


“In this world,  
nothing can be said  
to be certain except  
death and taxes.”

- Benjamin  
Franklin



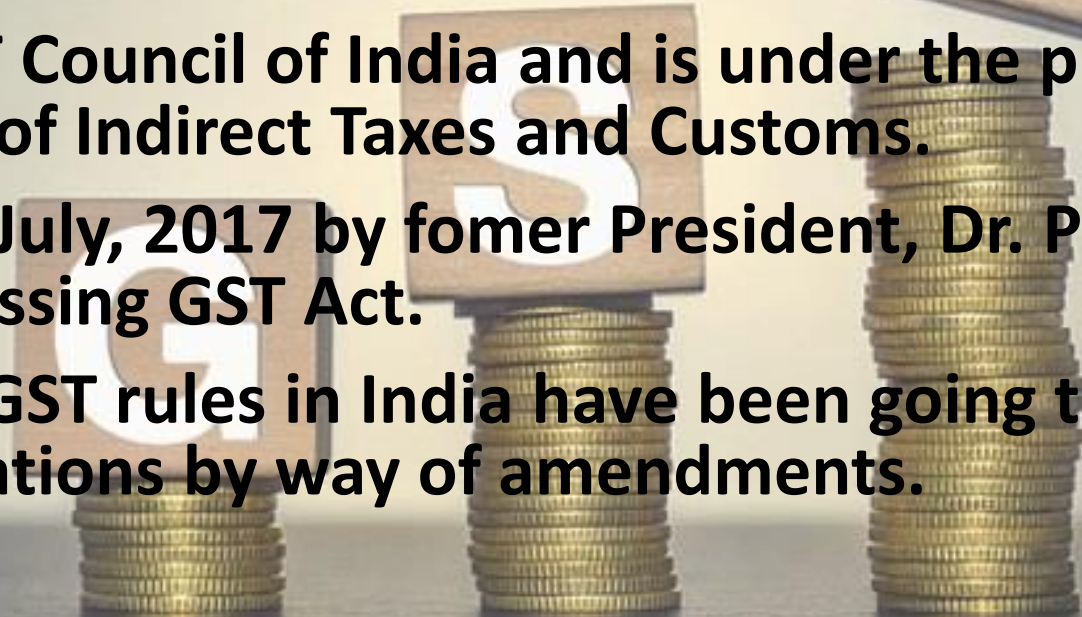


# Introduction to Goods and Services Tax (GST)

- Krishnan R  
SIES ASC, Sion (W)

# What is GST (India)?

- **An indirect tax levied on supply of goods and services at national level.**
- **Collected by merchants at every stage of production / value addition and deposited to the Government.**
- **Governed by GST Council of India and is under the purview of Central Board of Indirect Taxes and Customs.**
- **Launched on 1st July, 2017 by former President, Dr. Pranab Mukherjee by passing GST Act.**
- **Since inception, GST rules in India have been going through continuous alterations by way of amendments.**





## Taxes subsumed under GST



<b>STATE TAXES</b>	<b>CENTRAL TAXES</b>
VAT / Sales Tax	Central Excise Duty
Entertainment Tax	Additional Excise Duty (Textile and Textile products and goods of special importance)
Luxury Tax	Additional Customs Duty (CVD)
Tax on Lottery / Betting / Gambling	Special Additional Duty (SAD)
Octroi / Entry Tax	Service Tax
Purchase Tax	Central Cesses and Surcharges

# Coverage of GST

"GST is applicable to the whole of India"

Air space above India's territory and territorial waters

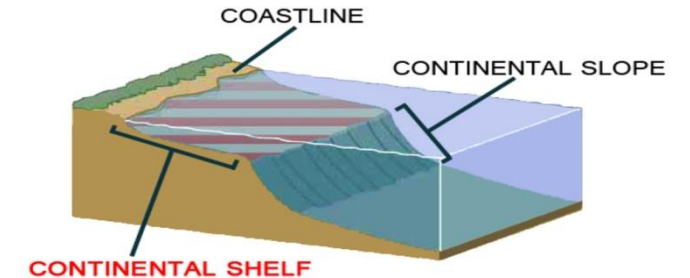
Territorial Waters: Extends up to 12 nautical miles from baseline

- **Delhi and Puducherry:** Treated at par with states (SGST)
- **A&N Islands, Lakshadweep, Dadra & Nagar Haveli, Daman and Diu and Chandigarh:** Adopt UTGST



Continental Shelf (upto 200 NM)  
Exclusive Economic Zones (upto 200 NM)

Other Maritime Zone



Seabed and subsoil underlying territorial waters

# Key Concepts

- i. **Business:** an entity engaged in trade, commerce, manufacture, profession, association, society, gate-keeping, club, vocation adventure, wager or an activity in connection to the same.
- ii. **Consideration:** Any payment made or to be made but does not include subsidy provided by the CG or SG.
- iii. **E-Commerce Operator:** A person who owns, operates or manages digital facility or platform for e-commerce.
- iv. **Goods:** Every kind of movable property other than money and securities but includes actionable claims, growing crops, grass and things attached to or forming a part of land agreed to be severed under a supply contract.
- v. **Service:** Anything other than goods, money and securities, but includes conversion form to another, for which a consideration is charged.
- vi. **Supplier:** A person supplying goods and services and includes agents acting on behalf such suppliers.
- vii. **Recipient:** (a) a person liable to pay consideration for goods or services or both;  
(b) A person to whom goods are delivered without consideration;  
(c) An agent acting on behalf of the final recipient of goods or services of both.

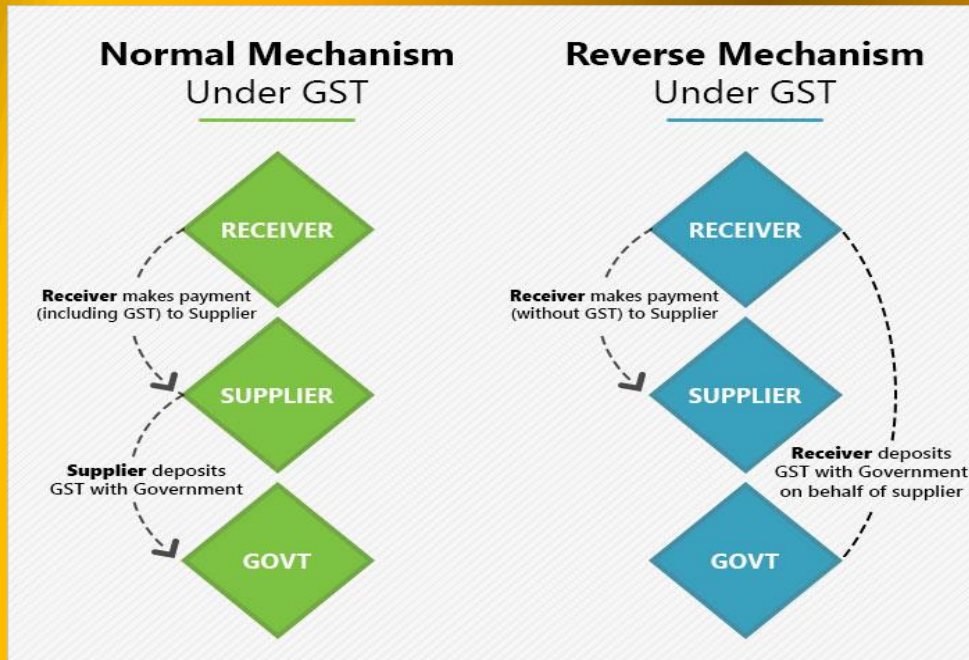
- viii. **Taxable Supply:** Supplies that are chargeable to tax.
- ix. **Non-Taxable Supply:** Supplies which are not leviable to tax under GST Act.
- x. **Exempt Supply:** Supplies which attract NIL rate of tax or wholly exempted from tax.
- xi. **Person:** Includes an individual, HUF, Firm, LLP, Body Corporate, Corporation, Local Authority, Company, CG, SG, Artificial Juridical Person, Trust, AOP, BOI, Cooperative Society.
- xii. **Taxable Person:** A person who is registered or liable to be registered.
- xiii. **Principal Supply:** Supply of goods and services which constitutes the predominant element of a composite supply and other service forming a part is ancillary.
- xiv. **Aggregate Turnover:** Aggregate value of taxable supplies, exempt supplies, export of goods or services, inter state supplies of persons having same PAN. (Excludes Central Tax, State Tax, UT Tax, Integrated Tax, Cess and RCM)

xv. **E-Way Bill:** An electronic document generated on the GST portal evidencing movement of goods.

Part A – GSTIN, place of delivery, invoice no. and date, value of goods, HSN Code, transport document number (GR, RWB, AWB, BL) and reason for transportation.

Part B – Transporter details.

xvi. **Reverse Charge Mechanism:** Tax payment liability arises on the recipient instead of supplier of the goods or services.



**e-Way Bill**



E-Way Bill No: 1610 0000 0518  
E-Way Bill Date: 28/08/2017  
Generated By:

**Part - A**

GSTIN of Recipient	GSTIN :
Place of Delivery	Add,29-560064
Invoice /Challan No.	123
Invoice /Challan Date	28/08/2017
Value of Goods	500.00
HSN Code	1001
Reason for Transportation	Outward / Supply
Transport No. & Name	&
Transport Doc. No. & Date	&28/08/2017

**Part - B**

Vehicle No.	AB12AB1234
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Note: Please update the latest vehicle number always on E-Way Bill portal before start moving the goods and generate new print OR manually fill up in Part B

Print Detailed Print Exit



# Need for GST

- To get rid of too many taxes levied by Centre and States.
- To stop Cascading of Taxes (tax pe tax, as CG taxes were not available as set off against SG taxes and vice versa)
- Different practices by different states.
- To have authenticated and free flow of trade. (by knocking out octroi, entry tax, LBT, etc)
- To save tax payer's time and money in filing and tax payment.
- To have a “harmonized” system of indirect taxation. HSN – Harmonized System of Nomenclature to classify goods universally in a systematic manner. Contains a 6 digit code that classifies 5000 plus goods all over the world.
- To have a single tax for entire supply chain.
- To have a strong base with IT aid to have a better tax compliance.



# GST ke लाभ....

1. One Nation, One Tax
2. Low Taxes
3. Lower Cost
4. Boost to Make in India
5. Enhance Exports
6. Beneficial to small enterprises by way of higher threshold and composition scheme.
7. Uniform Tax
8. Simplified and automated procedures and record keeping.
9. Advanced IT enabled services (GSTN)
10. Employment generation
11. No tax evasion
12. Higher revenue for the Govt.

Badhai ho chacha @narendramodi



## Dual GST model

SGST

- State GST
- Collected by the State Govt

Replaced State VAT, Entry Tax, Octroi, etc. (SGST Act, 2017)

CGST

- Central GST
- Collected by the Central Govt

Replaced Central Excise Duty and Service Tax (CGST Act, 2017)

IGST

- Integrated GST
- Collected by the Central Govt on inter-state supply of Goods and services

Charged by the Supplier.  
Exporting State transfers SGST portion to CG and CG transfers that SGST to the importing state





Dr. Ajay Bhushan Pandey  
Chairman



Prakash Kumar  
CEO

# Goods and Services Tax Network

- Technological backbone for GST in India.
- Set up by the Govt of India with stakes equally held by State and Center Govt. (Approved in April 2018) Prior, Govt Share: 49% and Non Govt Fin Inst Share: 51%
- Infosys has been appointed as Managed Service Provider (MSP)
- GSTN got 73 IT, IT enabled services, financial tech companies and 1 Commissioner of Commercial Taxes (GST Suvidha Providers)
- GSTN to provide three front end services like registration, payment and filing of return.
- GSTN to facilitate computation and settlement of IGST.
- Providing MIS Reports to CG and SG as per tax-payers return information.
- Manage matching engine for matching, reversal and claim of ITC.
- Accounting of fund transfers between SG and CG.
- Developing back end process like assessment, audit, refund, appeal, etc.



# GST Council

- **Powered by Article 297A of the Indian Constitution to constitute a joint forum of Centre and States.**
- **Members**
  - **Union Finance Minister (Chairperson)**
  - **Union Minister of State in charge of Revenue or Finance (Member)**
  - **Minister in charge of Finance or Taxation (Members)**
- **Recommendations on**
  - **Taxes, cesses, surcharges levied by State and Union which is to be subsumed by GST.**
  - **List of goods and services to be taxable or exempted.**
  - **Lay down principles regarding levy of GST.**
  - **Threshold limit for registration and payment of GST.**
  - **Band of Tax Rates for goods and services.**
  - **Provision of Special Category States.**
  - **Guiding principles and amendments.**

GOODS AND SERVICES  
TAX COUNCIL

# Scope of Supply



# Scope of Supply [Sec 7]

- Sale, Transfer, Barter, Exchange, License, Rental, Lease, Disposal, etc. for consideration in course of furtherance of business. (1)(a)
- Import of services for consideration whether or not in course of furtherance of business. (1)(b)
- Specific supply made or agreed to be made without consideration. (1)(c) Sch I

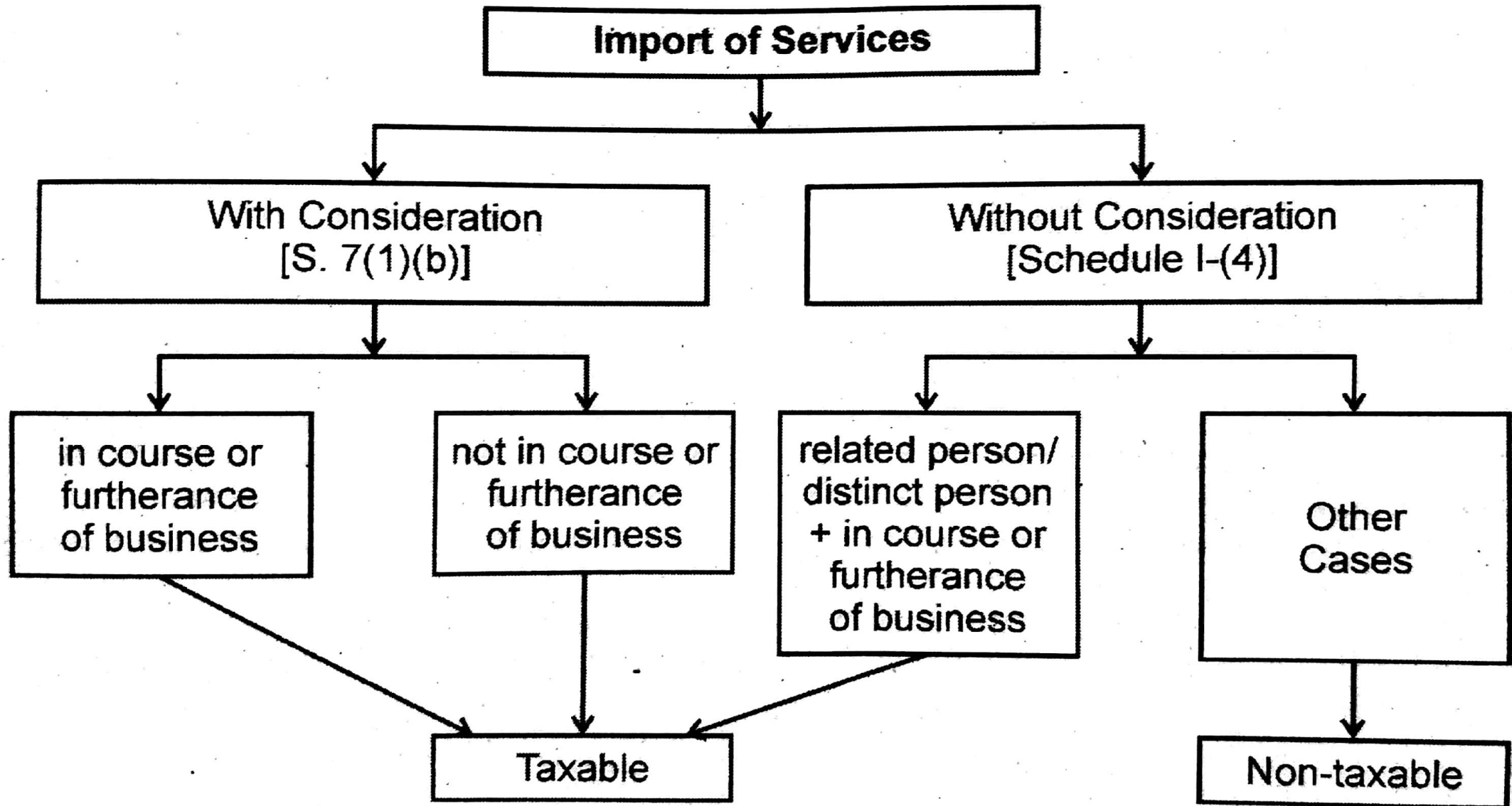
Permanent transfer / disposal of business assets where ITC has been availed on such assets.

Supply between related or distinct taxable persons, when made in the course of furtherance of business. (Except gift not exceeding Rs. 50,000 in value by employer to employee.

Supply of goods by  
(a) Principal to his agent where agent undertakes to supply such goods on behalf of the principal or  
(b) Agent to principal where the agent undertakes to receive such goods on behalf of principal.

Importation of services by a taxable person from a related person or from any of his other establishments outside India, in the course of furtherance of business.

- Activities to be treated as deemed supply of goods or services. (1)(d)/Sch II
- Excludes Negative List of Supply [Sec 7(2)] and Schedule III





# **Deemed Supply of goods or services** (1)(d)Sch II

## **1. Transfer**

(a) Title in goods

(b) Transfer of right

(c) Instalment Sale / Hire Purchase / Financial Lease

## **2. Land and Building**

(a) Any lease, tenancy, easement, license to occupy land

(b) Any lease of building for business or commerce

## **3. Treatment / Process applied to another person's goods**

for eg. Job work performed by a job worker

## **4. Transfer of Business Assets**

- (a) Transfer or disposal of goods
- (b) Business goods used for personal purpose
- (c) Cessation being a taxable person

## **5. Supply of Services**

- (a) Renting of immovable property (except for residence)
- (b) Construction
- (c) Intellectual Property Rights (Temporary transfer, permitting use and enjoyment)
- (d) IT Software (Development, licence to use and sale)
- (e) Agree to refrain from/tolerate/do an act (Demurrage, non-compete agreement for a fee, notice pay)
- (f) Transfer of right to use any goods

## **6. Composite Supplies**

(a) Works Contract

(b) Supply of food or any article for human consumption or any drink

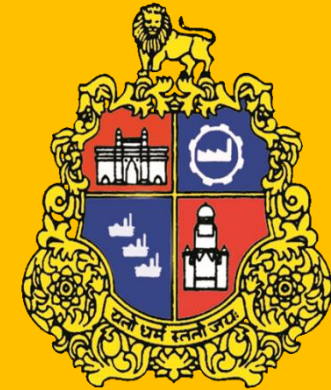
## **7. Supply of goods by AOP/BOI to its member**

deem

# Items not covered under GST (non - taxable) 7(2)(a)/Sch III

GST is not applicable on following goods and services. They are classified under Schedule III of GST Act as “ Neither goods nor services”

1. Services by an employee to the employer in relation to employment.
2. Court/Tribunal Services including District Courts, High Courts and the Supreme Court.
3. Duties performed by
  - ✓ Members of Parliament, State Legislature, Panchayats, Municipalities and other local authorities.
  - ✓ Person holding post under the provisions of the Constitution.
  - ✓ Chairperson/Member/Director in a body established by the govt or local authority and who is not employee of the same.





4. Services of funeral, burial, crematorium or mortuary including transportation of the deceased.

5. Sale of land and sale of building

6. Actionable claims like book debts, bill of exchange, promissory note other than lottery, betting and gambling.

\* Actionable claims are neither goods nor services but they are something in lieu of money.

\* Lottery, betting and gambling attract 28% GST



**Promissory Note**

I, Raja Kumar, promise to repay My Federal Credit Union the loan amount of \$100,000. Repayment is to be made in the form of 60 equal payments at 6.75% interest, or \$ \_\_\_\_\_ payable on the 1st of each month, beginning \_\_\_\_\_, until the total debt is satisfied.

Signed,  
Raja Kumar  
2/1/2011

# Apart from Schedule III, GST is not applicable on the following:

\*Basically, these goods are beyond the scope of GST

## Petroleum Products

Tax on Petroleum Crude/High Speed Diesel/Motor Spirit/Natural Gas/Aviation Turbine Fuel. Same previous rule of VAT/CST and Excise is being followed by states.

## Alcohol

Liquor for human consumption. Same previous rule of VAT/CST and Excise is being followed by states.



# Goods Exempted under GST - NIL Rated

			
Edible vegetables, roots and tubers	Cereals	Fish (not frozen or processed)	Fresh fruits & vegetables (Other than frozen or processed)
			
Meat (Other than in frozen state and put up in unit containers)	Cane jaggery (gur)	Tender coconut water	Silkworm laying cocoon
			
Raw silk	Silk waste	Wool, not carded or combed	Cotton used in Gandhi Topi
			
Cotton used in Khadi Yarn	Coconut, coir fibre	Jute fibre raw or processed but not spun	Puja samagri
			
Live animals (except horses)	All goods of seed quality	Coffee beans, not roasted	Unprocessed green tea leaves



Fresh ginger, Fresh Turmeric (other than in processed form)



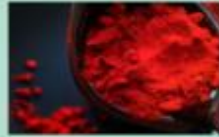
Human Blood and its components



All types of contraceptives



Organic manure, other than those bearing a brand name



Kumkum, Bindi, Sindur, Alta



Firewood or fuel wood



Wood charcoal



Betel leaves



Judicial, Nonjudicial Stamp papers, Court fee stamps when sold by the Government Treasuries or authorized Vendors



Postal items like envelope, Post card etc., sold by Government, rupee notes when sold to the RBI & Cheques



Printed books, including Braille books, newspaper, maps



Earthen pot and clay lamps



Bangles (except those made from precious metals)



Agricultural implements manually operated or animal driven



Hand tools, such as spades, shovels



Handloom



Spacecraft



Hearing aids



# Services Exempted under GST - NIL Rated

- i. Govt/Local Authority services except Post Office services provided to a person other than govt, services in relation to aircraft or a vessel inside or outside an airport or port, transport of goods or passengers.
- ii. RBI
- iii. Foreign Diplomatic Mission located in India.
- iv. Cultivation of plants and rearing of all animals, except horses.
- v. Access to road or a bridge on payment of toll charges.
- vi. Transmission or distribution of electricity by an electricity or distribution utility.
- vii. Renting of residence building for use as residence.
- viii. Transportation of goods by road (except GTA and Courier Agency) and inland waterways.
- ix. Vet Clinic
- x. Services of an arbitral tribunal to any person (except business) and a business entity with turnover below GST threshold in the PY.



- xi. A partnership firm or an individual advocate (except senior), providing legal services to another partnership firm/individual providing legal services, any person (not business), business entity with turnover below GST threshold in PY.
- xii. Education (pre-school to high school) including transportation to students, teachers and staff; mid day meals and other catering, security and house keeping and admission to institution or conduct of examination.
- xiii. Performance in folk or classical music or dance or theatre (consideration less than Rs. 1,50,000) [no exemption if the artist is a brand ambassador]
- xiv. Independent journalist, Press Trust of India or United News of India collecting or providing news.
- xv. Transport of passengers by (a) air, embarking or terminating in an airport located in Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim or Tripura or Bordoga (WB); (b) Non AC contact carriage other than radio taxi, for transportation of passengers, excluding tourism, charter on hire. (Kolkata to Joka Jeeps); (c) Non AC horse carriage.
- xvi. Health care services by a clinical establishment, a doctor or para medic; ambulance service.
- xvii. Services provided by the GSTN to Government (State or Centre)
- xviii. Services by a person by way of (a) conduct of religious ceremony; (b) renting of precincts of a religious place.
- xix. Renting of rooms with charges less than Rs. 1,000 per day.
- xx. Loading, unloading, packing, storage or warehousing of rice.

- xxi. Transport in goods carriage of (a) agricultural produce; (b) goods, where gross amount charged is less than Rs. 1,500; (c) goods, where gross amount charged for all goods for a single consignee is less than Rs. 750; (d) milk, salt, food grains and newspapers.
- xxii. Admission to (a) circus, dance, theatrical performance including drama or ballet; (b) award function, concert, pageant, musical performance or any sporting event other than a recognized sporting event; (c) recognized sporting event where admission price is less than Rs. 250 per person.
- xxiii. Services by way of transportation by rail or a vessel from one place in India to another for (a) Relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap; (b) Defence or military equipments; (c) Newspaper or magazines registered with the Registrar of Newspapers; (d) Railway equipments or materials; (e) Agricultural produce; (f) Milk, salt and food grain including flours, pulses and rice; and (g) Organic manure.
- xxiv. Service of transportation of passengers, with or without accompanied belongings by (a) Railways in a class other than First class; or air-conditioned coach; (b) Metro, monorail or tramway; (c) Inland waterways; (d) Public transport, other than predominantly for tourism purpose, in a vessel between places located in India; and (e) Metered cabs or auto rickshaws (including E-rickshaws)

## Composite Supply

One Principal  
Supply

2 or more taxable  
supplies of  
goods/services

Naturally  
bundled

**Tax Liability – Tax Rate applicable to the Principal Supply**

## Mixed Supply

Single Price

2 or more supplies  
of goods/services

Not a  
Composite  
Supply

**Tax Liability – Highest Tax Rate applicable**



## SCOPE OF SUPPLY – EXAMPLES OF COMPOSITE AND MIXED SUPPLIES

### Composite Supply

- Rajdhani Express provides rail transportation services; they also supply food on board to passengers. Supply of transportation services would be the principal supply and such supply would qualify as composite supply.
- Dell Electronics sells laptops with pre-installed software. Such supplies, being naturally bundled, would qualify as composite supplies with the sale of laptops being the principal supply.

### Mixed Supply

- Surf Excel offers plastic buckets free along with supplies of detergent powder. Since such supplies are not naturally bundled and the buckets are capable of being sold independently, the supply would be treated as mixed supply.

Item	Rate of tax (assumed)
Detergent	12%
Plastic bucket	18%

- Since plastic buckets attract a higher rate of tax, the entire supply would be taxed at 18%

