



**BEST Learning Centre**

Joining us to write your Own Success Story



## **GOODS AND SERVICES TAX**

**Indian Economy**

*Copy Right @ Best Learning Centre*

*First Edition January 2020*

*All Rights Reserved*

## GOODS AND SERVICES TAX

### Goods and Services Tax (GST) – Meaning

- Goods and Services Tax (GST) is the tax imposed on the **supply** (consumption) of **goods and services**.
- It is a destination based **consumption tax** and collected on those values **added items** at each stage of the **supply chain**.
- A **manufacturer in India need not pay GST** wherever he/she manufactures. GST is applicable to all goods and services except alcohol and specified petroleum products.
- GST Act has proposed four tax rates, i.e. **5%, 12%, 18% and 28%**. Traders having annual turnover, within a state, below **Rs.20 lakhs** are exempted from GST.

### Goods and Service Tax

- GST Act was passed on April 12, 2017. GST came into **effect from 1st July, 2017**.
- It is the single biggest tax reform since Independence. Several Countries like **Russia, Canada, Australia, Singapore, China**, etc. have **already introduced GST**.
- Accordingly **101<sup>st</sup> Constitution Amendment Act 2016** was passed and the President's acceptance was received on September 8, 2016.
- Under this Act, GST Council, a constitutional body was to be formed to implement GST.

Kinds of GST GST are of three kinds :

- **CGST - Central Goods and Services**
- **SGST - State Goods and Services Tax**
- **UGST - Union Territory Goods and Services Tax**
- **IGST - Inter-State Goods and Services Tax**

### Objectives of GST

- The foremost objective of GST is to create a common market with uniform tax rate in India. (**One Nation, One Tax, One Market**).

- ❁ To **eliminate the cascading effect of taxes**, GST allows set-off of prior taxes for the same transactions as input tax credit.

