



TYPES OF GST

UNIT - II

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CONTENTS

- State Goods and Service Tax (SGST)
- Central Goods and Service Tax (CGST)
- Integrated Goods and Service Tax (IGST)
- Union Territories Goods and Service Tax (UTGST)
- Advantages and Disadvantages of GST
- Computation of GST



STATE GOODS AND SERVICE TAX (SGST)

- Under GST, 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.
- **Note:** Any tax liability obtained under SGST can be set off against SGST or IGST input tax credit only.
- **An example for CGST and SGST:**
- Let's suppose Mr. Saurabh is a dealer in Maharashtra who sold goods to Mr. Gaurav in Maharashtra worth Rs. 30,000. The GST rate is 18% comprising of CGST rate of 9% and SGST rate of 9%. In such case, the dealer collects Rs. 5400 of which Rs. 2700 will go to the Central Government and Rs. 2700 will go to the Maharashtra Government.



CENTRAL GOODS AND SERVICE TAX (CGST)

- Under GST, 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.
- **Note:** Any tax liability obtained under SGST can be set off against SGST or IGST input tax credit only.
- This implies that both the Central and the State governments will agree on combining their levies with an appropriate proportion for revenue sharing between them. However, it is clearly mentioned in Section 8 of the GST Act that the taxes be levied on all Intra-State supplies of goods and/or services but the rate of tax shall not be exceeding 14%, each.



INTEGRATED GOODS AND SERVICE TAX (IGST)

- 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.
- **Note:** Under IGST,
- Exports would be zero-rated.
- Tax will be shared between the Central and State Government.
- **An example for IGST:**
- Consider that a businessman Rahul from Maharashtra had sold goods to Vijay from Goa worth Rs. 1,00,000. The GST rate is 18% comprised of 18% IGST. In such case, the dealer has to charge Rs. 18,000 as IGST. This IGST will go to the Centre.



UNION TERRITORIES GOODS AND SERVICE TAX (UTGST)

- The UTGST Act expands to Union Territory Goods and Service Tax.
- UTGST, the short form of Union Territory Goods and Services Tax, is nothing but the GST applicable on the goods and services supply that takes place in any of the five territories of India, including Andaman and Nicobar Islands, Dadra and Nagar Haveli, Chandigarh, Lakshadweep and Daman and Diu called as Union territories of India
- The reason behind UTGST applicability in GST is that the common State GST (SGST) cannot be applied in a Union Territory without legislature.
- To address this issue, GST Council has decided to have Union Territory GST Law (UTGST) which would be on par with SGST. However, SGST can be applied in Union Territories such as New Delhi and Puducherry, since both have their individual legislatures, and can be considered as “States” as per GST process



ADVANTAGES AND DISADVANTAGES OF GST

○ Advantages

1. Abolition of Multiple Layers of Taxation;
2. Creation of a Common National Market;
3. Ease of Doing Business;
4. Resourceful Administration by Government;
5. Reduction of Litigation;
6. Tackling Corruption and Tax Leakages;
7. Regulation of the Unorganized Sector under GST.



ADVANTAGES AND DISADVANTAGES OF GST

- Disadvantages

1. Increase Burden of Compliance;
2. Petroleum Products don't fall under the GST Slab;
3. Liquor don't fall under the GST Slab;
4. Higher Tax Burden of SME's;
5. IT Infrastructure;
6. Coaching of Tax Officers;
7. Unawareness in Business Sector.



COMPUTATION OF GST (CGST+SGST)

Particulars	Net	CGST	SGST	TOTAL TAX
A Sales Goods to B in Nagpur @ 18% GST (9% CGST + 9% SGST)	10,000/-	900/-	900/-	1800/-
B after adding its profit of 2000/- sales to C in Nagpur @ 18% GST (9% CGST + 9% SGST)	12,000/- (Basic 10000/- + Profit 2000/-)	1080/-	1080/-	2160/-
Liability of B Comes to		180/-	180/-	360/-
Liability of A Comes to		900/-	900/-	1800/-

As C is the final consumer tax burden of GST is recovered from final consumer. Hence there is no loss of businessman In GST.



COMPUTATION OF GST (IGST)

Particulars	Net	IGST	CGST	SGST	Total
A from Bhopal Sales Goods to B in Nagpur for 1180/- @ (18% IGST)	1000.00	180.00	00.00	00.00	1180.00
B of Nagpur sales same goods to C in Nagpur by adding profit of Rs. 100/- @ 18% GST (9% CGST + 9% SGST)	1100.00	00.00	99.00	99.00	1298.00
Liability of B comes to 18/- as IGST credit utilized from CGST first then from SGST, So liability of 18/- of SGST is to be paid by B	00.00	00.00	00.00	18.00	18.00
Liability of A 180/- of IGST	00.00	180.00	00.00	00.00	180.00

As C is the final consumer tax burden of GST is recovered from final consumer. Hence there is no loss of businessman In GST.