

Warren Buffet

# CHAPTER 1

## INTRODUCTION TO GST



"Without passion, you don't have energy. Without energy, you have nothing"

### CHAPTER OVERVIEW

| S. No. | Particulars                 | Page no. |
|--------|-----------------------------|----------|
| 1.     | Introduction                | 1.1      |
| 2.     | Features of Indirect Taxes  | 1.2      |
| 3.     | Journey of GST in India     | 1.3      |
| 4.     | Need for GST in India       | 1.5      |
| 5.     | Concept of GST              | 1.5      |
| 6.     | Benefits of GST             | 1.6      |
| 7.     | Taxes subsumed under GST    | 1.6      |
| 8.     | Constitutional Provisions   | 1.7      |
| 9.     | Quick Revision before Exams | 1.10     |

### INTRODUCTION

**WHAT IS TAX AND WHY IS IT LEVIED?**

Tax is a forceful contribution, levied by law. It is money that people pay to the Government, which is used to provide public services.

It is one indirect tax for the entire country. It is called as Goods and Services Tax because it is applicable on the supply of goods and services or both.

**WHAT IS GST?**

Also called consumption taxes, they are regressive in nature because they are not based on the principle to ability to pay. All consumers whether economically challenged or not bear the brunt of indirect taxes equally.

The GST taxation laws has put an end to multiple taxes like excise duty, CST, VAT, service tax, etc. which was levied on different products, starting from the source of manufacturing, till reaching the end consumer, who bears the burden of tax.

In short, GST has been introduced to replace multiple indirect taxes levied by State and Central Governments in order to simplify the indirect tax system.

👉 **As per Act** - As per Article 366(12A) of Constitution of India - "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.

Note 1: Tobacco is within the purview of GST. However, the Central Government has also retained power to levy excise duties on tobacco products in India. Resultantly, tobacco is subject to GST as well as Central Excise Duty.

Note 2: Opium, Indian hemp and other narcotic drugs are within the purview of GST. However, the State Governments have also retained the power to levy excise duties on such products manufactured in India. Resultantly, Opium, Indian hemp and other narcotic drugs are subject to GST as well as State Excise Duty.

Q 1: Goods and Services Tax shall be levied on supply of goods or services or both except supply of:

- |                                        |                                            |            |
|----------------------------------------|--------------------------------------------|------------|
| (a) Medicinal preparations             | (c) Alcoholic liquor for human consumption |            |
| (b) Manufacturing of plastic materials | (d) Tobacco products                       | [Ans: (c)] |

Q 2: Goods and Services Tax burden finally falls onto:

- |                  |                |            |
|------------------|----------------|------------|
| (a) Manufacturer | (c) Retailer   |            |
| (b) Consumer     | (d) Wholesaler | [Ans: (b)] |



## FEATURES OF INDIRECT TAXES

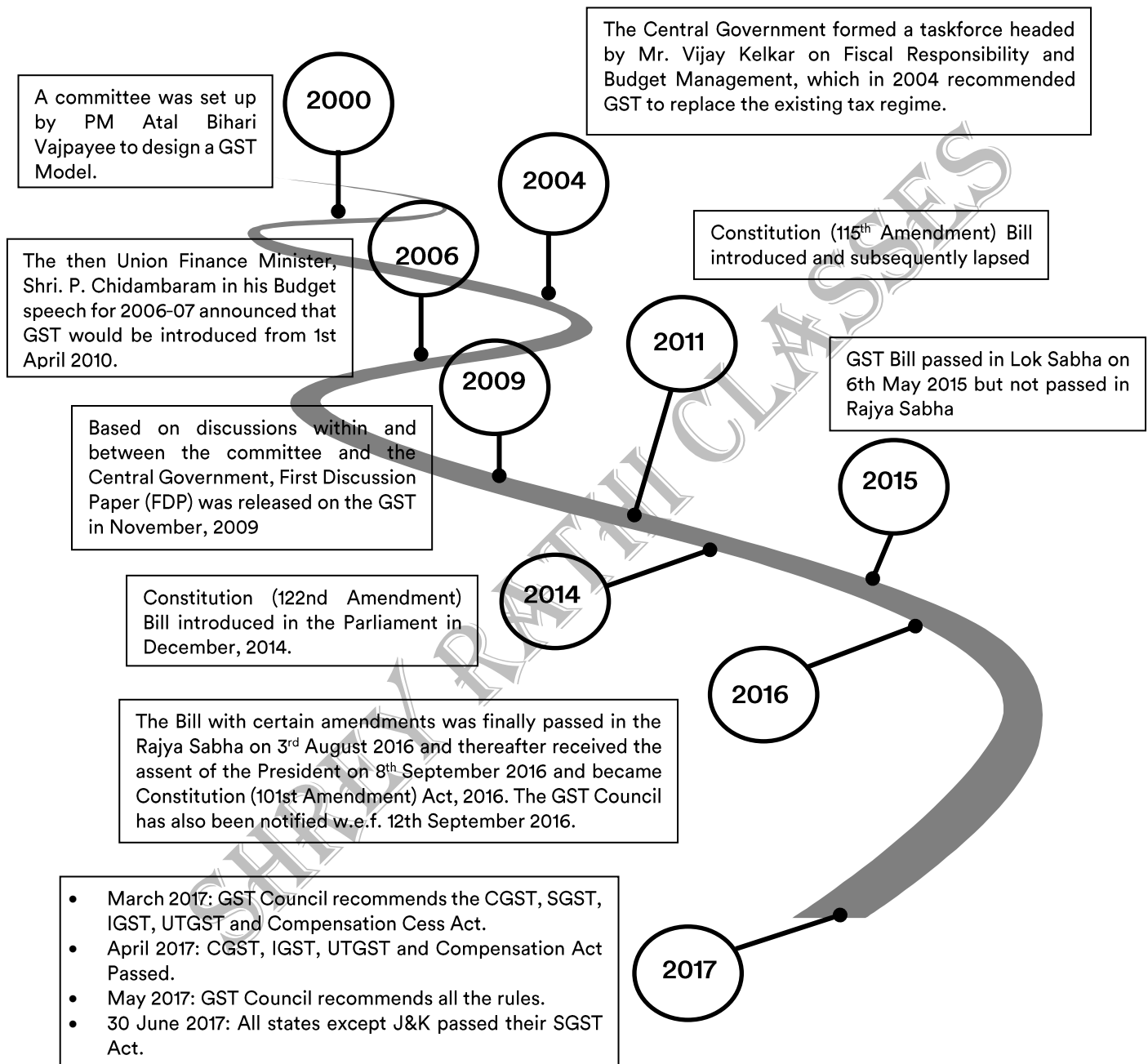
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>01</b> <u>AN IMPORTANT SOURCE OF REVENUE</u></p> <p>Indirect taxes contribute the major portion of total tax collected by Central &amp; State Governments.</p>                                                                                                                                                                                                                                                                                                                                                                                               | <p><b>02</b> <u>TAX ON GOODS AND SERVICES:</u></p> <p>Indirect taxes are levied on commodities at the time of sale, import/export and rendering of services.</p>                                                                                |
| <p><b>03</b> <u>NO PERCEPTION OF DIRECT PINCH:</u></p> <p>The value of the commodity generally includes the taxes. For e.g. when a consumer buys a packet of chips, the price is inclusive of taxes. The consumer has the mindset that he will have to pay ₹ 20 in order to purchase a packet of chips without knowing the amount of tax that will be paid to the Government. Thus, the tax payer (consumer) doesn't feel the direct pinch while paying indirect taxes. However, such a situation arises only where the product/service is inclusive of taxes.</p> | <p><b>04</b> <u>INFLATIONARY</u></p> <p>Indirect taxes are levied over and above the cost of the product/services which makes it expensive.</p>                                                                                                 |
| <p><b>05</b> <u>BROADER SCOPE</u></p> <p>Indirect taxes have a huge tax base. It covers majority of the products/services within its ambit leading to higher revenues for the Government.</p>                                                                                                                                                                                                                                                                                                                                                                      | <p><b>06</b> <u>PROMOTES SOCIAL WELFARE</u></p> <p>High taxes are imposed on harmful products (i.e. sin products) such as tobacco. This not only reduces their consumption but also enables the Governments to collect substantial revenue.</p> |
| <p><b>07</b> <u>REGRESSIVE IN NATURE</u></p> <p>Indirect taxes does not differentiate between the rich and the economically challenged as both have to bear the same burden of tax. This is a demerit of indirect taxes due to which the income gap between the rich and the poor shall further increase.</p>                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                 |

**Q 3: Discuss the salient features of indirect taxes.**

Advice: Student should write point-wise in this question. In such questions, heading of the points is important and should be written as it is. Number of points that a student should write will depend upon the marks allotted to the question.



## JOURNEY OF GST IN INDIA



**1<sup>st</sup> July 2017 – GST launched in India**

### Notes:

1. France is the first country in the world, which has implemented GST in 1954.
2. SGST Act was passed by J&K on 8<sup>th</sup> July 2017; CGST & IGST Ordinances promulgated to extend GST to J&K.

Q 4: Which was the first country to implement GST?

- (a) France (c) Germany  
(b) United States of America (d) Australia

[Ans: (a)]

Q 5: When was the GST Bill passed in Rajya Sabha?

- (a) 6<sup>th</sup> May 2015 (c) 3<sup>rd</sup> August 2016  
(b) 8<sup>th</sup> September 2016 (d) 12<sup>th</sup> September 2016

[Ans: (c)]

**Q 6: Discuss the history of GST in India.**

Advise: The history is too lengthy. It is practically not possible for the student to remember each and every date and instance.

However, the student should remember important dates/events to convince the examiner. Few important years/events that a student should write are:

2004: When Kelkar Task Force was formed

2006: Announcement by the then Finance Minister

2014: Constitution Amendment Bill presented in the Parliament

2015: Bill passed in Lok Sabha

2016: Bill passed in Rajya Sabha

2017: GST became effective in India on 1<sup>st</sup> July 2017

(This is just in brief, the student should write in details regarding these dates/instances in the examination. Further if the student can remember all the dates/instances, it would be the best thing possible)



## WHY GST WAS INTRODUCED?

Deficiencies in the earlier indirect taxation system led to GST. GST is a medicine to the problems that existed earlier.

Let's understand the difference between Old Tax & GST

EXAMPLE:

| Type of Transaction                | Particulars                     | Old Tax (₹) | GST (₹) |
|------------------------------------|---------------------------------|-------------|---------|
| Sale by Manufacturer to Wholesaler | Cost of production              | 90          | 90      |
|                                    | Add: Profit Margin              | 10          | 10      |
|                                    | Manufacturer Price              | 100         | 100     |
|                                    | Add: Excise Duty @ 10%          | 10          | -       |
|                                    | Total Value (A)                 | 110         | 100     |
|                                    | Add: VAT @ 10%                  | 11          | -       |
|                                    | Add: CGST @ 10%                 | -           | 10      |
|                                    | Add: SGST @ 10%                 | -           | 10      |
|                                    | Final Value                     | 121         | 120     |
| Sale by Wholesaler to Retailer     | Cost of Goods to Wholesaler (A) | 110         | 100     |
|                                    | Add: Profit Margin @ 10%        | 11          | 10      |
|                                    | Total Value (B)                 | 121         | 110     |
|                                    | Add: VAT @ 10%                  | 12          | -       |
|                                    | Add: CGST @ 10%                 | -           | 11      |
|                                    | Add: SGST @ 10%                 | -           | 11      |
|                                    | Final Value                     | 133         | 132     |

KEY POINTS FROM THE ABOVE EXAMPLE:Under Old Taxation System:

1. As Wholesaler is not a manufacturer, he doesn't levy Excise Duty on sale. Therefore, Excise Duty paid by him shall form part of cost leading to cascading effect.
2. VAT payable by Wholesaler to Government = ₹ 12 – ₹ 11 = ₹ 1

Under New Taxation System:

1. No Cascading effect as both CSGT & SGST was charged on the product price & profits
2. CGST & SGST payable by Wholesaler to Government:  
CGST = ₹ 11 – ₹ 10 = ₹ 1  
SGST = ₹ 11 – ₹ 10 = ₹ 1

**NEED FOR GST IN INDIA**

Following are the deficiencies of earlier taxation system that lead to introduction of GST in India:

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                     |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>01 CASCADING OF TAXES</b></p> <p>There were 2 scenarios which lead to cascading of taxes:</p> <ol style="list-style-type: none"> <li>1. Inclusion of Excise Duty in the value for imposing VAT. Credit of excise duty levied at manufacturing stage was not allowed to be set off against VAT liability as Excise Duty was a central levy whereas VAT was a State levy. No CENVAT after manufacturing stage.</li> <li>2. Levy of CST in case of inter-state purchase for further sale in the same state (i.e. VAT). In case of inter-state purchase, CST was leviable which use to be collected by the origin state, therefore the no credit was granted by the destination state.</li> </ol> | <p><b>02 MULTIPLE TAXES</b></p> <p>Several taxes in the States, such as, Luxury Tax, Entertainment Tax, etc. which were not subsumed in the VAT.</p>                                                                                |
| <p><b>03 NON-INTEGRATION OF VAT &amp; SERVICE TAX</b></p> <p>A person providing service use to charge service tax from the recipient of service. But in order to provide services, the person use to purchase some assets on which he has paid VAT. VAT paid was not allowed to be set off from service tax collected as they were levied and collected by different governments. The same use to happen in a situation where a trader was collecting VAT and was not allowed set off of service tax on services procured by him.</p>                                                                                                                                                               | <p><b>04 DOUBLE TAXATION</b></p> <p>Double taxation of a transaction as both goods and services. In the earlier indirect tax regime, some transactions in the nature of restaurant were leviable to both VAT &amp; service tax.</p> |

Q 7: Which of the following deficiencies lead to GST in India?

- |                                                 |                                            |
|-------------------------------------------------|--------------------------------------------|
| (a) Cascading of Taxes                          | (c) Non-integration of VAT and Service Tax |
| (b) Double Taxation on certain goods & services | (d) All of the above                       |

[Ans: (d)]

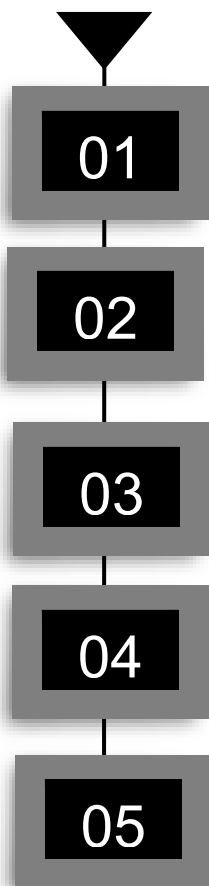


## CONCEPT OF GST

1. GST is a value added tax as it offers comprehensive and **continuous chain of tax credits** from manufacturer / service provider to retailer by allowing set off of taxes paid at the time of purchase with tax collected at the time of sale, thereby taxing only the value added at each stage of supply chain.
2. GST does not differentiate between goods and services and thus, the taxes paid on procuring of services can be set-off against taxes collected on sale of goods and vice versa. As credit is allowed in all manner, there is no cascading of taxes.
3. The supplier at each stage passes on the tax burden to another until it reaches the final consumer. Since the final consumer uses the product / services, he cannot transfer the burden to anyone else and thus, has to bear the brunt of tax.



## BENEFITS OF GST



### Ease of doing business

- Common market with common tax rates, common procedures for registration etc.
- GST will remove the economic barriers

### Mitigation of ill effects of Cascading

- 15 taxes (Central + State) have been subsumed into a single tax.
- Set-off of prior stage is allowed for the transactions across entire value chain.
- This will improve competitiveness and improve liquidity of business.

### Increase in the government revenue

- With widening of the tax base and improvement in taxpayer compliance, revenue of the Government will increase significantly.

### Elimination of Multiple taxes and double taxation

- This will help in reducing the cost of the product/services.
- Highly disputed issue related to double taxation will be tackled

### Boost to "Make in India"

- With unified common national market for India, GST will give boost to foreign investment and "Make in India" campaign.

**Q 8: What are the benefits of implementing GST in India?**

Advice: Student should write point-wise answer depending upon the marks allotted to the question.

Further, few deficiencies that existed earlier have now turned into benefits after introduction of GST. These points majorly serve both the purposes (i.e. benefits of GST = deficiencies of earlier indirect taxation system). 1-2 points are still different, the student should take care of that also.



## TAXES SUBSUMED UNDER GST

| Central Govt.                                                     | State Govt.                                      |
|-------------------------------------------------------------------|--------------------------------------------------|
| 1. Central Excise Duty                                            | 1. Value Added Tax / Sales Tax                   |
| 2. Additional Excise Duty                                         | 2. Taxes on lottery, betting & gambling          |
| 3. Service Tax                                                    | 3. Entry Tax (all forms) / Purchase Tax          |
| 4. Excise Duty levied under Medicinal & Toilet Preparation Act    | 4. Tax on advertisements                         |
| 5. Countervailing Duty                                            | 5. Luxury Tax                                    |
| 6. Special Countervailing Duty                                    | 6. Entertainment Tax (except local bodies)       |
| 7. Central Sales Tax                                              | 7. State cesses & surcharges on goods & services |
| 8. Central surcharges and cesses on supply of goods and services. |                                                  |

Q 9: Which of the following State taxes have been subsumed under GST?

(a) Special Countervailing Duty

(c) Central Sales Tax

(b) Value Added Tax

(d) All of the above

[Ans: (b)]

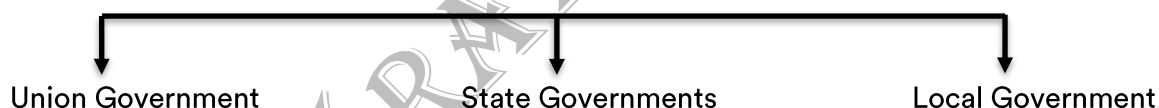
**Q 10: List the Central levies subsumed under the GST law.**

**Advice:** Student should be careful answering this question and should clearly remember the Central levies that has been subsumed. The student should write number of points depending upon the marks allotted to the question.



## CONSTITUTIONAL PROVISIONS

India has 3 tier federal structure:



- Power to levy taxes and duties is distributed among these three tiers in accordance with the provisions of the Indian Constitution.
- Power to levy and collect taxes whether direct or indirect emerges from the Constitution of India. Any law not in conformity with the Constitution is illegal and void.

**Significant Provisions of Constitution relating to taxation are as under:**

Article 265

- Except by authority of Law, no tax shall be levied or collected.

Article 245

- **Extent of laws made by Parliament and the Legislature of States**  
Parliament may make laws for the whole or any part of India whereas the legislature of a state may make laws for the whole or any part of the State.

Article 246

- **Matter of law made by Parliament and by the Legislature of States**  
This article empowers the Central and State Governments for levying taxes, whether direct or indirect.

Seventh Schedule to Article 246 contains 3 lists (shown below) under which the Central and the State Government make laws for levying taxes in India.

| Particulars              | UNION LIST<br>(LIST I)                                                      | STATE LIST<br>(LIST II)                                                                   | CONCURRENT LIST (LIST III)                                                                               |
|--------------------------|-----------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| <b>Meaning</b>           | The parliament has an exclusive right to make law in respect of that entry. | The legislature of any state has an exclusive right to make law in respect of that entry. | The parliament and legislature of any state has an exclusive right to make law in respect of that entry. |
| <b>Power to levy tax</b> | Central Government                                                          | State Government                                                                          | Central & State Government                                                                               |
| <b>Taxes levied</b>      | Income Tax, Custom Duty                                                     | Taxes on alcoholic liquor for human consumption                                           | -                                                                                                        |

### Let us first understand the need for Constitutional Amendment

Before GST, Power of taxation was assigned to either Union or States subject-wise under Schedule VII of the Constitution. While the Centre was empowered to tax goods up to the production or manufacturing stage, the States had the power to tax goods at distribution stage. The Union could tax services using residuary powers but States could not.

Introduction of GST required amendment in the Constitution so as to enable integration of Excise duty, State VAT and certain State specific taxes and Service tax into GST and to empower both Centre and States to levy and collect it.

Therefore, the Constitution (101<sup>st</sup> Amendment Act), 2016 was given birth. This bill received assent of the President on 8<sup>th</sup> September 2016.

#### **ARTICLE 246A:**

#### **Power to make laws with respect to Goods and Services Tax**

- (1) Notwithstanding anything contained in articles 246 and 254, Parliament, and, subject to clause (2), the Legislature of every State, have power to make laws with respect to goods and services tax imposed by the Union or by such State.
- (2) Parliament has exclusive power to make laws with respect to goods and services tax where the supply of goods, or of services, or both takes place in the course of inter-State trade or commerce.

Explanation: The provisions of this article, shall, in respect of goods and services tax referred to in clause (5) of article 279A, take effect from the date recommended by the Goods and Services Tax Council.

- 👉 Article 254 deals with the supremacy of the laws made by Parliament. Where there is any inconsistency between the law made by the Parliament (i.e. Central Govt.) and the Legislature of any State, then the law made by Parliament, whether passed before or after the law made by the Legislature of such State, shall prevail over the law made by the Legislature of such State to such inconsistent extent.

#### Article 246A in simple words:

- 👉 It gives power to Central and State Governments to make laws with respect to GST. However, the Central Government will have exclusive (100%) power to make laws in case of inter-state supply of goods or services or both.
- 👉 5 petroleum products [falling under clause (5) of article 279A] shall fall under the ambit of GST from the date as recommended by the GST council. At present old taxation system is applicable on them.

Q 11: List II of the Constitution empowers ..... has the to make laws in respect of that entry.

- (a) Central Government (c) State Government  
(b) Local Bodies (d) Both Central & State Government

[Ans: (c)]

**Q 12: Why was there a Constitutional Amendment required to levy GST in India?**

Advice: The main purpose behind such Constitutional Amendment was to integrate Central Taxes with State Taxes. Student should write around this purpose in simple language with example.

**Q 13: Discuss Article 246A.**

Advice: Student should always start with the main heading of this article which is "Power to make laws with respect to Goods and Services Tax" followed by the 2 clauses. It is further advisable to write the 2 clauses as it is with explanation.

### ARTICLE 269A:

**Levy & collection of GST on Inter-state Supply**

- (1) Goods and services tax on supplies in the course of inter-State trade or commerce shall be levied and collected by the Government of India and such tax shall be apportioned between the Union and the States in the manner as may be provided by the Parliament by law on the recommendations of the Goods and Services Tax Council.
- (2) Import of goods / services shall be deemed to be supply of goods / services in the course of inter-state trade or commerce. This will give power to CG to levy IGST on import transactions which were subject to Countervailing Duty under the Customs Tariff Act, 1975.

### ARTICLE 279A

**GST COUNCIL**

- (1) The President shall, within 60 days from the date of commencement of the Constitution (One Hundred and First Amendment) Act, 2016, by order, constitute a Council to be called the Goods and Services Tax Council. The President constituted the GST council on 15<sup>th</sup> September 2016.
- (2) The Goods and Services Tax Council shall consist of the following members, namely: (a) the Union Finance Minister as Chairperson; (b) the Union Minister of State in charge of Revenue or Finance as Member; (c) the Minister in charge of Finance or Taxation or any other Minister nominated by each State Government as Members.
- (3) The GST Council shall make recommendations to the Union and the States on issue like tax rates, exemptions, registration limits etc.
- (4) Every decision of the GST Council shall be taken at a meeting, by a majority of not less than 3/4<sup>th</sup> of the weighted votes of the members present and voting.
  - (a) the vote of the Central Government shall have a weightage of 1/3<sup>rd</sup> of the total votes cast, and
  - (b) the votes of all the State Governments taken together shall have a weightage of 2/3<sup>rd</sup> of the total votes cast, in that meeting.
- (5) The Goods and Services Tax Council shall recommend the date on which the goods and services tax be levied on petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel.

Q 14: Tick the correct statement in relation to Aviation Turbine Fuel:

- (a) GST is not levied at all
- (b) GST will be levied from the date to be notified on the recommendation of the GST Council
- (c) GST is levied, but wholly exempt
- (d) GST is levied @ 28%

[Ans: (b)]

Q 15: Which article empowers the Central & State Governments to levy GST in India?

- (a) Article 246A
- (b) Article 269A
- (c) Article 254
- (d) Article 246

[Ans: (a)]

**Q 16: With the following information, state whether the decision taken by the GST council has been passed or not?**

Total members present in the meeting (including the finance minister): 50

Member who casted vote in favour of the decision (including the finance minister): 34

Advice: Student should always write the law (i.e. the weightage sharing between the Central Govt & State Government and when the decision shall be considered to be passed {i.e. 75% or more}) before starting with the practical problem.

Practical solution:

1 vote of finance minister representing the Central Government = 33.33%

Remaining  $33/49 \times 66.67\% = 44.90\%$  representing the State Government.

Total weightage percentage in favour of the decision = 78.23%

Student should now conclude with his answer. As the total weight of the votes casted in favour of the decision is more than  $3/4^{\text{th}}$  of the weighted votes of the members present and voting, the decision is passed.

(Presentation should be absolutely clear)

## QUICK REVISION BEFORE EXAMS

| Article | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|         | <p>GST: Tax on supply of Goods and Services or both except on alcoholic liquor for human consumption.</p> <ul style="list-style-type: none"> <li>☞ Tobacco is leviable to GST as well as Central Excise Duty.</li> <li>☞ Further Opium, Indian hemp &amp; narcotics products are leviable to GST as well as State Excise Duty.</li> </ul>                                                                                                                                     |
|         | <p><b><u>Features of Indirect Taxes:</u></b></p> <ol style="list-style-type: none"> <li>1. An important source of revenue for Govt.;</li> <li>2. Taxes on Goods &amp; services;</li> <li>3. No perception of direct pinch;</li> <li>4. Inflationary;</li> <li>5. Broader Scope;</li> <li>6. Promotes social welfare;</li> <li>7. Regressive in nature.</li> </ol>                                                                                                             |
|         | <p><b><u>Journey of GST in India:</u></b></p> <p>2014: Constitution Amendment Bill presented in the Parliament</p> <p>2015: Bill passed in Lok Sabha on 6<sup>th</sup> May 2015</p> <p>2016: Bill passed in Rajya Sabha on 3<sup>rd</sup> August 2016 and received the assent of the President on 8<sup>th</sup> September 2016.</p> <p>2017: GST became effective in India on 1<sup>st</sup> July 2017. GST extended to Jammu &amp; Kashmir on 8<sup>th</sup> July 2017.</p> |

|      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|      | <p><b><u>Deficiencies of the old taxation system:</u></b></p> <ol style="list-style-type: none"> <li>1. Cascading of taxes (Inclusion of Excise Duty in the value for imposing VAT &amp; Levy of CST in case of inter-state purchase for further sale in the same state;</li> <li>2. Multiple Taxes;</li> <li>3. Non-integration of Service Tax &amp; VAT;</li> <li>4. Double Taxation.</li> </ol>                                                                                                                                                                                                                 |
|      | <p><b><u>Benefits of GST</u></b></p> <ol style="list-style-type: none"> <li>1. Ease of doing business;</li> <li>2. Mitigation of ill effects of cascading;</li> <li>3. Increase in the government revenue;</li> <li>4. Elimination of double taxation &amp; multiple taxes;</li> <li>5. Boost to make in India initiative.</li> </ol>                                                                                                                                                                                                                                                                              |
|      | <p><b><u>Taxes subsumed under GST</u></b></p> <p><b><u>Central Taxes:</u></b> Central Excise Duty; Additional Excise Duty; Service Tax; Excise Duty levied under Medicinal &amp; Toilet Preparation Act; Countervailing Duty; Special Countervailing Duty; Central Sales Tax &amp; Excise Duty levied under Medicinal &amp; Toilet Preparation Act.</p> <p><b><u>State Taxes:</u></b> Value Added Tax / Sales Tax; Taxes on lottery, betting &amp; gambling, Entry Tax, Tax on advertisements, Luxury Tax, Entertainment tax (except local bodies) &amp; State cesses &amp; surcharges on goods &amp; services</p> |
| 265  | <p><b><u>Constitutional Provisions:</u></b></p> <p>Need for Constitutional Amendment: GST required amendment in the Constitution so as to enable integration of Central and State specific taxes and to empower both Centre and States to levy and collect it.</p> <p>Except of law, no tax to be levied or collected.</p>                                                                                                                                                                                                                                                                                         |
| 245  | <p>Extent of laws: CG law applies to the whole of the nation whereas state law applies for the whole / part of the state.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 246  | <p>This article empowers the CG &amp; SG to make laws whether direct or indirect.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 246A | <p><b><u>Power to make laws with respect to GST:</u></b></p> <p>It gives power to Centre and State Governments to make laws with respect to GST. However, the Central Government will have exclusive (100%) power to make laws in case of inter-state supply of goods or services or both.</p> <p>☛ Petroleum crude, high speed diesel, motor spirit, natural gas and aviation turbine fuel shall fall under the ambit of GST from the date as recommended by the GST council. At present old taxation system is applicable on them.</p>                                                                           |
| 269A | <p><b><u>Levy and collection of GST on inter-state supply:</u></b></p> <p>GST on inter-state supply shall be levied and collected by the Central Government and shall be apportioned between the Union and the States.</p> <p>Further, import of goods / services shall be deemed to be inter-state supply. This will give power to CG to levy IGST on import transactions which were subject to Countervailing Duty.</p>                                                                                                                                                                                          |
| 279A | <p><b><u>GST Council:</u></b></p> <p>The President within 60 days from the date of commencement of the Constitution (One Hundred and First Amendment) Act, 2016 shall constitute GST council. The council shall make recommendations on tax rates, exemptions etc.</p> <p>Every decision of the council requires majority of 3/4<sup>th</sup> of the weighted votes of the members present and voting. The vote of the CG shall have a weightage of 1/3<sup>rd</sup> of the total votes cast whereas and the votes of SGs taken together shall have 2/3<sup>rd</sup> of the total votes cast.</p>                  |

[illegible]