

(Submitted for the Degree of B.Com. Honours in Accounting & Finance under the

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GOODS AND SERVICE TAX (GST)

Submitted by

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PREFACE

This Research Report has been prepared in partial fulfillment of the requirement for the subject: the Research Report on the topic 'Goods And services Tax' in B.COM 6th SEM in the academic year **2019-20**

The rationale behind preparing the project report is to study What is G.S.T., Concept of G.S.T., Benefit of G.S.T., Importance of G.S.T. , How it Will be work , Types of G. S.T., Effect of G.S.T. on Trade Sector or Consumer .

A Short Research on Goods and Services Tax

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Concept of Goods And Services Tax

G.S.T.

What is GST (Goods & Services Tax) :

Introduction, Meaning and Purpose of GST



Introduction of GST

The reference of GST was first made in the Indian Budget in 2006-07 by the then Finance Minister Mr. P. Chidambaram as a single centralized indirect tax. The GST Constitution (One Hundred and Twenty Second Amendment) Bill, 2014 was introduced on December 19, 2014 and passed on May 6, 2015 in the Lok Sabha and yet to be passed in the Rajya Sabha

The Bill seeks to amend the Constitution to introduce Goods and Services tax vide proposed new article 246A. This article gives power to legislature of every state and Parliament to make laws with respect to goods and services tax where the supplies of goods or of services take place. Recently, Union Minister Mr. Arun Jaitley said that GST could be implemented as early as January 1, 2016

Note: The word "bill" may be interpreted as "the Constitution (122nd Amendment) Bill, 2014

Meaning and purpose of GST

Clause 366(12A) of the Constitution Bill defines GST as "goods and services tax" means any tax on supply of goods, or services or both except taxes on the supply of the alcoholic liquor for human consumption. Further the clause 366(26A) of the Bill defines "Services" means anything other than Goods. Thus it can be said that GST is a comprehensive tax levy on manufacture, sale and consumption of goods and services at a national level. The proposed tax will be levied on all transactions involving supply of goods and services, except those which are kept out of its purview.

The two important purposes of GST are

Single Umbrella Tax Rate:

GST shall replace a number of indirect taxes being levied by Union and State Governments.

Removing Cascading Effect:

GST is intended to remove "Tax on Tax Effect" and provide for common national market for Goods and Services.

Types of categories under GST rate

The GST tax is levied based on Revenue Neutral Rate (RNR). For the purpose of imposing GST tax in India, the goods and services are categorised in to four.

These 4 categories of goods and services are as follows:

1. Exempted Categories under GST in India.

The GST and council and other GST authorities notifies list of exempted goods. Such goods are not fallen under payment of GST tax. The authorities may modify or amend the list time to time by adding deleting any item if required by notification to public.

2. Essential Goods and Services of GST in India

Essential category of goods and services are charged very lower GST rate. Essential goods and services are the goods and services for necessary items and items under basic importance.

3. Standard Goods and Services for GST in India

A major share of GST tax payers falls under this category of Standard Goods and Services. A standard rate of GST is charged against the goods and services under this category.

4. Special Goods and Services for GST tax levy

Under special category of goods and services, GST rates would be high. Precious metals including luxury items of goods and services fall under special Goods and Services for GST rate implementation.

GST rates in India at a glance:

Exempted categories - 0

Commonly used Goods and Services - 5%

Standard Goods and Services fall under 1st slab - 12%

Standard Goods and Services fall under 2nd Slab - 18%

Special category of Goods and Services including luxury - 28%

History of GST, Historical Background of GST

1. **Amaresh Baghchi Report, 1994** suggests that the introduction of 'Value Added Tax (VAT)' will act as root for implementation of Goods and Services Tax in India
 2. **Ashim Dasgupta, 2000** empowered committee, which introduces VAT System in 2005, which has replaced old age taxation system in India.
3. **Vijay Kelkar Task Force 2004**, it strongly recommended that the integration of indirect taxes into the form of GST in India.
4. **Announcement of GST to be implemented by 1st April, 2010** after successfully implementation of VAT system in India and suggestion of various committees and task forces on GST, the Union Government first time in Union Budget 2006-07 announced that the GST would be applicable from 1st April, 2010.
5. **The government has formed various Joint Working Groups of state finance ministers to study the impact of GST on the revenue of various States.**
6. **The empowered committees of State Finance Ministers after various meetings reached on amicable formula for implementation of GST in India.**
7. **Task force of Finance Ministers has submitted their report in December, 2009 on structure of GST in India.**
8. **Government of India has issued first discussion paper in November, 2009.**
9. **Constitution (115th Amendment) Bill introduced on 22nd March, 2011 and same was referred to Parliamentary Standing Committee on Finance for discussion.**
10. **Finance Minister in his speech announced that the GST will be rolled out by April, 2011.**
11. **In August, 2013 Standing Committee on Finance tabled its Report on GST Bill**
12. **In December, 2014 revised Constitution Amendment Bill was tabled in Parliament**
11. **Constitution (122nd Amendment) Bill introduced in the Parliament in December, 2014; since 115th Amendment Bill has been lapsed due completion of parliamentary terms. The Government of India has introduced Constitution (122nd Amendment) Bill on 19th December, 2014 the Lok Sabha has passed the bill on 6th May, 2015 but Bill is pending in Rajya Sabha.**
12. **On June 14, 2016, the Ministry of Finance released draft Model law on GST in public domain for views and suggestions.**
12. **GST Bill Passed in Rajya Sabha on 3rd August 2016 (03-08-2016) On August 03, 2016, the Constitution (122nd Amendment) Bill, 2014 was passed by Rajya Sabha with certain amendments.**
 1. **The changes made by Rajya Sabha were unanimously passed by Lok Sabha.**
 2. **After the passage of the Amendment Bill in the Rajya Sabha and the changes subsequently ratified and passed by the Lok Sabha unanimously, the Bill was adopted by a majority of State Legislatures wherein approval by at least 50% of the State Assemblies was required.**
 3. **The final step to the Constitution (122nd) Amendment Bill, 2014 becoming an Act was taken when the Hon'ble President of India gave his final assent on September 8, 2016.**
 4. **The Constitutional 101st Amendment Act came into force which empowers both the States and Centre to levy this tax.**
13. **In 2017 – Four GST related Bills become Act following Presidents assent & passage in Parliament:**
 0. Central GST Bill
 1. Integrated GST Bill
 2. Union Territory GST Bill
 3. GST (Compensation to States) Bill
14. **In 2017 – GST Council finalizing the GST Rules and GST Rates**
15. **When GST is Applicable – Modi Government Want to applicable GST Bill From 1st July 2017, Due to Some Legal Problems GST Bill is not applicable before 1st July 2017.**