Goods & Service Tax

There will be two types of tax will be levied as GST

(i) SGST: State Goods & Service Tax
(ii) CGST: Central Goods & Service Tax

Taxable Goods & Services in GST:

In the present on which services, Service tax is leviable and on which goods other taxes are leviable, these list are called the positive list. But it is the assumption of Task force that the positive list is too much long that litigation increases on the basis of taxability. Hence Task Force prepared a negative list on which GST is not leviable. In The Negative List only Non Taxable items will be included and except the negative list all the services and goods will be leviable.

Which Items are Included in Negetive List:

(a) The commodity used in preparation of food under the public distribution system.
(b) The Fees of School & Colleges will be free of GST. But the fees of Coaching, Cruch & any other private diploma will be leviable.
(c) An amount paid by an employer to a employee is not leviable under GST.
(d) GST will not be leviable on services provided by the government offices.
(e) On Health Services.

Which Tax will be removed after the levy of GST:

Central Taxes:

Excise Duty & additional Excise duty
Additional Custom Duty
Service Tax
All Other Cess
Central Sales Tax

State Level Tax

VAT
Entertainment Tax
Entry Tax
Luxury tax
Lottery Tax
Stamp Duty
Tax Leviable on Motor Vehicles

What Will Be the Tax Rate:

Both the taxes CGST and SGST will be levied on every transaction. CGST will be levied @ 5% and SGST shall be levied @ 7%. Both should be shown separately shown in Invoice So Dealer has to open two Separate account of each type of GST.

Input Tax Credit:

The Main Benefit of GST is the broadness of ITC. ITC will be available on Purchase of Service, Goods or Capital Goods (CGST or SGST).ITC will be available on interstate purchase on completion of some conditions.

It is a main point to remember that CGST will be allowable only on CGST and SGST is allowable only from SGST. No Cross Input is available. In case of Interstate Purchase A back model will be prepared on the concept of IGST (Integrated Goods and Service Tax)to take the benefit of ITC.

On How Much Turnover GST is not leviable:

Dealer Having Sales upto 10 Lacs need not to be get registered but after turnover exceeding 10 lacs registration is compulsory. Any Dealer having turnover less than 10 lacs may get voluntary registration.

Composition Scheme:

The Dealer having turnover between 10 lacs and 40 lacs may take benefit of compounding scheme.

As a compounding fee they have to pay 1% as SGST and 1% as CGST, But at the time of compounding they cannot take benefit of ITC. The Dealer of Gold, Silver and diamonds may take the compounding scheme on these dealer Limit of turnover is not applicable.

Registration: The Dealer having annual turnover of Rs. 10 lacs should be get registered under GST act. The Registration number will be of 12 digits which will include first 10 numbers of PAN and after having a space the last two digits will show the state code to which dealer belongs. In GST Dealer should have an e-Mail ID and Internet Banking. The Dealer who is covered under GST will get an Identification number which will consist of 18 letters. It will be known as BIN (Business Identification Number). In the future If UIN is used with PAN; UIN also will be used in GST.

GST On Consignment Sale & Stock Transfer: Now in VAT System if Stock is transferred to a depo or a Branch to another depo or Branch, VAT is not leviable on it. In GST it will be leviable as Sale.

GST on Transport: GST will be levied at a certain rate on the services rendered by Roadways, Railway, Shipping Co., and other transporters. The tax payable at the time of Registration of new vehicle schemes to merge in GST.

GST On Sale of Property: On the Business of Real Estate GST is proposed to levy Tax. When Property is sold out after construction, GST will be leviable on Sale Consideration and ITC can be demanded on purchase of Raw Material and Service Consumed. Commercial and Residential Property both will be covered under GST. After the elimination of Stamp Duty Registry Charges of Rs. 1000(Maximum) will be charged as Registration Charges for Departmental Charges.

GST On Electricity Bill: Electricity duty is eliminated on Electricity Bill and GST will be Leviable on It.

GST On Rent of Property: GST will be chargeable on the rent received. ITC of GST will be recoverable only on the Maintenance Charges.

Petroleum Products on GST: under GST Petroleum categorizes in three Categories:

(i) Industrial Fuel (Crude Oil)

(ii) Transportation Fuel (Diesel, Petrol & ATF)

(iii) Domestic Fuel (Kerosene & LPG)

About the following Position of GST is as follows:

(i) In case of (ii) Excise duty will be continue the producer who manufactures it will not entitled to get ITC.

(ii) On LPG, diesel, Petrol and Kerosene GST will be leviable and no ITC will be recoverable on these products.

(iii) On Industrial Fuel GST will be levied and ITC can be claimed.

Tobacco & Alcohol Products In GST: On these Both GST will be leviable and no ITC can be claimed Because these products are most probably used by the consumer.

Area Based Exemption will be abolished: In Present time Basic Exemption is available on set upon industry in J&K, Himachal Pradesh & Uttaranchal. In GST All exemptions are abolished and GST is leviable in whole India. Exemption In SEZ are proposed to abolish in This Act.

Small Scale Industries in GST: In Small Scale Industry Turnover up to 1.5 Crore will be exempt now. After Introduction of GST this limit is abolished and exemption limit is decided Rs. 10 lacs for all type of person and category.

Which Department will Handle GST: CBEC Handover the responsibility to levy CGST to State VAT/Sales Tax/Trade Tax department. For the Problem of duality Uniformity is made In GST department. Tax Challan, Return Form, Tax assessment Procedure will be uniform in CGST and SGST. For Dividation of work Limit is decided, Upto Limit assessment will be handle by Sales Tax Department and Beyond Limit Assessment procedure will be handled by Excise Department. This limit is not decided till now.

Supply Centre will Compensate Loss by Introduction of GST to State: In Which State Production is more than the consumption. Revenue loss of tax should surely to occur. In Report It is said that Government will establish a fund Named "GST Compensation Fund" which will contribute every year the loss of Rs. 6000 Crores. This fund will work over 5 Years means This fund will contribute of Rs. 30000 Crores. If any State not introduce GST accordingly that sate will not be liable to compensate the loss.

Scheme to maintain scanner on Check Post: In GST all work is planned to make online so scanner is planned to have maintained on Check post. In this way all expenses on Infrastructure will be bear by Central Government.

Tax Payment in GST: In GST Tax period will be classified in two categories for classification of Deposit of Tax:

(a) Quarterly only for dealer who have accept composition Scheme
(b) Monthly for other Dealers.

Unifomity of Return & Challan: In The Report only One form is proposed to introduce in GST named as GST-I It is Challan cum Return Form which will be filed electronically. In GST Dealer Should fill out their basic details, details of Sales Purchase and tax payable. So every Professional should have the perfect knowledge of GST and Internet Technology

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