



GST (Goods and Services Tax)

‘ONE NATION, ONE TAX, ONE MARKET’

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GST (GOODS AND SERVICES TAX)

- ❖ Goods and service tax (GST) is a comprehensive tax levy on manufacture, sale and consumption of goods and service at a national level.
- ❖ Gst is a tax on goods and services with value addition at each stage.
- ❖ Gst will include many state and central level indirect taxes.
- ❖ It overcomes drawback present tax system

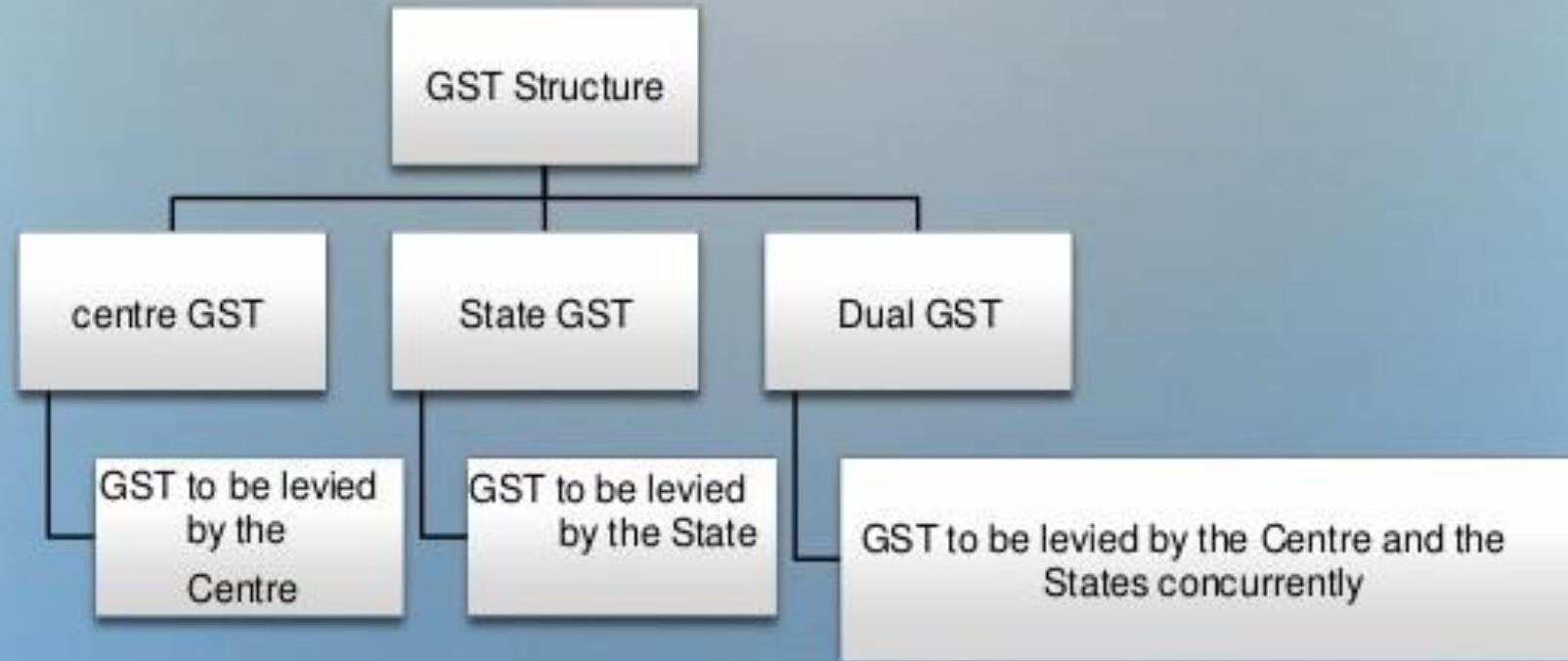
TAX STRUCTURE IN INDIA

Direct taxes are levied on individuals and companies by the country's supreme **tax** body. **Direct taxes** are directly paid by those on whom it is imposed.

Indirect tax is defined as the **tax** imposed by the government on a taxpayer for goods and services rendered. Unlike direct **taxes**, **indirect tax** is not levied on the income, revenue or profit of the taxpayer and can be passed on from one individual to another.

- ❖ **Direct Tax**: e.g.: Income Tax , Corporate Tax , Wealth Tax
- ❖ **Indirect Tax**: e.g.: Excise duty , custom duty , Service Tax , Octroi Tax , VAT.

MODEL OF GST



SHORT COMINGS IN CURRENT TAX SYSTEM

- ❖ Tax Cascading (Tax on Tax)
- ❖ Complexity
- ❖ Taxation at Manufacturing Level
- ❖ Exclusion of Services
- ❖ Tax Evasion
- ❖ Corruption

WHAT IS GST

- ❖ GST is a comprehensive value added tax on goods and services
- ❖ It is collected on value added at each stage of sale or purchase in the supply chain
- ❖ No differentiation between goods and services as GST is levied at each stage in the supply chain
- ❖ Seamless input tax credit throughout the supply chain
- ❖ At all stages of production and distribution, taxes are a Pass through and tax is borne by the final consumer
- ❖ All sectors are taxed with very few exceptions / exemptions

WHY DOES INDIA NEED GST

- GST is being introduced majorly due to 2 reason
- ❖ The current indirect tax structure is full of uncertainties due to multiple rates.
- ❖ Due to multiple rates there are multiple forms.

BENEFITS OF GST

- ❖ Transparent Tax System
- ❖ Uniform Tax system Across India
- ❖ Reduce Tax Evasion
- ❖ Export will be more competitive

GST – ADVANTAGES

- ❖ • As a developing country, india needs a transparent & unambiguous tax structure
- ❖ • A complex tax structure with multiple rates of taxes
- ❖ • Multiple taxes across the supply chain
- ❖ • High transaction cost in the hands of the tax payers
- ❖ • Increased tax collections due to wider tax base and better compliance
- ❖ • Improvement in international cost competitiveness of indigenous goods and services.
- ▶ • Enhancement in efficiency in manufacture and distribution due to economies of scale

GST- CAN WE ADOPT IT

- ❖ An information network allowing GST Council to crosscheck payment information should be developed.
- ❖ What is needed is an IT system like the tax information network (tin), where the TDS or the vat credit is recorded in a central database.
- ❖ Paper bills and fraud to be largely eliminated.