Goods & Service Tax

1. The GST is to have single Taxation System for Goods and Services across the country. Currently Indian economy has various Indirect taxes such as VAT, Service Tax, Excise, Entertainment Tax, Luxury Tax Etc. Now in the Proposal of GST, we will have only two taxes on all goods and services as follows:

a) Central Level GST (CGST), GST at Central (Union) Government Level only
b) State Level GST(SGST), GST at State Government Level only
c) Dual GST, GST at both, Union and State Government Levels

2. In the case of central GST, following taxes will be included with CGST which are at present levied separately on goods and services by Central government:

Central Taxes

(i) Central Excise Duty,
(ii) Additional Excise Duty,
(iii) Service Tax,
(iv) Additional Custom Duties in the nature of countervailing duties, i.e., CVD,
(v) Special Additional Duty of Customs (SAD),
(i) Surcharges levied by the Union viz., National Calamity Contingent Duty.

3. In case of State GST, following taxes will be clubbed with SGST, which are levied by State Governments

State Taxes

(i) Value Added Tax,
(ii) Entertainment Tax (unless it is levied by the local bodies),
(iii) Octroi and Entry tax in lieu of Octroi,
(iv) Purchase Tax and Luxury Tax,
(v) State Excise Duty (except on liquor)
(vi) Taxes on Lottery, Betting and Gambling

4. Taxes/ Duties not to be subsumed in GST

(a) In CGST

(i) Basic Customs Duty
(ii) Excise Duty on Tobacco products
(iii) Export Duty
(iv) Specific Cess like Education and Oil Cess

(b) In SGST

(i) Taxes on Liquors
(ii) Toll Tax
(iii) Environment Tax
(iv) Road Tax
(v) Property Tax
(vi) Tax on Consumption or Sale of Electricity – Not certain

(vii) Stamp Duty – Not certain

(c) Certain components of petroleum, liquor are likely to be outside the GST structure. Further, State Excise on liquor may also be kept outside the GST. In other words, in such circumstances, all taxes and duties on these goods will be outside the scope of GST.

5. **GST in case of Interstate trade**
   Goods and service tax on supplies in course of inter-state trade or commerce shall be levied and collected by government of India and such tax shall be apportioned between the Union and states in the manner as may be provided by the parliament by law on recommendations of goods and service tax council.

6. **What is GST actually?**
   GST – everyone knows that it is goods and service tax but finally, the proposed Article 366 (12A) defines it as below

"Any tax on supply of goods or services or both except taxes on supply of the alcoholic liquor for human consumption". Because alcoholic liquor for human consumption is taxable as per the different state excise duties.

Service – the proposed definition of service is very broad in its meaning and can be understood from proposed Article 366 (26A) itself as services means "anything other than goods."

The Centre would levy and collect the **Integrated Goods and Services Tax (IGST)** on all interstate supply of goods and services. There will be seamless flow of input tax credit from one State to another.

Proceeds of IGST will be apportioned among the States.
Further, it is proposed to levy a non-vatable additional tax of not more than 1% on supply of goods in the course of inter-State trade or commerce. This tax will be for a period not exceeding 2 years, or further such period as recommended by the GST Council. This additional tax on supply of goods shall be assigned to the States from where such supplies originate.

Nature of GST
The proposed clause (2) of Article 269A speaks about the formulation of principles of determining the place of supply, and when a supply of goods, or of services, or of both takes place in course of interstate trade or commerce.

Hence, it is a destination tax and point of consumption is very important for its levy.
It is pertinent to note that the Government of India has assured in various press releases that a uniform tax will be implemented across the states.

Overall, the proposed bill and amendment seems to be positive and let's hope that GST finally rolls out in April 2016 .We all are waiting for a better tax regime than the existing one otherwise the spirit of uniform tax era will fail.