

Introduction of GST

WHAT IS GST?

GST is known as the **Goods and Services Tax**. It is an **indirect tax** which has replaced many indirect taxes in India such as the **excise duty, VAT, services tax,** etc. The Goods and Service Tax Act was passed in the Parliament on **29th March 2017** and came into effect on **1st July 2017.**

There are three taxes applicable under this system: CGST, SGST & IGST.

- **CGST (Central Goods and Services Tax):** It is the tax collected by the Central Government on an intra-state (Local State) supply of goods and services (e.g., a transaction happening within Jharkhand)
  - ✓ **Note :- The revenue collected from CGST goes to the central government.**
- **SGST (State Goods and Services Tax):** It is the tax collected by the state government on an intra-state sale (Local State) supply of goods and services (e.g., a transaction happening within Jharkhand)
  - ✓ **Note:- The revenue collected from SGST goes to the respective state government where the supply takes place**
- **IGST(Integrated Goods and Services Tax):** It is a tax collected by the Central Government for an inter-state(**One State to Another State**) (e.g., Jharkhand to Bihar)

Other

- **Union Territory Goods and Services Tax (UTGST):** For supplies within Union Territories of India, UTGST is applicable. It functions similar to SGST but is specifically meant for Union Territories.
- **CESS:** Apart from the basic GST rates, certain goods may attract an additional CESS. CESS is imposed on select items to fund specific purposes, such as education, healthcare, and environment protection.

Tax Rate in GST on Goods and Services

There are Different type of GST-Tax Rate in GST.

- **28%** – Luxury Items, Motor Cars

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- **18%** – Mobile Phones, Telecom Services
- **12%** – Some Processed Goods and Services
- **5%** – Essential Goods
- **3%** – Gold and Jewellery
- **0.25%** – Diamonds
- **0%** – Fresh Fruits and Vegetables

Note – All of these examples of GST and it May be different as Per Govt. and it is equally divided into **CGST** and **SGST** in case of local Transaction and Combined Rate in IGST if Inter-state transaction.

Let's understood with following charts

Tax Rate on Goods	Local Transaction			Inter-State Transaction
Item Rate	**CGST**	**SGST**	**Total**	**IGST**
28%	14%	14%	28%	28%
18%	9%	9%	18%	18%
12%	6%	6%	12%	12%
5%	2.5%	2.5%	5%	5%
3%	1.5%	1.5%	3%	3%
0.25%	0.125%	0.125%	0.25%	0.25%

What is Length of GST Number

The Goods and Services Tax (GST) identification number in India is **15** digits long. The structure of the GSTIN (**Goods and Services Tax Identification Number**) is as follows:

GST No. 20AAACC1206D1ZU

- ✓ **First two characters**: **State code.**
- ✓ **Next 10 characters**: PAN (**Permanent Account Number**) of the taxpayer.
- ✓ **Thirteenth character**: The digit is based on the number of registrations made by the firm within a state under the same PAN.
- ✓ **Fourteenth character**: Alphabet '**Z**' by default.
- ✓ **Fifteenth character**: Checksum digit (used for error detection).

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What is GST Registration

The threshold limit for turnover beyond which a taxable person will be liable to **apply for GST** registration is as follows.

- ✓ **Up to March,2019**
- ☞ Special category states (Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh and Uttarakhand) – INR 10 lakhs
- ☞ Rest of India – INR 20 lakhs.
- ✓ **From 1st April,2019**
- ☞ Special category states (Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh and Uttarakhand) – INR 20 lakhs
- ☞ Rest of India – INR 40 lakhs

Mandatory GST Registration

As per the Goods & Service Tax registration guidelines, the following categories of suppliers need to mandatorily register irrespective of turnover:

- ✓ Taxable person carrying on interstate supplies
- ✓ Casual and non-resident taxable persons
- ✓ Input service distributor
- ✓ Sellers on e-commerce platforms
- ✓ All e-commerce operators
- ✓ Persons responsible to deduct TDS

How Many Types of GST Registration

There are Two Types of GST Registration

1. **Composition Dealer** 2. **Regular Dealer**

Composition Dealer

- ✓ Its Applicable On Small Assesses Having Turnover **Upto** 1.5 Cr In Previous Year
- ✓ They calculate the GST payable by paying output GST at lower rate
- ✓ Rate of taxes are lower
- ✓ For traders & manufacturer – 1%
- ✓ For restaurants not serving alcohol- 5%

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- ✓ For other services provider – 6%
- ✓ They Can Not Claim ITC
- ✓ They Can Not Make Interstate Supply They Can Make Only Local Sale
- ✓ They File Quarterly Return & Annual Return (1*4+1= 5 Return In One Year)

Regular Dealer

There are Two Types of Regular Dealer

Normal Scheme

- ✓ Compulsory for turnover more than 5cr (Monthly Return file)
- ✓ Optional for Turnover upto 5cr

QRMP Scheme

- ✓ Turnover more than 5 cr can't choose this scheme more than 5 cr can't choose this scheme
- ✓ Optional For Turnover Upto 5cr

- ☞ They calculate the **GST** payable by deducting
  Output GST - input GST
- ☞ Higher Rate of Tax Is Applicable (Ex,:0%,5%,12%,18%,28%)
- ☞ They Can Claim ITC
- ☞ They Can Make Both Interstate & Intrastate Supply
- ☞ They file monthly return (GSTR1, GSTR3B, iff) & annual returns (12*2+1 = 25 returns in one year)

REGULAR DEALER: - जिस व्यापारी का व्यापार B2B (Business to Business) और B2C (Business to Consumer) दोनों प्रकार के Customer से होता है|

- ✓ **COMPOSITION DEALER:** जिस व्यापारी का व्यापार अधिकाशंत B2C (Business to Consumer) वाले Customer से होता है|

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GST में प्रयोग किये जाने वाली शब्द

GST	GOODS & SERVICES TAX
GST Number	GSTIN, known as GST Identification Number, is assigned to every GST registered person. Example- **20CYMPS9400E2Z2** (15-digit Pan Based)
REGISTERED PERSON	A registered person is one who has registered under GST
UNREGISTERED PERSON	Unregistered person is one who is not registered under GST
INTRASTATE	local State (एक ही राज्य में बिक्री और खरीद) Example- Jharkhand to Jharkhand sale & purchase **(CGST And SGST)**
INTERSTATE	Interstate (विभिन्न राज्यों में बिक्री और खरीद) Example- Jharkhand to Goa Sale & Purchase **(IGST)**

The End

Next Topics: - GST Question Practical

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