

INTRODUCTION OF GST

UNIT - I



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MEANING OF GST (GOODS AND SERVICE TAX)

- GST is an Indirect Tax which has replaced many Indirect Taxes in India. The Goods and Service Tax Act was passed in the Parliament in midnight of 29th March 2017. The Act came into effect on 1st July 2017; Goods & Services Tax Law in India is a **comprehensive, multi-stage, destination-based tax** that is levied on every **value addition**.
- In simple words, Goods and Service Tax (GST) is an indirect tax levied on the supply of goods and services. This law has replaced many indirect tax laws that previously existed in India.
- GST is **one indirect tax** for the **entire country**.

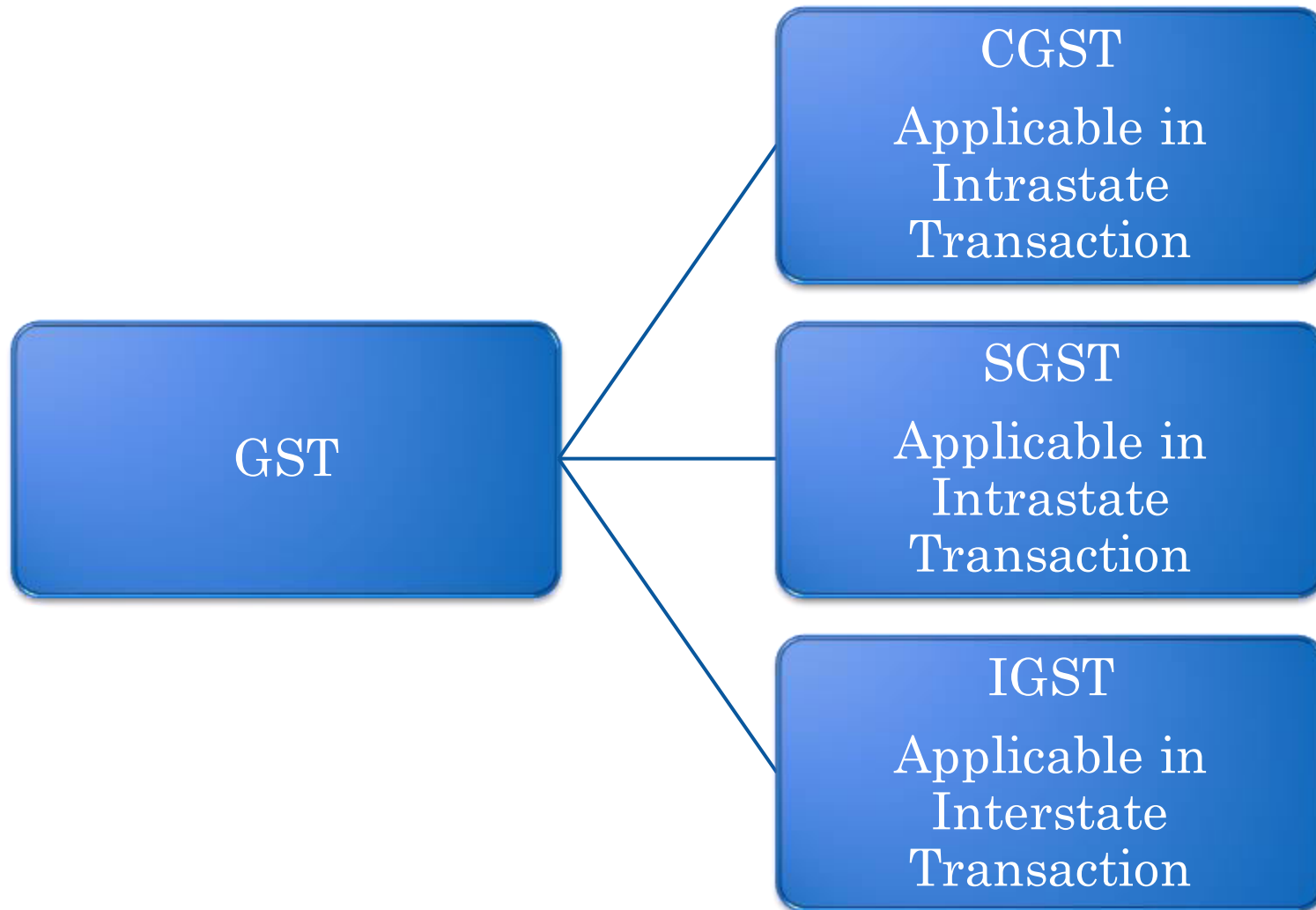


ONE NATION ONE TAX

- The single GST subsumed several taxes and levies, which included central excise duty, service tax, additional customs duty, surcharges, state-level value added tax and Octroi;
- Other levies which were applicable on inter-state transportation of goods have also been done away with in GST regime;
- GST is levied on all transactions such as sale, transfer, purchase, barter, lease, or import of goods and/or services;
- India adopted a dual GST model, meaning that taxation is administered by both the Union and state governments;
- GST is now applied in all states of country and is working well for government but creating complication for businessman.



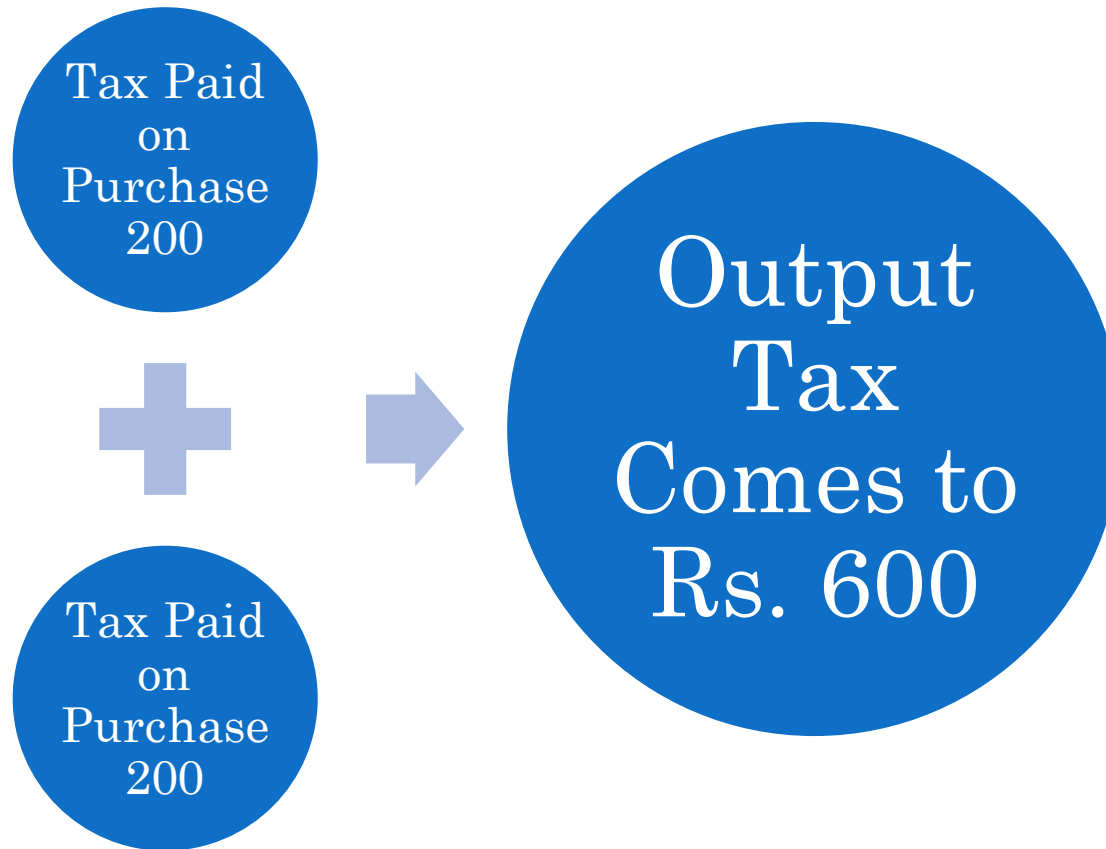
TYPES OF GST



INPUT TAX CREDIT

- Input Credit Mechanism is available to you when you are covered under the GST Act.
- Which means if you are a manufacturer, supplier, agent, e-commerce operator, aggregator or any of the persons mentioned here, registered under GST, You are eligible to claim INPUT CREDIT for tax paid by you on your PURCHASES.
- Input credit means at the time of paying tax on output, you can reduce the tax you have already paid on inputs.
- Say, you are a manufacturer –
- tax payable on output (FINAL PRODUCT) is Rs 600
- tax paid on input (PURCHASES) is Rs 400
- You can claim INPUT CREDIT of Rs 400 and you only need to deposit Rs 200 in taxes





In the Above Image Tax Payable Comes to Rs. 600/- which is output tax where as input tax is Rs. 400 which as been paid on purchases which will be set off against liability.
Hence liability will come Rs. 200/-



OUTPUT TAX LIABILITY

- Dealer registered under GST needs to also charge GST from customers against which he is selling he products.
- Output GST is payable by dealer after set off from input tax credit as discussed in previous slides.



REGISTRATION

- In the GST Regime, businesses whose turnover exceeds Rs. 40 lakhs* (Rs 20 lakhs for NE and hill states) is required to register as a normal taxable person. This process of registration is called GST registration.
- Persons having turnover below 40 Lakh and 20 Lakh can also get themselves registered under GST, there is no restriction on registration when turnover is below 40,00,000 and 20,00,000 however, if turnover is more than specified limit then registration is compulsory.



REGISTRATION

Compulsory

- Person making inter-state taxable supply of goods
- **Casual taxable persons** making taxable supply
- Persons who are required to pay tax under reverse charge
- Person making **taxable supply** on behalf of another person whether as an agent or otherwise;

Not Liable for Registration

- Person engaged in the business of supplying of only non-taxable goods or services under GST Acts.
- Agriculturist, to the extent of supply of produce out of cultivation of land and
- Persons only engaged in making taxable supplies of goods or services or both, the total tax on which is liable to be paid on reverse charge basis by the recipient of such goods



DOCUMENTS FOR REGISTRATION

- PAN of the Applicant
- Aadhaar card
- Proof of business registration or Incorporation certificate
- Identity and Address proof of Promoters/Director with Photographs
- Address proof of the place of business (Current Electric Bill)
- Bank Account statement/Cancelled cheque
- Digital Signature for Company Purpose
- Letter of Authorization/Board Resolution for Authorized Signatory

