



The Institute of Cost Accountants of India
(Statutory body under an Act of Parliament)
Tax Research Department

Certificate Course on GST – 16th Batch (CCGST)

Session-I

Date: 13^h July 2024

Introduction to GST

- ❖ GST is known as the Goods and Services Tax.
- ❖ It is an indirect tax which has **replaced** many indirect taxes in India such as the excise duty, VAT, CST, Services tax, Entertainment Tax and Luxury Tax etc.
- ❖ The Goods and Service Tax Act was passed in the Parliament on 29th March 2017 and came into effect on 1st July 2017.
- ❖ Goods and service tax or GST will be one tax which subsumed all the indirect taxes.
- ❖ The slogan of GST is “One nation one tax”



Background to GST:


- ✚ The Structure of Indirect Tax in India (as existing up to 30.06.2017) was based on the 3 lists in the Seventh Schedule to Constitution of India, which came into force on 26.01.1950
- ✚ These lists are mostly based on Government of India Act, 1935 and the provisions were based on situations prevailing in 1935
- ✚ The structure had become outdated due to changes in the situations, technology and factors prevailing in the economy etc.,
- ✚ World has moved towards common Goods and Service Tax (GST) long ago.
- ✚ However, so far as India is concerned, GST is the tax for 21st Century
- ✚ It is rightly said that India is like an **elephant**, It, takes time to start, but once started, it is very difficult to stop it.
- ✚ Finally, India has moved into GST. The Goods and Service Tax Act was passed in the Parliament on 29-03-2017 and came into effect on 1st July 2017.
- ✚ GST is a **one-way street** - now there can be no going back. We have to face the challenges of GST and move forward.
- ✚ Prior to Constitutional amendments Central Government does not have a power to levy tax on goods and State Government does not have a power to levy tax on Services.
- ✚ Except Imports and Exports, as it always subject matter of Central Government
- ✚ After passing the 101st Constitutional Amendment Act, 2016
- ✚ Cross levy of powers introduced it means Central Government can levy duty on Goods and State Government can levy duty on Services
- ✚ **GST levied in such a way that both the Centre and the States received the power to levy and collect it**



GST is known as the Goods and Services Tax

- ❖ It is an indirect tax which has replaced many indirect taxes in India such as the Excise duty, VAT, CST, Services tax, Entertainment Tax and Luxury Tax etc.
- ❖ Goods and Services Tax Law in India is a
 - ✓ **Comprehensive**: GST has wider in scope
 - ✓ **Multi-stage**: GST is levied on the value additions at each stage, i.e., the monetary value added at each stage to achieve the final sale to the end customer
 - ✓ **Destination Based Tax**: GST is called as destination-based tax or consumption-based tax, it means Goods and Service Tax is levied at the point of consumption.
 - ✓ **Taxable Event under GST is “Supply”**: GST is levied on the **Supply** of Goods and Services
- ❖ GST is levied on every value addition.
- ❖ Under the GST regime, the tax is levied at every point of sale.
- ❖ GST is a single domestic indirect tax law for the entire country.
- ❖ In the case of intra-state sales, Central GST and State GST are charged.
- ❖ All the inter-state sales are chargeable to the Integrated GST.

Note:

 **Destination Based Tax:** GST is called as destination-based tax or consumption-based tax, it means Goods and Service Tax is levied at the point of consumption.

Ex: Consider goods manufactured in Telangana and sold to the final consumer in Odisha. Since the Goods and Service Tax is levied at the point of consumption, the entire tax revenue will go to Odisha and not Telangana.

Features of GST:

- GST has mainly removed the cascading effect on the sale of goods and services.
- Removal of the cascading effect has impacted the cost of goods, since the GST regime eliminates the tax on tax, the cost of goods decreases.
- Also, GST is mainly technologically driven. All the activities like
 - ✓ Registration,
 - ✓ Return filing,
 - ✓ Application for refund
 - ✓ Appeals to Appellate Authority
 - ✓ Response to notice
- Needs to be done **online** on the GST portal, which accelerates the processes.

Structure of GSTIN: 21AHXPK0062G1ZI

GSTIN is a 15 characters Alpha Numeric

Here is a format break-down of the GSTIN:

- ✓ The first two digits represent the state code as per [Indian Census 2011](#).
- ✓ Every state has a unique code. For instance,
 - ✓ State code of Karnataka is 29
 - ✓ State code of Delhi is 07
- ✓ The next 10 digits will be the PAN number of the taxpayer
- ✓ The 13th digit will be assigned based on the number of registration within a state
- ✓ The 14th digit will be “Z” by default “code”
- ✓ The last 15th digit will be for check digit / code. It may be an alphabet or a number.

Note:

- Maximum 35 (9+26) GST registrations can be taken in a single state
- GST Registration is required in every state where ever we carry our business operations

Advantages of GST:

1. Removing the Cascading effect of tax
2. Higher threshold for GST Registration
3. Composition scheme for small businesses
4. Single return cum challan payment either monthly or quarterly
5. Simpler online facilities for GST compliances
6. Availing ITC on eligible goods and services including capital goods
7. Export of goods or services without payment tax based on LUT

8. Defined treatment for e-commerce activities
9. Concept of e-waybill & increased efficiency in logistics
10. Regulating the un-organized sectors like Transportation sector like GTA
11. Overall lesser compliances
12. Elimination of physical copies say C-Form, H-Form etc., in the course of inter-state sale or deemed exports

Type of Taxes in GST:

There are **3 taxes** applicable under GST: **CGST, SGST & IGST**.

- ❖ **CGST:** It is the tax collected by the Central Government on an intra-state sale (e.g., a transaction happening within Maharashtra)
- ❖ **SGST:** It is the tax collected by the state government on an intra-state sale (e.g., a transaction happening within Maharashtra)
- ❖ **IGST:** It is a tax collected by the Central Government for an inter-state sale (e.g., Maharashtra to Tamil Nadu)

In most cases, the tax structure under the GST regime as follows:

Transaction	New Regime	Old Regime	Revenue Distribution
Sale within the State	CGST + SGST	Central Excise + VAT / Service tax	Revenue will be shared equally between the Centre and the State
Sale to another State	IGST	Central Excise + CST / Service Tax	There will only be one type of tax (central) in case of inter-state sales. The Centre will then share the IGST revenue based on the destination of goods.

Sources / Elements / Components / Ingredients of GST:

1. The Central Goods and Services Act, 2017
2. The State / UT Goods and Services Act, 2017
3. The Integrated Goods and Services Act, 2017
4. Goods and Service Tax Rules, 2017
5. Decisions taken in Goods and Service Tax Council Meetings
6. Annual Finance Act
7. Circulars / Notifications issued by the CBIC
8. HC / SC Judgements



Taxable Event:

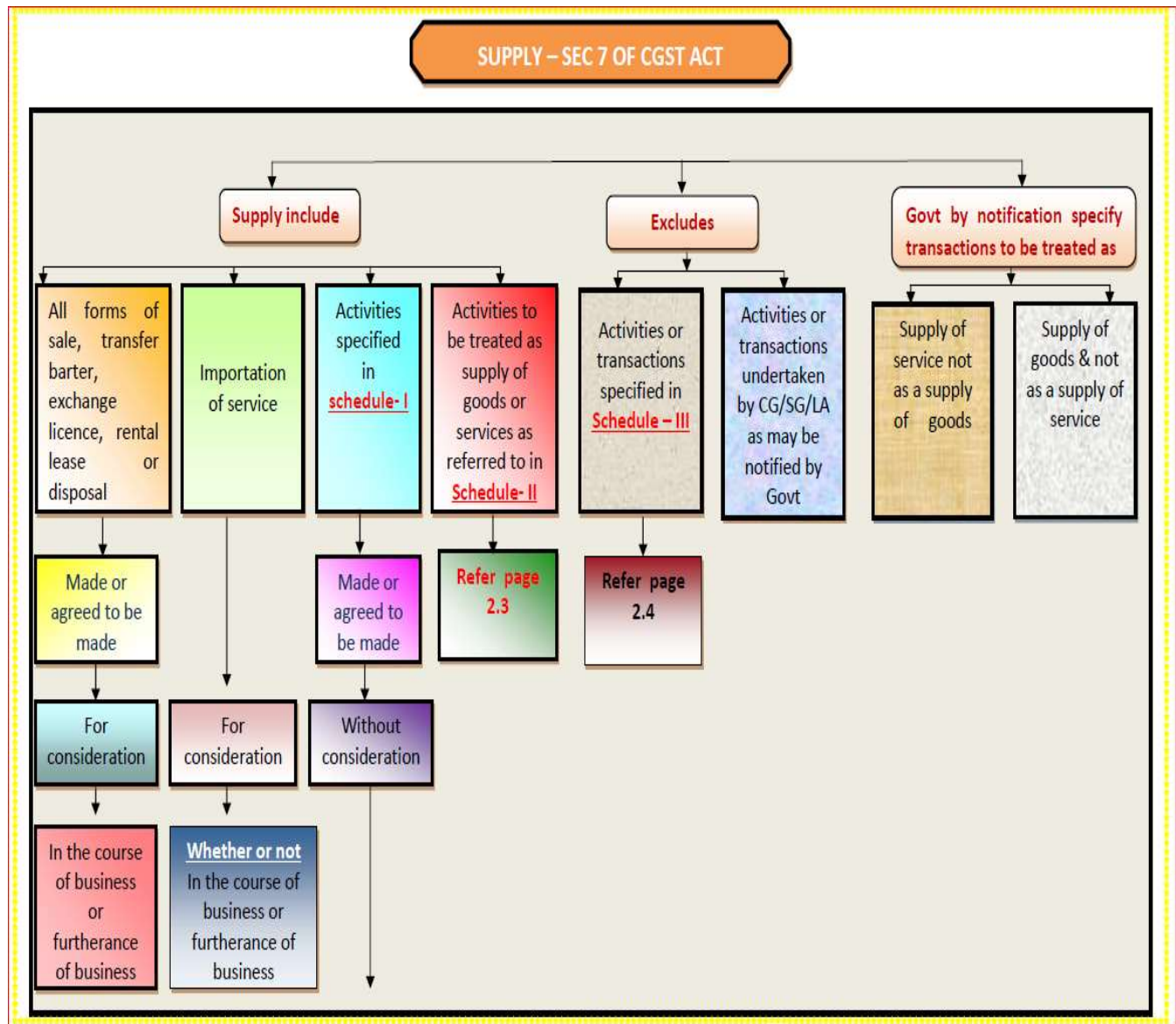
- The Foundation stone of any taxation system is **“Taxable Event”**
- It determines the **point at which tax** would be levied
- Before levying any tax, taxable event needs to be ascertained.
- The GST laws resolve these issues by laying down **one comprehensive word** called as taxable event i.e., **“Supply”**



Parameters of “Supply”:

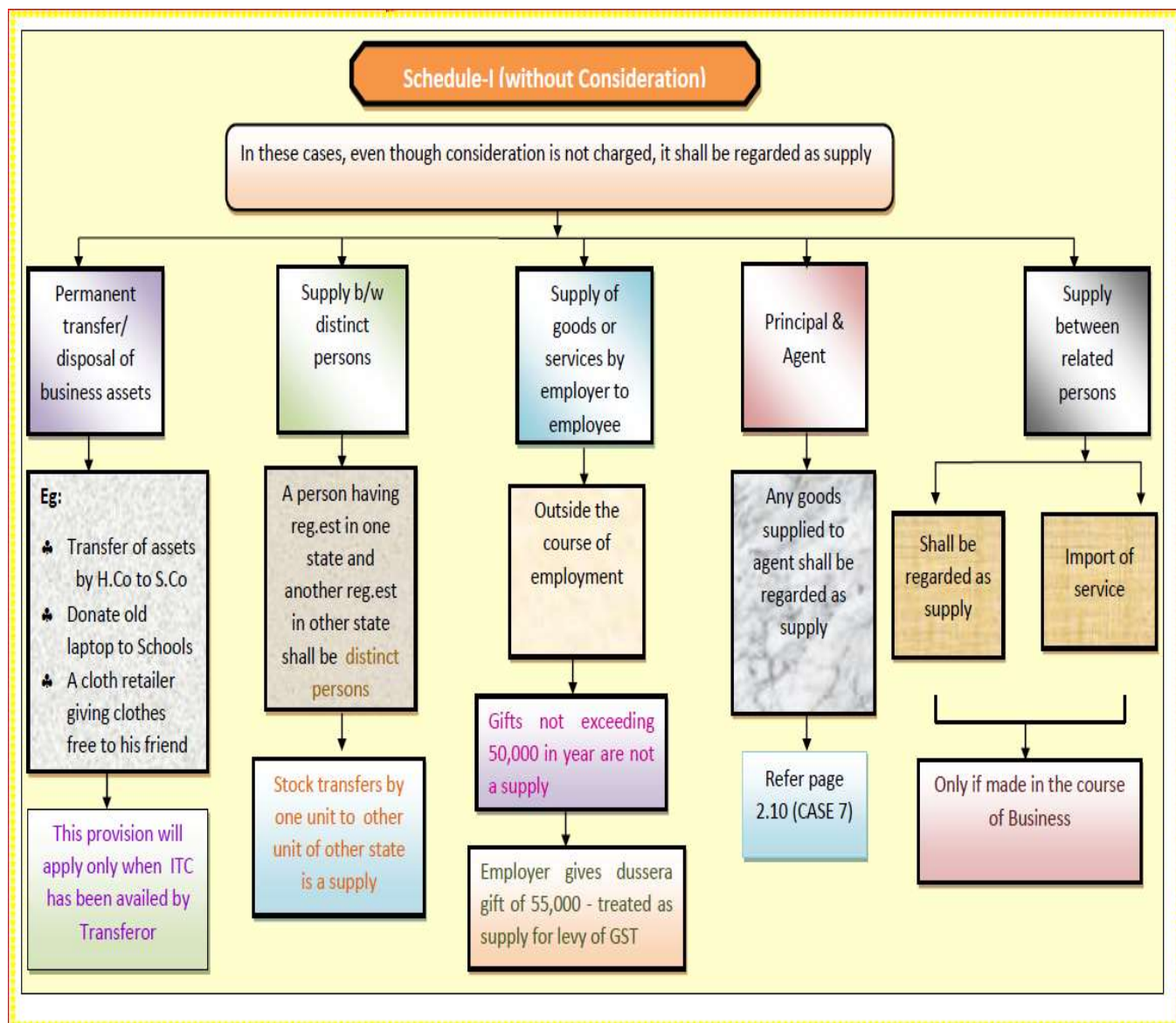
- Supply should be of Goods or Services or both
- Supply of anything other than goods or services like money, securities, actionable claims etc. does not attract GST
- Supply should be made for a consideration
- Supply should be made in the course or furtherance of business.

Section of 7 of CGST Act, 2017 “Supply” includes:



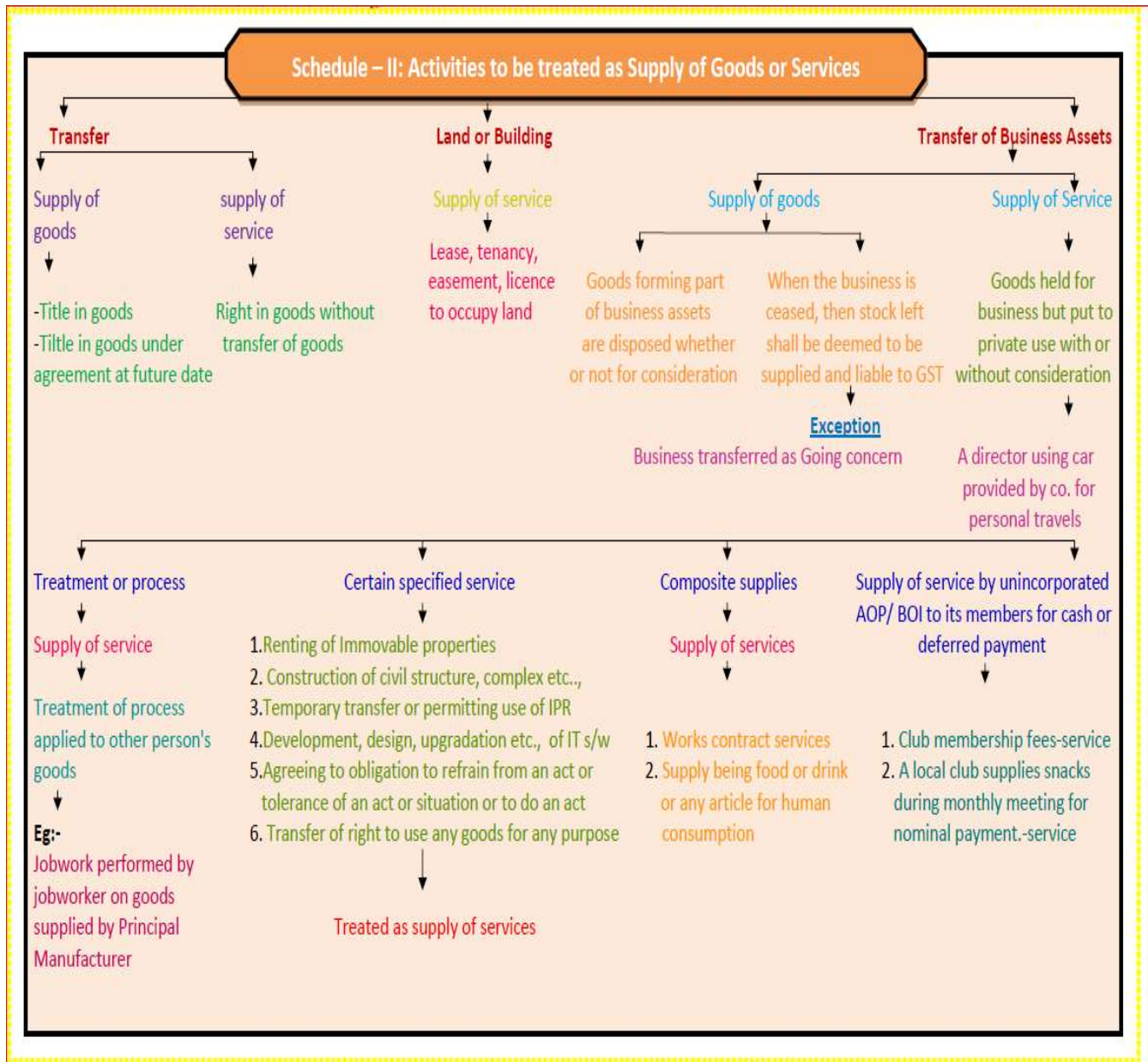
Schedule-I of CGST Act, 2017

Activities to be treated as “Supply” even if made without Consideration



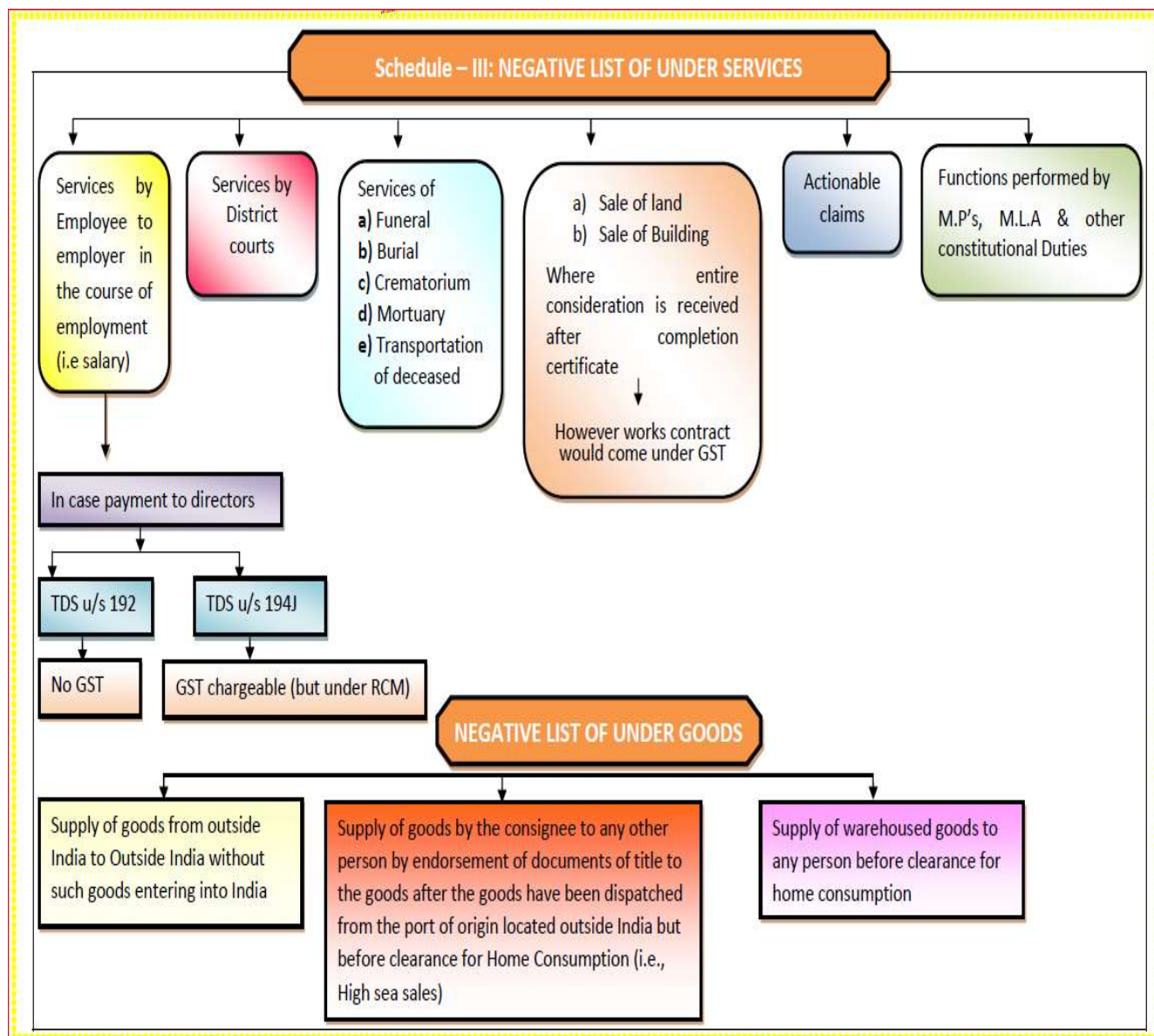
Schedule-II of CGST Act, 2017

Activities or Transactions to be treated as “Supply of Goods” (or) “Supply of Services”

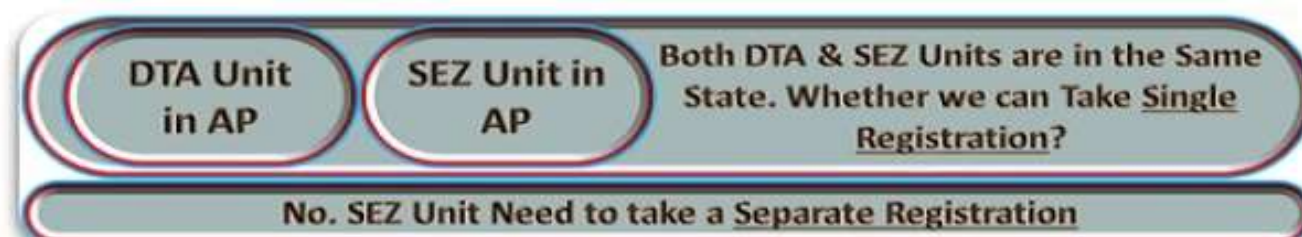


Schedule-III of CGST Act, 2017

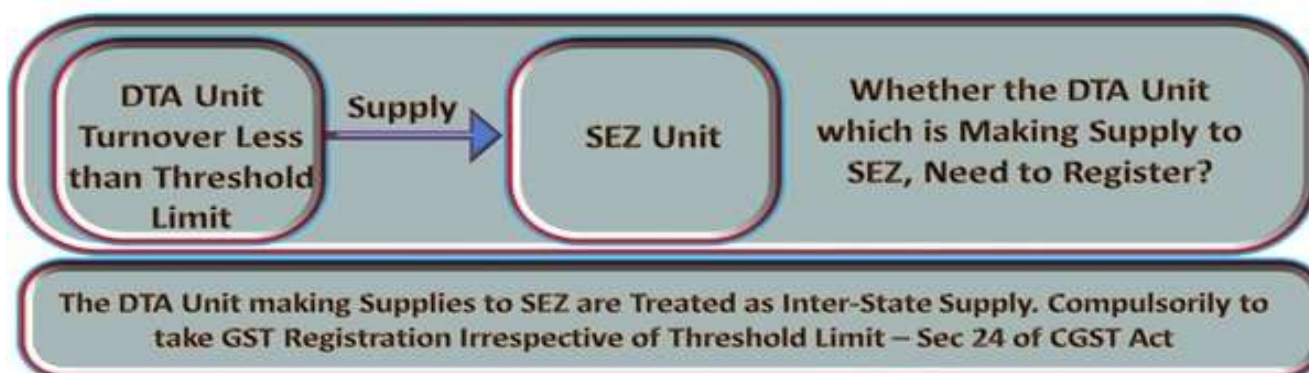
Activities or Transactions which shall be treated **Neither** as a “Supply of Goods” Nor A
“Supply of Services”



Supply from DTA to SEZ & Vis-à-vis



GST Registration for Supplier to SEZ



-Thank You-

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