INDIRECT TAX

UNIT-3

INTRODUCTION TO GST

Meaning of GST:

The goods and services tax (GST) is a value-added tax levied on most goods and services sold for domestic consumption. The GST is paid by consumers, but it is remitted to the government by the businesses selling the goods and services.

The **goods and services tax** (GST) is a tax on goods and services sold domestically for consumption. The tax is included in the final price and paid by consumers at point of sale and passed to the government by the seller.

INTRODUCTION TO GST:

GST stands for Goods and Services Tax. **Goods and Service Tax** (GST) is a type of tax introduced in India from July 2017. GST is a consumption-based tax ultimately borne by the end consumer of a goods or service. Throughout the value chain, businesses and consumers pay GST on their purchases. However, if the purchase was made by a business for sale to a customer, then the business can claim **input tax credit** to set-off GST liability. Thus, through the use of input tax credit mechanism, the GST liability is pushed to the end-consumer.

CONCEPT OF GST:

- **2000**: In India, the idea of adopting GST was first suggested by the Atal Bihari Vajpayee Government in 2000. The state finance ministers formed an Empowered Committee (EC) to create a structure for GST, based on their experience in designing State VAT. Representatives from the Centre and states were requested to examine various aspects of the GST proposal and create reports on the thresholds, exemptions, taxation of inter-state supplies, and taxation of services. The committee

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- **2004**: A task force that was headed by Vijay L. Kelkar the advisor to the finance ministry, indicated that the existing tax structure had many issues that would be mitigated by the GST system.
- **February 2005**: The finance minister, P. Chidambaram, said that the medium-to-long term goal of the government was to implement a uniform GST structure across the country, covering the whole production-distribution chain. This was discussed in the budget session for the financial year 2005-06.
- **February 2006:** The finance minister set 1 April 2010 as the GST introduction date.
- **November 2006**: Parthasarthy Shome, the advisor to P. Chidambaram, mentioned that states will have to prepare and make reforms for the upcoming GST regime.
- **February 2007**: The 1 April 2010 deadline for GST implementation was retained in the union budget for 2007-08.
- **February 2008**: At the union budget session for 2008-09, the finance minister confirmed that considerable progress was being made in the preparation of the roadmap for GST. The targeted timeline for the implementation was confirmed to be 1 April 2010.
- **July 2009**: Pranab Mukherjee, the new finance minister of India, announced the basic skeleton of the GST system. The 1 April 2010 deadline was being followed then as well.
- **November 2009**: The EC that was headed by Asim Dasgupta put forth the First Discussion Paper (FDP), describing the proposed GST regime. The paper was expected to start a debate that would generate further inputs from stakeholders.

- **February 2010**: The government introduced the mission-mode project that laid the foundation for GST. This project, with a budgetary outlay of Rs.1,133 crore, computerised commercial taxes in states. Following this, the implementation of GST was pushed by one year.
- **March 2011**: The government led by the Congress party puts forth the Constitution (115th Amendment) Bill for the introduction of GST. Following protest by the opposition party, the Bill was sent to a standing committee for a detailed examination.
- **June 2012**: The standing committee starts discussion on the Bill. Opposition parties raise concerns over the 279B clause that offers additional powers to the Centre over the GST dispute authority.
- **November 2012**: P. Chidambaram and the finance ministers of states hold meetings and set the deadline for resolution of issues as 31 December 2012.
- **February 2013**: The finance minister, during the budget session, announces that the government will provide Rs.9,000 crore as compensation to states. He also appeals to the state finance ministers to work in association with the government for the implementation of the indirect tax reform.
- **August 2013**: The report created by the standing committee is submitted to the parliament. The panel approves the regulation with few amendments to the provisions for the tax structure and the mechanism of resolution.
- **October 2013**: The state of Gujarat opposes the Bill, as it would have to bear a loss of Rs.14,000 crore per annum, owing to the destination-based taxation rule.
- **May 2014**: The Constitution Amendment Bill lapses. This is the same year that Narendra Modi was voted into power at the Centre.

- **December 2014**: India's new finance minister, Arun Jaitley, submits the Constitution (122nd Amendment) Bill, 2014 in the parliament. The opposition demanded that the Bill be sent for discussion to the standing committee.
- **February 2015**: Jaitley, in his budget speech, indicated that the government is looking to implement the GST system by 1 April 2016.
- **May 2015**: The Lok Sabha passes the Constitution Amendment Bill. Jaitley also announced that petroleum would be kept out of the ambit of GST for the time being.
- **August 2015**: The Bill is not passed in the Rajya Sabha. Jaitley mentions that the disruption had no specific cause.
- **March 2016**: Jaitley says that he is in agreement with the Congress's demand for the GST rate not to be set above 18%. But he is not inclined to fix the rate at 18%. In the future if the Government, in an unforeseen emergency, is required to raise the tax rate, it would have to take the permission of the parliament. So, a fixed rate of tax is ruled out.
- **June 2016**: The Ministry of Finance releases the draft model law on GST to the public, expecting suggestions and views.
- **August 2016**: The Congress-led opposition finally agrees to the Government's proposal on the four broad amendments to the Bill. The Bill was passed in the Rajya Sabha.
- **September 2016**: The Honourable President of India gives his consent for the Constitution Amendment Bill to become an Act.
- **2017**: Four Bills related to GST become Act, following approval in the parliament and the President's assent:
    - Central GST Bill
    - Integrated GST Bill
    - Union Territory GST Bill
    - GST (Compensation to States) Bill

The GST Council also finalised on the GST rates and GST rules. The Government declares that the GST Bill will be applicable from 1 July 2017, following a short delay that is attributed to legal issues.

NEED OF GST:

The GST is levied in the state where goods and services are consumed (and not where they are manufactured), which makes it a destination-based tax. It is charged at every point of sale and is included in the price that a consumer pays when purchasing a product.

1. In simple words, GST works as a replacement for several indirect taxes levied by the central and state government, making India a unified market.

2. Certain goods and services are exempted from GST and they are instead subjected to a state's existing levies such as the value added tax (VAT)–a tax paid at every stage of value addition in the supply chain. These levies are paid at each stage of the production process by the consumer.

3. GST on petroleum crude, high-speed diesel, motor spirit, natural gas and aviation turbine fuel have been postponed and are currently covered under the Centre's excise duties and VAT.

4. GST offers both national and international benefits:

- Nationally, it eases the job of the manufacturer by clubbing different taxes into one and boosts economic unification.
- Internationally, it brings India at par with the global market by following a
- universally-accepted tax regime.

5. GST comes with certain relaxations and exemptions that one can avail after the fulfilment of necessary criteria. An example of this incentive is tax credit, which is the amount that certain taxpayers have the liberty to remove from the tax they owe.

TYPES OF GST:

1. Integrated Goods and Services Tax (IGST)
2. State Goods and Services Tax (SGST)
3. Central Goods and Services Tax (CGST)
4. Union Territory Goods and Services Tax (UTGST)

Additionally, the government has fixed different taxation rates under each, which will be applicable to the payment of tax for goods and/or services rendered.

1. Integrated Goods and Services Tax or IGST

The Integrated Goods and Services Tax or IGST is a tax under the GST regime that is applied on the interstate (between 2 states) supply of goods and/or services as well as on imports and exports. The IGST is governed by the IGST Act. Under IGST, the body responsible for collecting the taxes is the Central Government. After the collection of taxes, it is further divided among the respective states by the Central Government. For instance, if a trader from West Bengal has sold goods to a customer in Karnataka worth Rs.5,000, then IGST will be applicable as the transaction is an interstate transaction. If the rate of GST charged on the goods is 18%, the trader will charge Rs.5,900 for the goods. The IGST collected is Rs.900, which will be going to the Central Government.

2. State Goods and Services Tax or SGST

The State Goods and Services Tax or SGST is a tax under the GST regime that is applicable on intrastate (within the same state) transactions. In the case of an intrastate supply of goods and/or services, both State GST and Central GST are levied. However, the State GST or SGST is levied by the state on the goods and/or services that are purchased or sold within the state. It is governed by the SGST Act. The revenue earned through SGST is solely claimed by the respective state government. For instance, if a trader from West Bengal has sold goods to a customer in West Bengal worth Rs.5,000, then the GST applicable on the transaction will be partly CGST and partly SGST. If the rate of GST charged is 18%, it will be divided equally in the form of 9% CGST and 9% SGST. The total amount to be charged by the trader, in this case, will be Rs.5,900. Out of the revenue earned from GST under the head of SGST, i.e., Rs.450, will go to the West Bengal state government in the form of SGST.

3. Central Goods and Services Tax or CGST

Just like State GST, the Central Goods and Services Tax of CGST is a tax under the GST regime that is applicable on intrastate (within the same state) transactions. The CGST is governed by the CGST Act. The revenue earned from CGST is collected by the Central Government. As mentioned in the above instance, if a trader from West Bengal has sold goods to a customer in West Bengal worth Rs.5,000, then the GST applicable on the transaction will be partly CGST and partly SGST. If the rate of GST charged is 18%, it will be divided equally in the form of 9% CGST and 9% SGST. The total amount to be charged by the trader, in this case, will be Rs.5,900. Out of the revenue earned from GST under the head of CGST, i.e., Rs.450, will go to the Central Government in the form of CGST.

4. Union Territory Goods and Services Tax or UTGST

The Union Territory Goods and Services Tax or UTGST is the counterpart of State Goods and Services Tax (SGST) which is levied on the supply of goods and/or services in the Union Territories (UTs) of India. The UTGST is applicable on the supply of goods and/or services in Andaman and Nicobar

Islands, Chandigarh, Daman Diu, Dadra, and Nagar Haveli, and Lakshadweep. The UTGST is governed by the UTGST Act. The revenue earned from UTGST is collected by the Union Territory government. The UTGST is a replacement for the SGST in Union Territories. Thus, the UTGST will be levied in addition to the CGST in Union Territories

ADVANTAGES OF GST:

- GST eliminates the cascading effect of tax.
- Higher threshold for registration.
- Composition scheme for small businesses.
- Simple and easy online procedure.
- The number of compliances is lesser.
- Defined treatment for E-commerce operators.
- Improved efficiency of logistics.
- Unorganized sector is regulated under GST

DISADVANTAGES OF GST:

- Increased Cost due to Software Purchase
- Not being GST-Compliant can attract penalties
- GST will mean an increase in operational cost
- Adapting to a complete online taxation system
- Smaller Business will have a higher tax burden

OBJECTIVES OF GST:

- One Country – One Tax
- Consumption based tax instead of Manufacturing
- Uniform GST Registration, payment and Input tax Credit
- To eliminate the cascading effect of Indirect taxes on single transaction
- Subsume all indirect taxes at Centre and State Level under

- Reduce tax evasion and corruption
- Increase productivity
- Increase Tax to GDP Ratio and revenue surplus
- Increase Compliance
- Reducing economic distortions

GST MODEL:

Name	Explanation	Levied By	When?
CGST	Central Goods and Service Tax	Central Government	On INTRA State supply of Goods and Services.
SGST/ UTGST	Sate Goods and Service Tax / Union Territory Goods and Service Tax	State/ Union Territories	On INTRA State supply of Goods and Services.
IGST	Integrated Goods and Service Tax	Central Government	On INTER State supply of Goods and Services.

FRAMEWORK OF GST IN INDIA:

1. CGST (Central Goods and Service Tax): CGST is a tax levied on Intra State supplies of both goods and services by the Central Government and will be governed by the CGST Act. SGST will also be levied on the same Intra State supply but will be governed by the State Government.

2. SGST (Sate Goods and Service Tax): SGST is a tax levied on Intra State supplies of both goods and services by the State Government and will be governed by the SGST Act. As explained above, CGST will also be levied on the same Intra State supply but will be governed by the Central Government.

3. UTGST (Union Territory Goods and Services Tax): UTGST is just the way similar to SGST. The only difference is that the tax revenue goes to the treasury for respective administration of union territory where the goods or services have finally been consumed. There is a key difference between union territory and states. The Union Territory directly comes under the supervision of the Central Government and does not have its own elected government as in case of States.

Currently, there are 8 union territories in India:

- Lakshadweep
- Dadra and Nagar Haveli and Daman and Diu
- Andaman and Nicobar Islands
- Delhi
- Puducherry
- Ladakh
- Jammu & Kashmir

4. IGST (Integrated Goods & Service Tax): Under GST, IGST is a tax levied on all Inter-State supplies of goods and/or services and will be governed by the IGST Act. IGST will be applicable on any supply of goods and/or services in both cases of import into India and export from India.

UNIT-3

PROBLEMS OF GST:

Question:1

For the following transaction within Delhi, fill in the blanks to find the amount of bill:

MRP = Rs. 12,000, Discount % = 30%, GST = 18%

Discount =

Selling price (discounted value) =

CGST =

SGST =

IGST =

Amount of Bill =

Solution:

MRP = Rs. 12,000, Discount % = 30%, GST = 18%

12,000*30/100= Rs.3600

Discount = 30% of 12,000 = **Rs.3600**

Selling price (discounted value) = **12000 - 3600 = Rs. 8400**

CGST = **9% of 8400 = Rs. 756**

SGST = **9% of 8400 = Rs. 756**

IGST = 0

Amount of Bill = Selling price + CGST + SGST = **8400 + 756 + 756 = Rs. 9912**

Question:2

'M/s. Real Paint' sold 2 tins of lustre paint and taxable value of each tin is Rs 2800. If the rate of GST is 28%, then find the amount of CGST and SGST charged in the tax invoice.

Solution:

Total taxable value of 2 tins of lustre paint = **Rs 2,800 × 2 = Rs 5,600**

Rate of GST = 28%

∴ Rate of CGST = Rate of SGST = **14%**

Amount of CGST charged = Amount of SGST charged = **14/100*5,600=Rs.784**

Thus, the amount of CGST charged is Rs 784 and the amount of SGST charged is Rs 784 in the tax invoice.

Question:3

An article is marked at ₹ 15000. A dealer sells it to a consumer at 10% profit. If the rate of GST is 12%, find:

(i) the selling price (excluding tax) of the article.

(ii) the amount of tax (under GST) paid by the consumer.

(iii) the total amount paid by the consumer.

Solution:

(i) Marked price of the article = ₹ 15000

When sold at 10% profit

Profit = (10/100) x ₹ 15000 = **₹ 1500**

Thus, the selling price (excluding tax) = ₹ 15000 + ₹ 1500 = **₹ 16500**

(ii) The rate of GST is 12%

Thus, the amount of tax (GST) paid by the consumer would be

= (12/100) x ₹ 16500

= ₹ 1980

(iii) Therefore, the total amount paid by the consumer = Selling price + GST

= ₹ 16500 + ₹ 1980

= ₹ 18480

Question:4

A manufacture sells a T.V to a dealer for Rs.18000 and the dealer sells it to a consumer at a profit of Rs 1500. If the sales are intra state and the rate of G.S.T is 12 %, Find:

(i) The amount of GST paid by the dealer to the State Government.

(ii) The amount of GST received by the Central Government.

(iii) The amount of GST received by the State Government.

(iv) The amount that the consumer pays for the TV.

Solution:

It is a case of intra-state transaction of goods and services.

SGST = CGST = ½ GST

Given:

Manufacturer sells T.V to a dealer = **₹ 18000**

Amount of GST collected by manufacturer from dealer,

CGST – SGST = 6% of 18000

= (6/100) × 18000

= ₹ 1080

So, Manufacturer will pay ₹ 1080 as CGST and ₹ 1080 as SGST

CP of a TV for dealer = ₹ 18000

Profit = ₹ 1500

Selling Price of a TV for dealer to customer =Cost Price + Profit = ₹ 18000 + ₹ 1500

= ₹ 19500

Amount of GST collected by dealer from customer,

CGST = SGST = 6% of ₹ 19500

= (6/100) × 19500

= ₹ 1170

(i) Amount of GST paid by the dealer to the State Government.

₹ 1170 – ₹ 1080 = ₹ 90

(ii) Amount of GST received by the Central Government.

CGST paid by manufacturer + CGST paid by dealer = ₹ 1080 + ₹ 90

= ₹ 1170

(iii) Amount of GST received by the State Government.

SGST paid by manufacturer + SGST paid by dealer = ₹ 1080 + ₹ 90

= ₹ 1170

(iv) Amount that the consumer pays for the TV.

CP of TV + CGST paid by customer + SGST paid by customer

= ₹ 19500 + ₹ 1170 + ₹ 1170 = ₹ 21840

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UNIT-4

SUPPLY AND ITS FORM

MEANING OF SUPPLY:

Supply includes sale, transfer, exchange, barter, license, rental, lease and disposal. If a person undertakes either of these transactions during the course or furtherance of business for consideration, it will be covered under the meaning of Supply under GST.

FORMS OF SUPPLY:

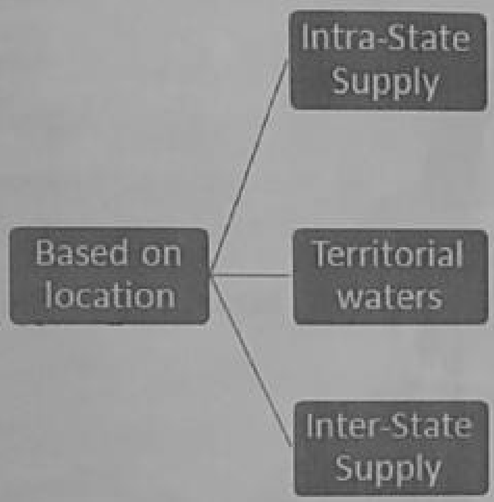
1. **Composite Supply:**

Composite Supply means a supply made by a taxable person to a recipient comprising two or more supplies of goods or services, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply. For example, where goods are packed and transported with insurance, the supply of goods, packing materials, transport and insurance is a composite supply and supply of goods is the principal supply.

2. **Mixed Supply:**

Mixed Supply means two or more individual supplies of goods or services or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply. For example, a supply of package consisting of canned foods, sweets, chocolates, cakes, dry fruits, aerated drink and fruit juice when supplied for a single price is a mixed supply. Each of these items can be supplied separately and it is not dependent on any other. It shall not be a mixed supply if these items are supplied separately.

TYPES OF SUPPLY:



1. Based on location

Intra-State supply

Intra-State is a type of supply of goods or services where the **location of the supplier** and the **place of supply** of goods are in the same State or same Union Territory.

Territorial waters

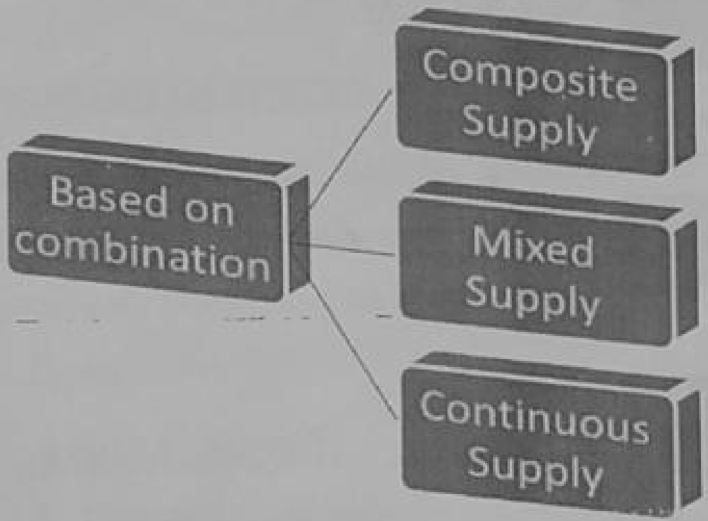
- Where the **location of the supplier** is in the territorial waters; or
- Where the **place of supply** is in the territorial waters;

The place of supply will be in the **nearest Coastal State or Union Territory**

Inter-State supply

It is a supply of goods or services, where the **location of the supplier** and **place of supply** are in-

- Two different States;
- Two different Union territories; or
- A State and a Union territory



2. Based on combination

Composite Supply

It means a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply.

Mixed Supply

It means two or more individual supplies of goods or services, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply.

Continuous Supply

Continuous supply is of two types viz., **continuous supply of goods** and **continuous supply of services.**

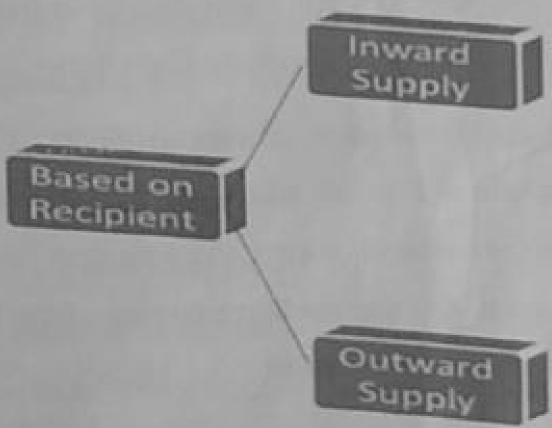
Continuous Supply Of Goods

- Means a supply of goods which is provided on continuous basis, under a contract, whether or not by means of a wire, cable, pipeline or other conduit, and for which the supplier invoices the recipient on a regular or basis and includes supply of notified goods.

Continuous Supply Of Services

- Means a supply of services which is provided continuously or on recurrent basis, under a contract, for a period exceeding three months with periodic payment obligations and includes supply of notified services.

3.Based on Recipient



Inward Supply

It means receipt of goods or services or both whether by purchase, acquisition or any other means with or without consideration.

Outward Supply

It means a supply of goods or services or both, whether by sale, transfer, barter, exchange, license, rental, lease or disposal or any other mode, made or agreed to be made by such person in the course or furtherance of business.

GOVERNMENT/PUBLIC AUTHORITIES AND SUPPLY:

As per section 2(53) of the CGST Act, 2017, 'Government' means the Central Government. In the same manner, Section 2(53) of the State GST enactment(s) define 'Government' to mean Government of the respective State.

CENTRAL GOVERNMENT

As per clause (8) of section 3 of the said Act, the **'Central Government'**, in relation to anything done or to be done after the commencement of the Constitution, means the President.

As per Article 53 of the Constitution, the executive power of the Union shall be vested in the President and shall be exercised by him either directly or indirectly through officer's subordinate to him in accordance with the Constitution.

Further, in terms of Article 77 of the Constitution, all executive actions of the Government of India shall be expressed to be taken in the name of the President. Therefore, the Central Government means the President and the officers subordinate to him while exercising the executive powers of the Union vested in the President and in the name of the President.

STATE GOVERNMENT

Similarly, as per clause (60) of section 3 of the General Clauses Act,1897, the **'State Government'**, as respects anything done after the commencement of the Constitution, shall be in a State the Governor, and in an Union Territory the Central Government.

As per Article 154 of the Constitution, the executive power of the State shall be vested in the Governor and shall be exercised by him either directly or indirectly through officer's subordinate to him in accordance with the Constitution.

GOVERNMENTAL AUTHORITY & GOVERNMENT ENTITY

"Governmental Authority" means an authority or a board or any other body, – (i) set up by an Act of Parliament or a State Legislature; or (ii) established by any Government, with 90per cent. or more participation by way of equity or control, to carry out any function entrusted to a Municipality under Article 243 W of the Constitution or to a Panchayat under Article 243 G of the Constitution.

"Government Entity" means an authority or a board or any other body including a society, trust, corporation, (i) set up by an Act of Parliament or State Legislature; or (ii) established by any Government, with 90 per cent or more participation by way of equity or control, to carry out a function entrusted by the Central Government, State Government, Union Territory or a local authority."

Who is a Local Authority?

Local authority is defined in clause (69) of section 2 of the CGST Act, 2017 and means the following:

- "Panchayat" as defined in clause (d) of article 243 of the Constitution;
- "Municipality" as defined in clause (e) of article 243P of the Constitution;
- Municipal Committee, a ZillaParishad, a District Board, and any other authority legally entitled to, or entrusted by the Central Government or any State Government with the control or management of a municipal or local fund;
- Cantonment Board as defined in section 3 of the Cantonments Act, 2006;
- Regional Council or a District Council constituted under the Sixth Schedule to the Constitution;

- Development Board constituted under article 371 of the Constitution; or
- Regional Council constituted under article 371A of the Constitution;

TIME OF SUPPLY

Time of supply is a relevant measure under the GST law for every transaction entered into by the supplier of goods and services. It means the point in time when goods have been deemed to be supplied or services have been deemed to be provided for determining when the taxpayer is liable to pay taxes. While this article dwells upon the time of supply for goods, there is a separate article for time of supply of services.

The time of supply of goods shall be the earlier of that date:

(a) The date of issuing of invoice (or the last day by which invoice should have been issued) **OR**

b) The date of receipt of payment

Time of supply under reverse charge

Reverse charge means the liability to pay tax is by the recipient of goods/services instead of the supplier. In case of reverse charge, the time of supply shall be the earliest of the following dates—

(a) the date of receipt of goods

OR

(b) the date of payment

OR

(c) the date immediately after 30 days from the date of issue of invoice by the supplier (60 days for services). If it is not possible to determine the time of supply under (a), (b) or (c), the time of supply shall be the date of entry in the books of account of the recipient.

Time of supply for vouchers

In case of supply of vouchers, the time of supply is-

(a) The date of issue of the voucher, if the supply can be identified at that point.

(OR)

(b) The date of redemption of the voucher, in all other cases.

VALUE OF SUPPLY:

Definition: The value of a supply of goods or services or both shall be the **transaction value**, which is the **price actually paid or payable** for the said supply of goods or services or both where the **supplier and the recipient of the supply are not related and the price is the sole consideration** for the supply.

Transaction Value: Transaction value is the consideration charged from the recipient for supply.

Price actually paid or payable: – It means the consideration paid or to be paid by the supplier for the supply.

Condition-1: Supplier and Recipient of the supply are not related: Supplier and recipient should not be related party. Definition of related party is as below:

Persons shall be deemed to be **"related persons"** if

- Such persons are officers or directors of one another businesses;
- Such persons are legally recognized partners in business;
- Such persons are employer and employee;
- Any person directly or indirectly owns, controls or holds twenty-five per cent or more of the outstanding voting stock or shares of both of them
- One of them directly or indirectly controls the other;
- Both of them are directly or indirectly controlled by a third person;
- Together they directly or indirectly control a third person; or
- They are members of the same family.

Condition-2: **Price is the sole consideration:** Price will be sole consideration if it is on the arm length price. It means if the price charged which is equivalent to Open Market Value or **Fair Market Value** then the same will be sole consideration.

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UNIT-5

INCIDENCE OF TAX

Meaning of Incidence of TAX:

The incidence of a tax refers to the extent to which an individual or organisation suffers from the imposition of a tax – it may fall on the consumer, the producer, or both. The incidence is also called the 'burden' of taxation.

RATES OF GST IN INDIA:

In India, nearly all goods and services under the purview of GST have been divided into four GST rates – **5%, 12%, 18%, and 28%.** The GST council revises inclusions under these rates from time to time in order to ensure efficient pricing of different categories of products.

5% GST Rate List

In terms of goods, this tax slab primarily comprises household necessities. The following list shows a few of the items that invite a 5% GST.

- Edible oil, spices, tea, coffee, and sugar
- Coal
- Indian sweets or Mithai
- Life-saving drugs and medicines, like insulin
- Numismatic coins
- Ice and snow
- Walking sticks

- Different accessories or carriage parts for differently-abled individuals
- Fly-ash blocks
- Biogas
- Incense sticks and kites
- Natural cork

- Appliances for differently-abled individuals, such as Braille paper, Braille watches, hearing aids, etc.
- Marble rubble
- Cashew nuts
- Matting, coir mats, and floor covering
- Biogas

12% GST Slab Rate:

Frozen food	Other items
Frozen meat	Handmade matches
Fruit juices	Sewing machines
Dairy products, like butter, ghee, and cheese	Diagnostic kits and reagents
Sauces, ketchup, and mustard sauce, excluding salad dressing items, mayonnaise, curry paste, mixed dressings, and mixed condiments	Corrective spectacles, glasses for the same and flint buttons
	Fish knives, ladles, forks, spoons, tongs, cake servers, etc.
	Fixed Speed Diesel Engines
	Notebooks and exercise books

	Jewellery box
	Plastic beads
	Two-way radios or walkie-talkies that personnel in defence, paramilitary forces, and police use

18% GST Rate:

- Household products, including hair oil, toothpaste, shampoo, etc.
- Salt-glazed stoneware pipes
- Dental wax
- Transformers, industrial electronics
- Plastic tarpaulin
- Pencil sticks for Kajal
- Electrical transformer
- Headgear and its parts
- Non-leather school bags and satchels, shopping bags and handbags made of cotton, jute, artificial plastic, and other materials but excluding basket work or wickerwork
- Sports goods, gaming consoles and other products with HSN code 9504
- Carriages for babies
- Staplers, pencil-sharpening devices
- Rear tractor tyres and tyre tubes

28 GST RATE:

- Caffeinated beverages
- Tobacco products, such as cigarettes
- State-owned and state-authorised lotteries

- Cars and two-wheelers
- Washing machines
- Cement, paint
- Air conditioners
- Cars and two-wheelers
- Dishwashing machines
- Aerated beverages
- Yachts
- Aircrafts

Exemption under one GST Law and the effect on another GST Law

Exemption under CGST Act	Deemed to be exempt under SGST / UTGST Act
	No auto-application of exemption under IGST Act
Exemption under IGST Act	No auto-application of exemption under CGST Act

EXEMPTED SUPPLY:

Exempted supply means the supply of goods or services or both which attracts nil rate of tax or which are specifically exempt from GST through government notification and includes non-taxable supply. Thus, it is the supply of goods or services or both that do not attract GST. For example, live animals (except horses), cereals, puja samagri etc.

No input tax credit can be claimed with respect to inputs and/or input services used for making exempt supplies.

Comparative Table

Particulars	Zero-Rated Supplies	Nil-Rated Supply	Non-GST Supply	Exempt Supply
Meaning	Supply which is meant for Export or to Special Economic Zone developer or a Special Economic Zone unit.	Supply which attracts 0% GST rate.	Supply which is outside the purview of GST Act.	Supply which attracts nil rate of tax or which are specifically exempt from GST through government notification and includes non-taxable supply
GST Applicability	(i) Supply good or services without payment of GST using LOU and claim a refund of unutilised GST. (ii) Supply good or services by paying IGST and claim a refund of such IGST	GST is not applicable on supply.	GST is not applicable on supply.	GST is not applicable on supply.

	paid.			
Input Tax Credit Availability	Input tax credit can be claimed.	No input tax credit is available.	No input tax credit is available.	No input tax credit is available.
Cover under GST Ambit	Yes	Yes	No	Yes (for nil rated and exempt supply) No (for non-taxable supply)

<u>INPUT TAX CREDIT</u>

Input Tax Credit means claiming the credit of the GST paid on purchase of Goods and Services which are used for the furtherance of business. The Mechanism of Input Tax Credit is the backbone of GST and is one of the most important reasons for the introduction of GST.

<u>Input Tax Credit of CGST/ SGST/ UTGST/ IGST</u>

GST comprises of the following levies: -

1. Central Goods and Services Tax (CGST) [also known as Central Tax] which is levied on intra-state or intra-union territory on supply of goods or services or both.
2. State Goods and Services Tax (SGST) [also known as State Tax] which is levied on supply of goods or services or both within the same state.
3. Union Territory Goods and Services Tax (UTGST) [also known as Union Territory Tax] which is levied on supply of goods or services within the same union territory.
4. Integrated Goods & Services Tax (IGST) [also known as Integrated Tax) on inter-state supply of goods or services of both.

Conditions for Claiming Input Tax Credit under GST

Only a Registered Person would be able to claim the benefit of Input Tax Credit of GST. Moreover, a registered person would be eligible to claim input tax credit on fulfilment of the following conditions:

1. He is in possession of Tax Invoice or any other specified tax paid document.
2. He has received the goods or services. "Bill to ship" scenarios also included.
3. Tax is actually paid by the supplier.
4. He has furnished the GST Return.
5. If the inputs are received in lots or instalments, he would be eligible to avail the ITC only when the last lot or instalment is received.
6. The payment should be made within 180 days from the date of issue of invoice. In case the payment is not made within 180 days, failing which the amount of credit availed by the recipient would be added to his output tax liability along with interest. However, once the amount is paid, the

recipient would be entitled to avail the credit again. In case part payment has been made, proportionate credit would be allowed.

ELIGIBILITY CONDITIONS OF ITC:

1. One must be a registered taxable person.
2. One can claim Input Tax Credit only if the goods and services received is used for business purposes.
3. Input Tax Credit can be claimed on exports/zero-rated supplies and are taxable.
4. For a registered taxable person, if the constitution changes due to merger, sale or transfer of business, then the Input Tax Credit which is unused shall be transferred to the merged, sold or transferred business.
5. One can credit the Input Tax Credit in his Electronic Credit Ledger in a provisional manner on the common portal as prescribed in model GST law.
6. Supporting documents – debit note, tax invoice, supplementary invoice, are needed to claim the Input Tax Credit.
7. If there is an actual receipt of goods and services, an Input Tax Credit can be claimed.
8. The Input Tax should be paid through Electronic Credit/Cash ledger.
9. All GST returns such as GST-1, 2,3, 6, and 7 needs to be filed

KEY ELEMENTS OF ITC

A business can claim ITC provided the following conditions have been met

- It has a GST-compliant invoice
- Its supplier has uploaded the invoice to the GSTN
- Its supplier has paid GST to the government
- Returns have been filed

A business under composition scheme cannot avail of the input tax credit. ITC cannot be claimed for personal use or for goods that are exempt.

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