



Goods and Service Tax

WHAT IS GST?

- Comprehensive Value Added Tax on goods and services.
- Expected to be introduced from **April 2017**.
- **One taxable event** against multiple events at present.
- Expected to **widen tax base** and lower the effective tax rate on goods.
- Make India a **Common Market**.

WHY GST?

- Indian Indirect tax structure involving **multiple tax** is out of sync with global practices.
- Multiple taxes lead to **double taxation** and **cascading effect**.
- **High cost of tax compliance** and **double taxation** leads to higher prices of goods and services.
- **High cost of tax collection** leads to lower tax yield to the government.

Four-tier GST rate structure finalised



0% tax on essential items like food grains (rice, wheat, spices)-50% of CPI Basket

5% tax on mass consumption products like butter, ghee
3-9% rate at present

12% standard rate-many products could get cheaper
Goods in 9-15% rate at present

18% standard rate- most services will get expensive as current rate is 15%.
Goods/Services in 15-21% range at present

28%+ cess on luxury cars, tobacco products, pan masala, aerated drinks.
Goods over 21% at present

Gold tax rates to be decided

The above tax rates must be approved by parliament, which meets from Nov 19 for the winter session.

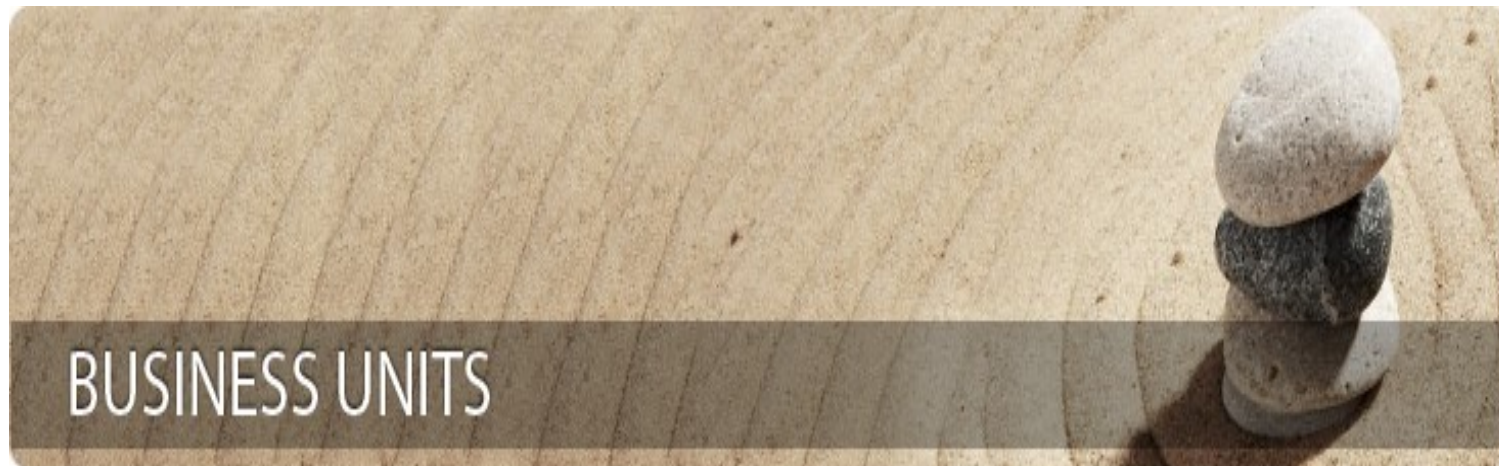
Impact of GST on Common Man



Impact of GST on Common Man

- The final consumer will bear only the GST charged by the last dealer in the supply chain, with set-off benefits at all the previous stages.
- There would be **only one tax** from the manufacturer to the consumer, leading to transparency of taxes paid to the final consumer. Further there will be relief in overall tax burden.
- Lowered rate from expected 6% to revised rate of **5% on common use items.**
- **0 rate tax structure for essential commodities (150 items) like food grains.**
- These categorization/items lists are yet to be rolled out by GST council.
- **Goods becoming cheaper and services will be more expensive.**
- **GST would be really beneficial** if present/actual scenario is considered to classify goods as essential/common use/luxury/demerits.
- Luxury Cars, Tobacco products, pan masala, aerated drinks would be taxed at **28% + cess.**

Impact of GST on Small business units



Impact of GST on small business units

- Annual threshold limit of ₹20 Lakhs turnover up to which GST will not be payable.
- For another additional Rs 30 Lakhs annual turnover, the GST rates would be a flat 1-2 per cent based on self-certification of the turnover, or on the basis of the turnover declared in the financial accounts of the company.
- Every unit paying GST must have a GSTN number after registration.
- Entire value chain, from raw material to retail, has become integrated for the purpose of taxation.
- In GST Scenario, more and more units in the informal sector pretending to be small, forced to enter the formal duty-paying segment.
- Smaller units having to report higher incomes to the Direct Tax department in view of the synergy between Direct Tax and the Indirect Tax department established by the common PAN registration number.

Impact of GST on small business units

- Big Relief: small units manufacturing goods beyond Rs 1.50 Crore annual turnover will have to deal locally with the State government, Small service providers, on the other hand, will have to deal with the Centre-
Protected from the vagaries of dealing with both the Central and the State Indirect Tax departments.

Proposed Returns filing GST Regime



Proposed Returns filing under GST Regime



- **Common return** would serve the purpose of both Centre and State Government.
- There are **eight forms** provided for in the GST business processes for filing for returns. Most of the average tax payers would be using only four forms for filing their returns. These are return for supplies, return for purchases, monthly returns and annual return.
- **Small taxpayers:** Small taxpayers who have opted composition scheme shall have to file return on **quarterly basis**.
- Filing of returns shall be **completely online**. All taxes can also be paid online.

To be decided



- Categorization of goods and services- essential items/ Luxury and demerits and other categories to be taxed at different rates is yet to be done by the Government.
- Tax on gold

GST Rates in other countries



GST rates in other countries

Country	Rate of GST/HST/VAT
Canada	13-15%
France	Standard rate 20%, Reduced rate 5.5% & 10%
UK	Standard rate 20%, Reduced rate 5%
New Zealand	Peak Rate 15%
Malaysia	6%
Singapore	7%
India	Zero rate for essential commodities, 5% on Common use items, Standard Rates-12% and 18% for most items and services, 28% on luxury items/ demerits + cess. Classification of items is yet to be rolled out by GST Council.





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THANK YOU