

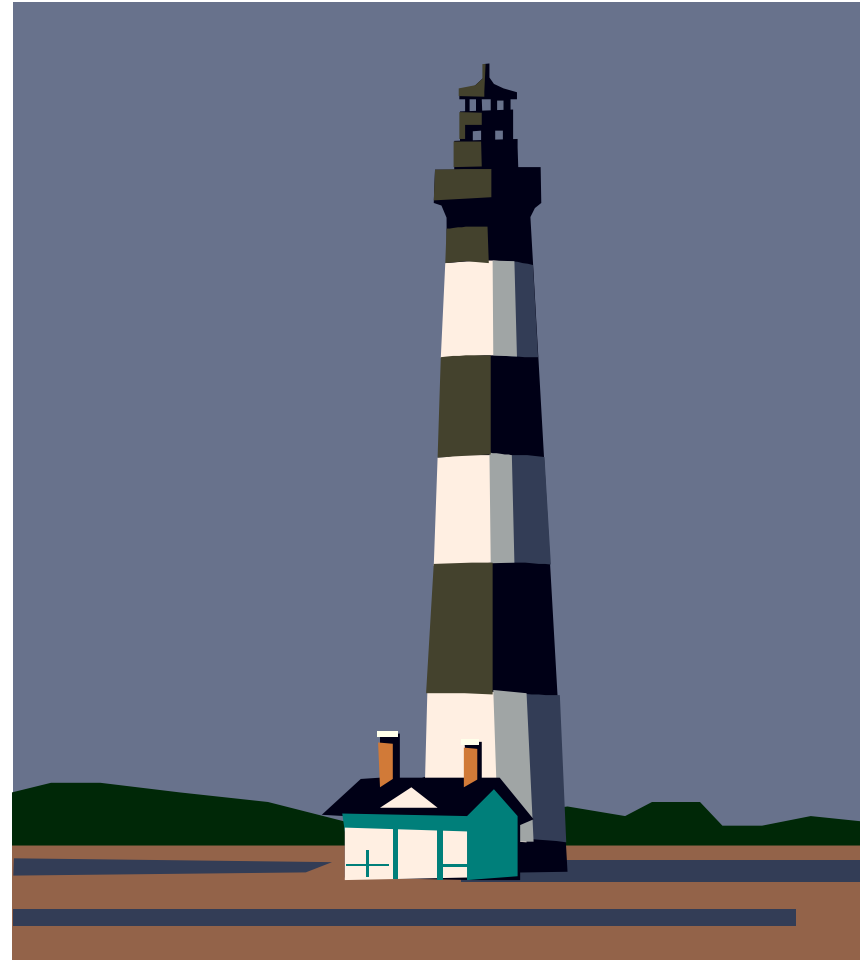
Welcome



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Expected effective date

- Ç Expected effective date of GST is 1st April 2010.
- Ç But Union finance minister accept that it might be delayed



Objective of GST

- Ç Indirect Tax reform in the country.
- Ç To eliminate Tax-on-Tax burden.
- Ç To eliminate Cascading effect of Excise duty and VAT.



Significant development so far

- Ç Announced for the first time in India in the Union Budget 07-08.
- Ç Set up Empowered committee on 10.05.2007.
- Ç Issuance of First Discussion paper on 10.11.2009.



Under preview

- Ç It may include:
- Ç Central Excise Duty
- Ç Additional Excise Duties
- Ç Excise Duty on Medical and Toilet Preparation
- Ç Service Tax
- Ç Countervailing Duty (CVD). - Contd/-



Under Preview

- Ç Special Additional Duty of Custom
- Ç Surcharge
- Ç Cesses
- Ç VAT/Sales Tax
- Ç Entertainment Tax-other than levied by local authority
- Ç Luxury Tax
- Ç Taxes on Lottery, betting and gambling
- Ç Contd/-

Under Preview

Ç State cesses and Surcharge I evied on
goods and services

Ç Entry Tax

Ç Purchase Tax

Outside preview

- Ç Tax on item containing Alcohol
- Ç Tax on Tobacco Products
- Ç Tax on Petroleum Products
- Ç All Taxes levied by a local authorities



Category of GST

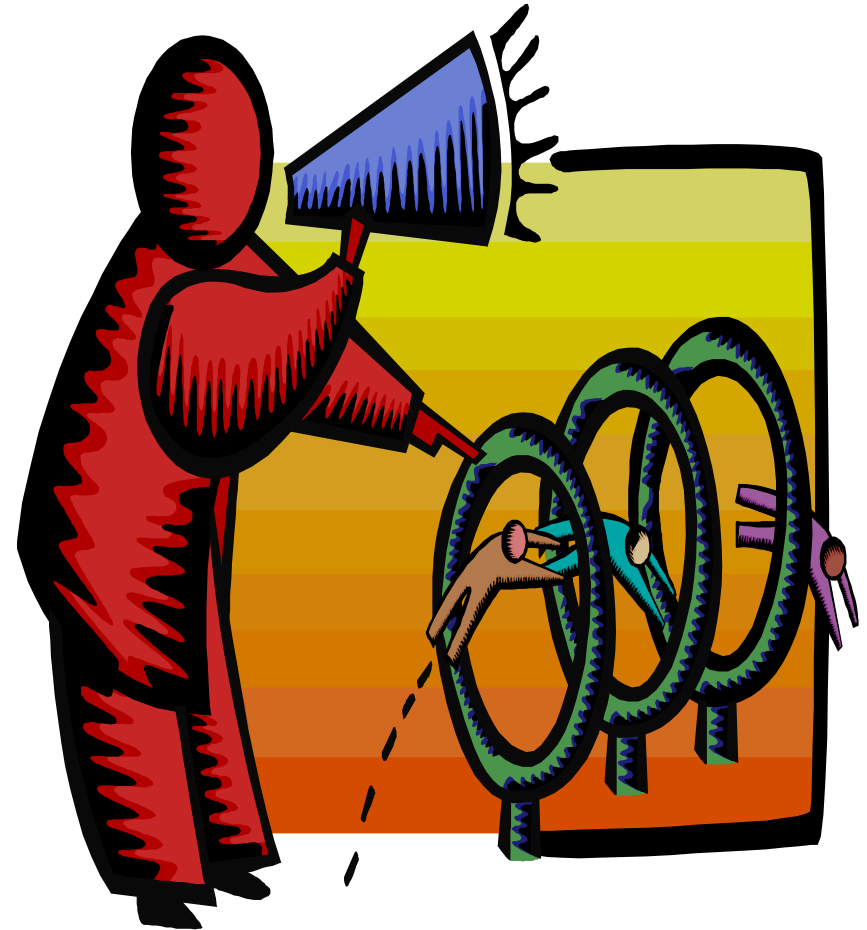
GST would be a dual model basis:

- Ç 1. Central GST-CGST
- Ç 2. State GST-SGST
- Ç One separate model for interstate transaction- IGST model



GST Rate

- Ç It may prescribe separate rate of GST for CGST & SGST.
- Ç GST rate may be around 20%
- Ç It must provide adequate compensation to all states in lieu of loss to implement GST.



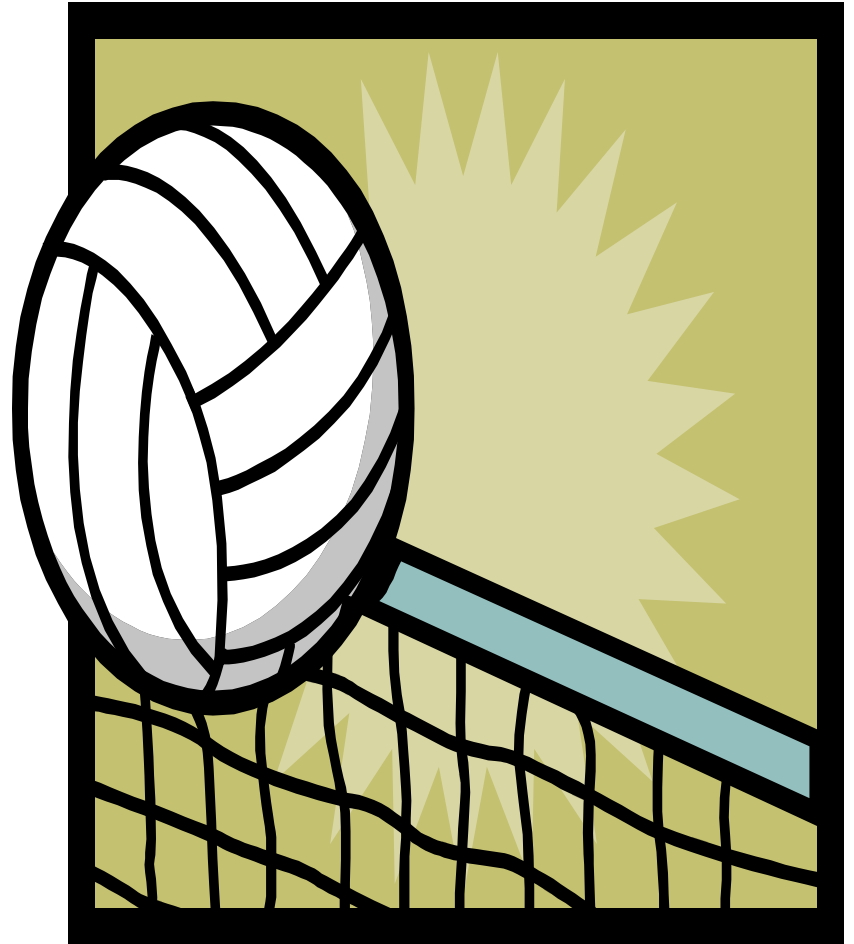
GST credit/set off

- Ç CGST and SGST, both are separate taxes
- Ç CGST input tax credit(ITC) only for CGST
- Ç SGST input tax credit (ITC) only for SGST
- Ç No cross utilisation allowed except IGST

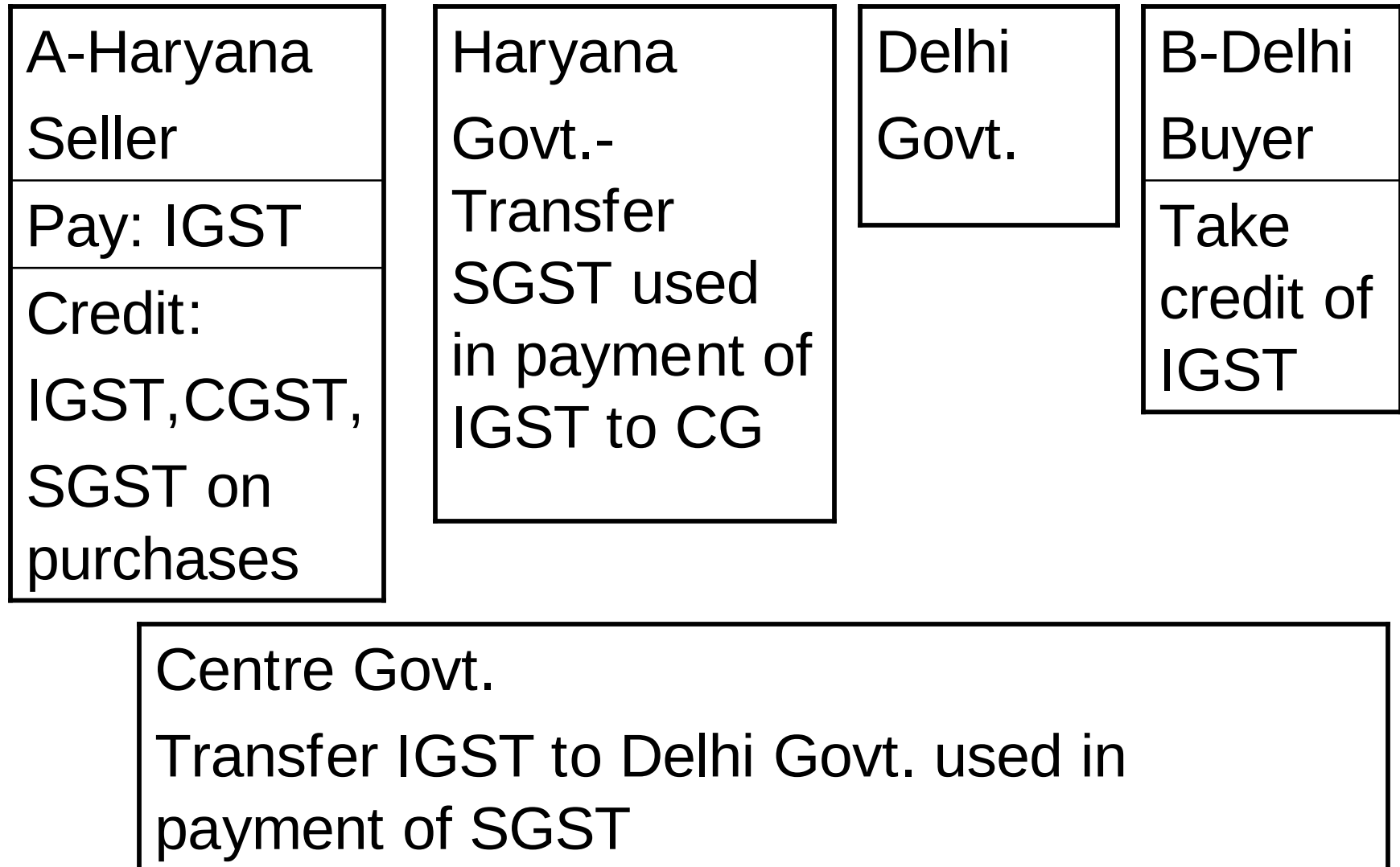


IGST Model

- Ç IGST:- Inter State Transaction of Goods and Services Tax
- Ç CG would levy IGST which would be CGST+SGST on all interstate transaction
- Ç Exception- Consignment sales and Stock transfer
- Ç Contd/-



Example of IGST



Silent feature

Ç Basic features of law such as chargeability, definition of taxable event and taxable person, measure of levy, valuation provisions, basis of classification etc. would be uniform for CGST and SGST

Ç Contd/-



Silent feature

- Ç No levy on exempted goods like VAT/Sales Tax
- Ç Uniform collection procedure for collection of both CGST and SGST
- Ç Threshold limit of gross annual turnover of Rs. 10 Lacs for SGST
- Ç Threshold limit of Rs. 1.5 crore for goods of CGST
- Ç Contd/-

Silent feature

- Ç Appropriate high threshold limit for services.
- Ç Composition/Compounding scheme with a compounding cut-off at Rs. 50 Lacs of gross annual turnover and a floor rate of 0.5% across the States.
- Ç Allow option for GST registration with turnover below the compounding cut-off
- Ç Contd/-

Silent feature

- Ç Periodical return in common format for both CGST and SGST
- Ç PAN linked taxpayer identification number
- Ç E-registration and e-mail correspondence with all inter-state dealers
- Ç Advance ruling facility
- Ç Assessment, enforcement, scrutiny and audit would be taken by collecting agency
- Ç Contd/-

Silent feature

- Ç Two rate structure for goods - one is lower for necessary items and items of basic need, other is standard rate for general items
- Ç Single rate of services for CGST and SGST

Issue for consideration

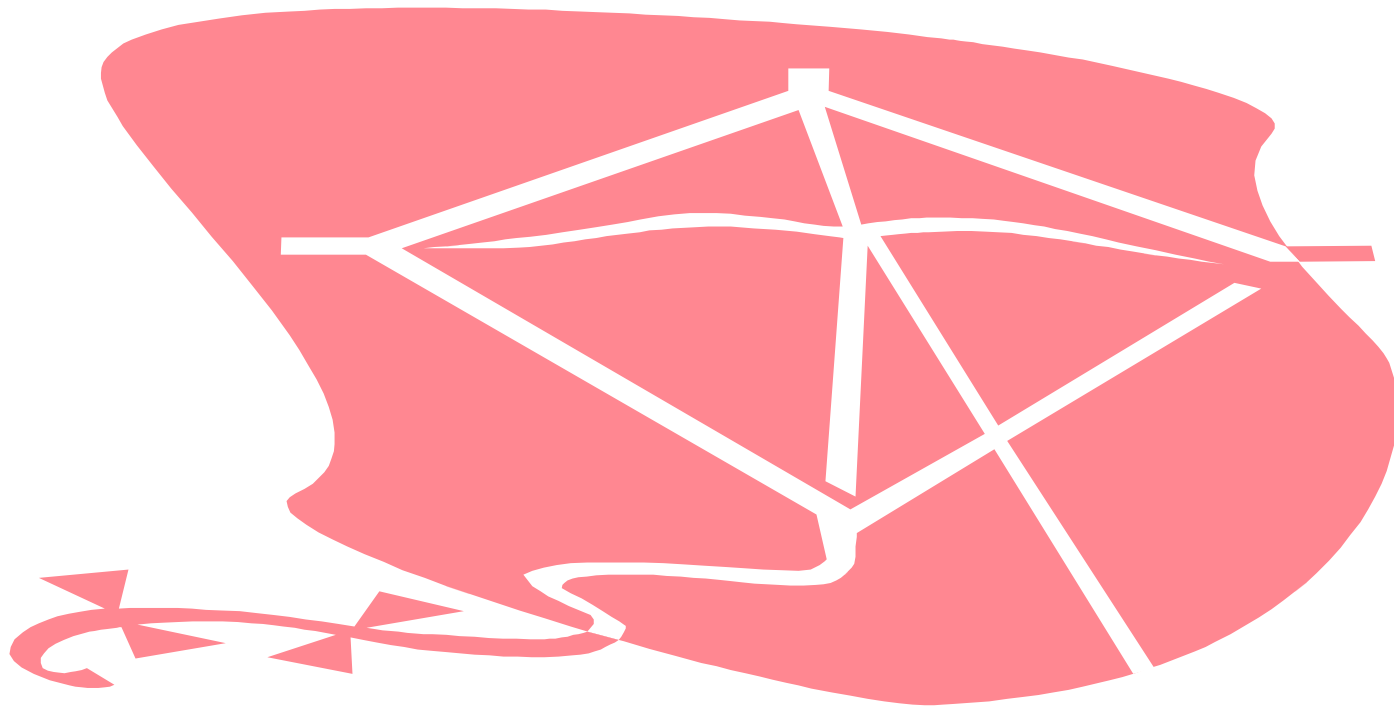
- Ç Compensation for Sates and period of compensation
- Ç Demarcation line for power of CG and SG
- Ç Rules for various issues like valuation, classification etc.
- Ç IT infrastructure
- Ç Contd/-



Issue for consideration

- Ç Payment challan specially for E-payment facility
- Ç Various forms and challan
- Ç Information sharing system specially for IGST Model
- Ç Setup of various jurisdictional authorities

Goodbye



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