

TARGET SSB INTERVIEW

Best Personal Counseling & Guidance about SSB

Contact - R S Rathore @ 9001262627 visit us - www.targetssbinterview.com

Goods and Services Tax (India)

Goods and Services Tax (GST) is an indirect tax applicable throughout India which replaced multiple cascading taxes levied by the central and state governments. It was introduced as The Constitution (One Hundred and First Amendment) Act 2017, following the passage of Constitution 122nd Amendment Bill. The GST is governed by a GST Council and its Chairman is the Finance Minister of India. Under GST, goods and services are taxed at the following rates, 0%, 5%, 12% and 18%. There is a special rate of 0.25% on rough precious and semi-precious stones and 3% on gold. In addition a cess of 15% or other rates on top of 28% GST applies on few items like aerated drinks, luxury cars and tobacco products.

Touted by the government to be India's biggest tax reform in 70 years of independence, the Goods and Services Tax (GST) was finally launched on the midnight of 30 June 2017, though the process of forming the legislation took 17 years (since 2000 when it was first proposed). The launch was marked by a historic midnight (30 June - 1 July 2017) session of both the houses of parliament convened at the Central Hall of the Parliament.

The reform process of India's indirect tax regime was started in 1986 by Vishwanath Pratap Singh with the introduction of the Modified Value Added Tax (MODVAT). A single common "Goods and Services tax (GST)" was proposed and given a go-ahead in 1999 during a meeting between then Prime Minister Atal Bihari Vajpayee and his economic advisory panel, which included three former RBI governors IG Patel, Bimal Jalan and C Rangarajan. Vajpayee set up a committee headed by the then finance minister of West Bengal, Asim Dasgupta to design a GST model. The Ravi Dasgupta committee was also tasked with putting in place the backend technology and logistics (later came to be known as GSTN in 2017) for rolling out a uniform taxation regime in the country. In 2003, the Vajpayee government formed a task force under Vijay Kelkar to recommend tax reforms. In 2005, the Kelkar committee recommended rolling out GST as suggested by the 12th Finance Commission.

After the fall of the BJP led NDA government in 2004, and the election of a Congress led UPA government, the new Finance Minister P Chidambaram in February 2006 continued work on the same and proposed a GST rollout by 1 April 2010. However in 2010, with the Trinamool Congress routing CPI(M) out of power in West Bengal, Asim Dasgupta resigned as the head of the GST committee. Dasgupta admitted in an interview that 80% of the task had been done. In 2014, the NDA government was re-elected into power, this time under the leadership of Narendra Modi. With the consequential dissolution of the 15th Lok Sabha, the GST Bill – approved by the standing committee for reintroduction – lapsed. Seven months after the formation of the Modi government, the new Finance Minister Arun Jaitley introduced the GST Bill in the Lok Sabha, where the BJP had a majority. In February 2015, Jaitley set another deadline of 1 April 2016 to implement GST. In May 2015, the Lok Sabha passed the Constitution Amendment Bill, paving way for GST. However, the Opposition, led by the Congress demanded that the GST Bill be again sent back to the Select Committee of the Rajya Sabha due to disagreements on several statements in the Bill relating to taxation. Finally in August 2016, the Amendment Bill was passed. Over the next 15 to 20 days, 18 states ratified the GST Bill and the President Pranab Mukherjee gave his assent to it.

A 21-members select committee was formed to look into the proposed GST laws. State and Union Territory GST laws were passed by all the states and Union Territories of India except Jammu & Kashmir, paving the way for smooth rollout of the tax from 1 July 2017. There will be no GST on the sale and purchase of securities. That will continue to be governed by Securities Transaction Tax (STT).

Chairman of GST Empowered Committee of State Finance Ministers (Head was from Opposition Party ruled State)

- 1) Asim Dasgupta of West Bengal - CPIM
- 2) Sushil Modi from Bihar - BJP
- 3) Abdul Rahim Rather from July 2013 to March 2015 - PDP
- 4) K M Mani from March 2015 to November 2015 - Kerala Congress
- 5) Amit Mitra from February 2016 to present - Trinamool Congress

The Goods and Services Tax (GST), was launched on the midnight of 30 June 2017 by the Prime Minister of India Narendra Modi. The launch was marked by a historic midnight (June 30-July 1, 2017) session of both the houses of parliament convened at the Central Hall of the Parliament. Though the session was attended by high-profile guests from the business and the entertainment industry including Ratan Tata, it was boycotted by the opposition due to the predicted problems that it was bound to lead to for the middle and lower class Indians. It is one of the few midnight sessions that have been held by the parliament - the others being: the first, August 15, 1947, declaring India's independence marked by Nehru's historic speech *Tryst with Destiny*; the second, August 15, 1972, celebrating the silver jubilee of India's independence; and the third, August 15, 1997: celebrating the golden jubilee of India's Independence.

Taxation scheme -

Taxes subsumed

A single GST replaced several existing taxes and levies which include: central excise duty, services tax, additional customs duty, surcharges, state-level value added tax and Octroi. Other levies which were applicable on inter-state transportation of goods has also been done away with in GST regime.

Levy

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. Transactions made within a single state will be levied with Central GST (CGST) by the Central Government and State GST (SGST) by the government of that state. For inter-state transactions and imported goods or services, an Integrated GST (IGST) is levied by the Central Government. GST is a consumption-based tax, therefore, taxes are paid to the state where the goods or services are consumed not the state in which they were produced. IGST complicates tax collection for State Governments by disabling them to collect the tax owed to them directly from the Central Government. Under the previous system, a state would have to only deal with a single government in order to collect tax revenue.

Rates

The GST is imposed at different rates on different items. The rate of GST is 18% for soaps and 28% on washing detergents. GST on movie tickets is based on slabs, with 18% GST for tickets that cost less than Rs. 100 and 28% GST on tickets costing more than Rs.100. The rate on under-construction property booking is 12%.

Effects and Impacts

The introduction of the GST increased the costs of most consumer goods and services in India including food, hotel charges, insurance and cinema tickets. Upon its introduction in the country, GST led to a number of protests by the business community, primarily due to an increase in overall taxes and hence the prices of goods.

Checkposts across the country were abolished ensuring free and fast movement of goods.

The Central Government had proposed to insulate the revenues of the States from the impact of GST, with the expectation that in due course, GST will be levied on petroleum and petroleum products. The central government had assured states of compensation for any revenue loss incurred by them from the date of GST for a period of five years. However, no concrete laws were made to support such action.

Goods and Services Tax Network (GSTN)

As per the government website on GST, "Goods and Services Tax" Network (GSTN) is a nonprofit organisation proposed to be formed for creating a website / platform for all the concerned parties related to the GST, namely stakeholders, government and taxpayers to collaborate on a single portal. When up and running, the portal is supposed

to be accessible to the central government which allows it to track down every transaction on its end while taxpayers are advertised to have the ability of connecting this to their tax returns. However its efficacy and efficiency is yet to be tested. The IT network was touted to be developed by unnamed private firms. The known authorised capital of GSTN is ₹10 crore (US\$1.6 million) in which Central Government holds 24.5 percent of shares while the state government holds 24.5 percent and rest with private banking firms for smooth running of the transactions.

Follow Owner & Director of 'Target SSB Interview' on Facebook thru This Link – www.facebook.com/gcraipal

Contact Number - Rajpal Singh Rathore (X-Chittorian) @ 09001262627 (On Whatsapp Too), 7827287671

Visit us - www.targetssbinterview.com

Target SSB Interview