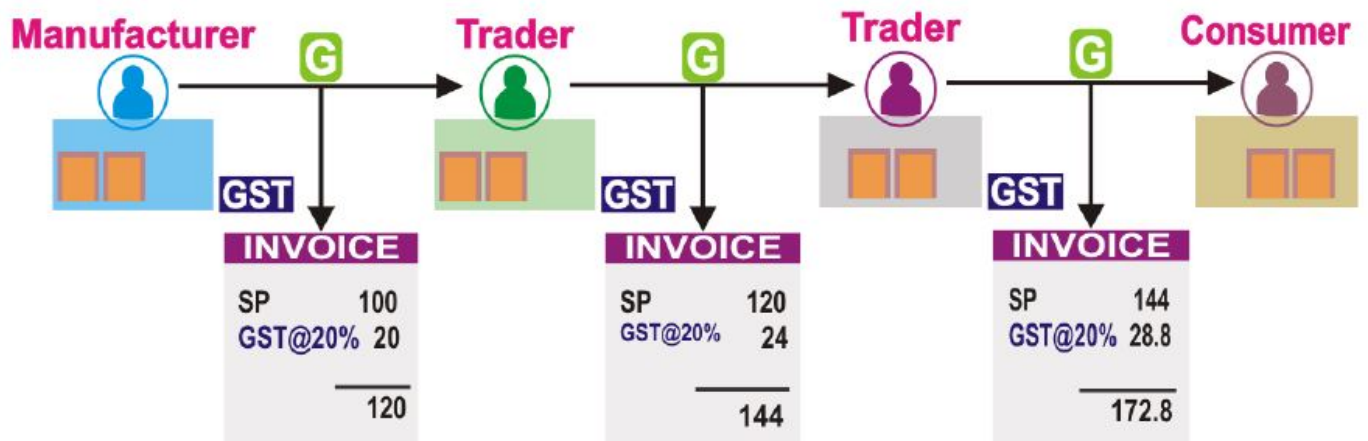
## PRE-GST

STATE - 1



## POST-GST

STATE - 1





| Regular  | Composition  | Unregistered                                | Consumer |
|--|--|---|----------|
| Turnover Greeter than<br>Rs. 1.5 crore per annum | Turnover less than<br>Rs. 1.5 crore per annum  | Turnover less than<br>Rs. 20 lakh per annum | N-A      |
|  | 1% GST tax to be paid on turnover<br>5% GST tax to be paid on turnover<br>(For Restaurant) |   |          |

|   |   |   |   |   |
|---|---|---|---|---|
| 1 | Regular Dealer Purchase to Regular Dealer           | GST Applicable                              |   |   |
| 2 | Regular Dealer Purchase to Composition Dealer       | GST Not Applicable                          |   |   |
| 3 | Regular Dealer Purchase to Unregistered Dealer      | GST Applicable but TAX Pay to Directly Gov. | Tax on Reverse Charges<br>Increase of tax Liabilities | Claim for Input Tax Credit<br>Decrease of tax Liabilities |
| 4 | Composition Dealer Purchase to Composition Dealer   | GST Not Applicable                          |   |   |
| 5 | Composition Dealer Purchase to Regular Dealer       | GST Applicable                              |   |   |
| 6 | Composition Dealer Purchase to Unregistered Dealer  | GST Not Applicable                          |   |   |
| 7 | Unregistered Dealer Purchase to Unregistered Dealer | GST Not Applicable                          |   |   |
| 8 | Unregistered Dealer Purchase to Regular Dealer      | GST Applicable                              |   |   |
| 9 | Unregistered Dealer Purchase to Composition Dealer  | GST Not Applicable                          |   |   |

|   |  |                    |                             |  |
|---|--|--------------------|-----------------------------|--|
| 1 | Regular Dealer Sales to Regular Dealer           | GST Applicable     |                             |  |
| 2 | Regular Dealer Sales to Composition Dealer       | GST Applicable     |                             |  |
| 3 | Regular Dealer Sales to Unregistered Dealer      | GST Applicable     |                             |  |
| 4 | Composition Dealer Sales to Composition Dealer   | GST Not Applicable | Interstate Sale Not Allowed |  |
| 5 | Composition Dealer Sales to Regular Dealer       | GST Not Applicable | Interstate Sale Not Allowed |  |
| 6 | Composition Dealer Sales to Unregistered Dealer  | GST Not Applicable | Interstate Sale Not Allowed |  |
| 7 | Unregistered Dealer Sales to Unregistered Dealer | GST Not Applicable | Interstate Sale Not Allowed |  |
| 8 | Unregistered Dealer Sales to Regular Dealer      | GST Not Applicable | Interstate Sale Not Allowed |  |
| 9 | Unregistered Dealer Sales to Composition Dealer  | GST Not Applicable | Interstate Sale Not Allowed |  |