People are now aware of the GST or the Goods Services Tax law. In every organization from Top to Bottom, everyone is talking about it. A new taxation law has come which is going to reform how people do business and the way goods and services are taxed in India. Whether it makes goods cheaper or will it make them costly, everyone wants to know. Whether it will ease the business or create a difficulty in business transactions? How this is going to affect our lives in our jobs, our businesses? All these questions make it a reason for everyone to know at least a brief idea about GST.

- **What is GST?**

GST or Goods and Services Tax is a comprehensive tax levied on supply of goods and services across India. GST (Goods and Services Tax) is a *Destination based Consumption* tax, and the taxable event is *Supply* as against the existing taxable events of sale, manufacture or provision of service under current indirect taxation structure. It is proposed to be levied at all stages right from manufacture up to final consumption with credit of taxes paid at previous stages available as setoff. Conceptually, GST is similar to VAT, meaning tax will be applied only on the value addition at each point in the supply chain.

- **Who needs to Register under GST?**

Any supplier who carries on any business at any place in India and whose aggregate turnover exceeds threshold limit as prescribed in a year is liable to get himself registered. However, certain categories of persons are liable to be registered irrespective of this threshold.

**Turnover Based Registration:**

GST Registration threshold is Rs. 10 Lakh for special category states*, and Rs. 20 Lakh for Rest of India. Small dealers with turnover below Rs 50 Lakh have the option of adopting the Composition scheme and pay flat 1-4%** tax on turnover.

*Arunachal Pradesh, Assam, Jammu and Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh and Uttarakhand

** For other than Manufacturer it starts from 0.5%.

**Registration compulsory irrespective of Turnover:**

The following category of persons are required to register under GST irrespective of their turnover during a year:

a) persons making **any Inter-State taxable supply**;

b) casual taxable persons;

c) persons who are required to pay tax under **reverse charge**;

d) **non-resident** taxable persons;

e) persons who are required to **deduct tax**

f) persons who supply goods and/or services **on behalf of other registered** taxable persons whether as an agent or otherwise;

g) **input service distributor**;

h) persons who supply goods and/or services **other than branded services**, through electronic commerce operator;

i) **every electronic commerce operator**;

j) **an aggregator** who supplies services under his brand name or his trade name; and

k) such other person or class of persons as may be notified by the Central Government or a State Government on the recommendations of the Council.

- **What is included in turnover for the purpose of GST?**

The aggregate turnover for GST includes:

(i) all taxable and non-taxable supplies,

(ii) exempt supplies, and

(iii) exports of goods and/or service of a person having the same PAN.

The above shall be computed on all India basis and excludes taxes charged under the CGST Act, SGST Act and the IGST Act.

Aggregate turnover does not include value of supplies on which tax is levied on reverse charge basis, and value of inward supplies.

- **What tax framework is going to be under GST?**

  The GST is going to be Dual GST.

  In case of Intra State Supply of Goods and Services, Central GST (CGST) by Central Government and State GST(SGST) by State Government shall be levied.

  In case of Inter State Supply of Goods and Services, Integrated GST (IGST) by Central Government shall be levied.

  *Imports shall be considered as Inter-State supply.*

  *Exports shall be Zero rated.*

  *Supplies to SEZ shall be Zero-rated*

- **Will the new GST mitigate the current cascading effect of taxes?**

  By amalgamating a large number of Central and State taxes into a single tax and allowing set-off of prior-stage taxes, it would mitigate the ill effects of cascading of taxes.

  *The set off process under GST regime is going to be like below.*

  IGST payments can be set off against – IGST, CGST, SGST on inputs

  CGST payments can be set off against – IGST and CGST on inputs

  SGST payments can be set off against – IGST and SGST on inputs

Hope my readers will find this information about GST useful. Many more of such articles are going to come.

For any queries or help related to GST feel free to contact me on

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