As per New CBCS Syllabus for Fifth Semester, B.Com., Bangalore University w.e.f. 2017-18

GOODS AND SERVICE TAX

S. Anil Kumar
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PREFACE

Introduction of GST law by replacing the earlier indirect tax laws such as central excise, VAT, service tax, etc. has changed the way in which business is being done in India. Even though there were initial hiccups due to the introduction, we hope to reap long-term benefits for business as well as for the country.

This book will help the students to understand the subjects as expected in the syllabus. Practical examples and illustrations have been used to make it easy for the students.

Good care has been taken to make this book free of any errors. However, to err is human and errors could be expected. We request students and teachers to bring any errors noticed to our notice for correction. This would help others also.

We would like to acknowledge the effort of Mr. Sumanth Kashyap who has been a major support in writing this book. We would like to thank Mr. Mohammed Tabish for this contribution and time. We are also thankful to CA Madhukar N. Hiregange who has been an inspiration to many for his passion in indirect tax law practice and spreading the indirect tax knowledge including GST.

Our acknowledgements are also due to Dr. Poornima Anil Kumar and Ms. Swetha Mahadev, without whose support and sacrifice, this work would not have been completed.

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Finally, our acknowledgement are due to the Almighty who blessed us with the knowledge, required for writing this book.

Authors

SYLLABUS

OBJECTIVES:

1. The objective is to equip students with the principles and provisions of Goods and Services Tax (GST), which is implemented from 2017 under the notion of One Nation, One Tax and One Market.
2. To provide an insight into practical aspects and apply the provisions of GST laws to various situations.

UNIT 1: INTRODUCTION TO GOODS AND SERVICES TAX (GST) 08 Hrs

Objectives and basic scheme of GST, Meaning – Salient features of GST – Subsuming of taxes – Benefits of implementing GST – Constitutional Amendments – Structure of GST (Dual Model) – Central GST – State/Union Territory GST – Integrated GST – GST Council: Structure, Powers and Functions. Provisions for Amendments.

UNIT 2: GST ACTS: CGST ACT, SGST ACT (KARNATAKA STATE), IGST ACT 08 Hrs

Salient Features of CGST Act, SGST Act (Karnataka State), IGST Act –

Meaning and Definition: Aggregate turnover, Adjudicating authority, Agent, Business, Capital goods, Casual taxable person, Composite supply, Mixed supply, Exempt supply, Outward supply, Principal supply, Place of supply, Supplier, Goods, Input service distributor, Job work, Manufacture, Input tax, Input tax credit, Person, Place of business, Reverse charge, Works contract, Casual taxable person, Non-resident person. Export of goods/services, Import of goods/services, Intermediary, Location of supplier of service, Location of recipient of service.

UNIT 3: PROCEDURE AND LEVY UNDER GST 24 Hrs

Registration under GST: Procedure for registration, Persons liable for registration, Persons not liable for registration, Compulsory registration, Deemed registration, Special provisions for casual taxable persons and Non-resident taxable persons. Exempted goods and services – Rates of GST.

Procedure relating to Levy: (CGST and SGST): Scope of supply, Tax liability on mixed and composite supply, Time of supply of goods and services, Value of taxable supply. Computation of taxable value and tax liability.

Procedure relating to Levy: (IGST): Inter-state supply, intrastate supply, Zero rates supply, Value of taxable supply – Computation of taxable value and tax liability.

Input tax Credit: Eligibility, Apportionment, Inputs on capital goods, Distribution of credit by Input Service Distributor (ISD) – Transfer of input tax credit - Simple problems on utilization of input tax credit.

UNIT 4: ASSESSMENT AND RETURNS 10 Hrs

Furnishing details of outward supplies and inward supplies, First return, Claim of input tax credit, Matching reversal and reclaim of input tax credit, Annual return and final return. Problems on assessment of tax and tax liability.

UNIT 5: GST AND TECHNOLOGY 06 Hrs

GST Network: Structure, Vision and Mission, Powers and Functions. Goods and Services Tax Suvidha Providers (GSP): Concept, Framework and Guidelines and Architecture to integrate with GST system. GSP eco system. (Theory only).

CONTENTS

Chapter 1

Introduction to Goods and Services Tax (GST)

Chapter Overview

1.1 Introduction

Taxes are levied to raise revenue to fund government activities. It could also be levied to control pricing of goods. One best example is increase/decrease in tax rates of export goods such as sugar, onions. States and their functional equivalents throughout history have used tax money to carry out many functions. Some of these include expenditure on economic infrastructure (roads, public transportation, sanitation, legal systems, public safety, education, health care systems), military, scientific research, culture and the arts, public works, distribution, data collection and dissemination, public insurance, and the operation of government itself.

Tax is defined as the financial charge or other levy imposed upon a taxpayer (an individual or legal entity) by State or other administrative divisions. It is to be noted that tax is not a voluntary donation or payment but rather it is enforced contribution exacted pursuant to legislative authority. Taxes may be collected in the form of income tax, wealth tax, gift tax, toll, duties, customs, excise, octroi, surcharge and cess and in other names.

1.2 Brief Historical Background of Goods and Services Tax (GST)

GST is actually based on the value added tax system first envisioned and devised by a German Economist by the name Dr.Wilhem von Siemens. He envisioned sales tax on goods that did not affect the cost of manufacture or distribution but was collected on the final price charged to the consumer. Thus, tax was always a fixed percentage charged to the customer.

France was the first country in the world to implement GST. Maurice Laurie, Joint director of the French tax Authority first introduced VAT on 10th April 1954. Initially directed at large businesses, in the due course of time, it was extended to all the business sectors. Personal end to end consumers could not recover VAT on purchases, but businesses could recover VAT on the materials and services that they buy to make further supplies. In this way, the total tax levied at each stage in the economic chain of supply is a constant fraction of the value added by the business to its products and most of the cost of collecting the tax was borne by businesses, rather than by the State. Value added tax is gaining favor over the traditional sales tax worldwide. Now around 160 countries in the world have already implemented GST and value added tax.

1.3 Different Models of GST

There are different models of GST practiced around the world. The popular models of GST and Indirect taxes followed are given below:

Generally, there are 3 models under GST:

(a) Central Model of GST

(b) State Model of GST

(c) Dual GST: Dual Model of GST is further divided into 2 types as

- Concurrent Dual GST
- Non-concurrent Dual GST

1.3.1 Central Model of GST

Under this model of GST, at the two levels of government that is at the Centre and at the State, the tax levy would be in the form of single national GST with appropriate revenue sharing agreements between Central government and the State governments. In this model of GST, most of the revenue would be collected by the Centre and little percentage would be shared with State governments. This model of GST is called as National GST model and is currently followed in Australia and China.

1.3.2 State Model of GST

This model of GST is followed in countries like the United States of America. States would have the power to levy the GST and Central Government would withdraw from levying GST and the revenue loss suffered by the Central Government would be set-off by suitable compensating reduction in the fiscal transfers to the States. This would significantly enhance the revenue capacity of the States and reduce their dependence on the Centre.

1.3.3 Dual GST Model

There are two types of dual GST models as provided below:

(a) **Concurrent Dual GST Model:** Indian GST model is concurrent GST Model as both Centre and the State governments levying at the same time. There would be Central GST levied by Central Government and State GST levied by State government. In this model both goods and services would be con-currently taxed. Some of the countries following this model other than India are Brazil and Canada.

(b) **Non-Concurrent Dual GST Model:** Under this model, GST on goods would be levied by States only and on services by the Centre only. States already have the power to levy the tax on the sale and purchase of goods (and on immovable property), and the Centre for taxation of services. No special effort would be needed for levying a unified Centre tax on interstate services.

1.4 Structure of Indian Dual GST Model

The Indian dual GST model includes the following:

1.4.1 Central Goods and Services Tax (CGST)

CGST refers to Central Goods and Services Tax. It is levied as per the Central Goods and Services Tax Act, 2017. Taxes collected under CGST would be the revenue for the Central Government. However, the input tax credits on CGST would be given to the respective States of the destination of goods/services/ both in the supply chain. CGST input tax credit can be utilized only for the Output taxes of CGST and IGST. CGST has subsumed various previous regime Indirect taxes like Service tax, Central Excise Duty, Additional Duty of Excise, Excise duty levied under the Medicinal and Toiletries Preparations Act 1955. The CGST would be levied on the intrastate supplies of goods and services and both.

1.4.2 State Goods and Services Tax (SGST)

State goods and services tax is levied as per the State Goods and Services Act, 2017. SGST would be levied on the intrastate supplies of goods and services and both. SGST has subsumed various previous regime taxes like State value added tax (VAT), Entertainment taxes, Luxury taxes, taxes on lottery, betting and gambling, Entry taxes and Octrois imposed by the State governments such other state duties and surcharges. Any input tax credit of State taxes can be utilized against SGST output tax and IGST output tax only.

1.4.3 Integrated Goods and Services Tax (IGST)

Integrated Goods and Services Tax is levied as per the Integrated Goods and Services Tax Act, 2017. Integrated Goods and Services Tax would be levied towards supply of goods or services or both in the interstate trade and Imports/Exports. IGST collected would be divided between Centre and States as per the recommendations made by GST council with the Constitutional Amendments. IGST has subsumed various taxes like Central Sales Tax, the Countervailing duty of customs (CVD), Special Additional Duty of customs(SAD) levied during the previous tax regime. The input tax credit of IGST can be utilized firstly for payment of IGST output tax, CGST output tax and then for SGST output tax.

1.4.4 Union Territory Goods and Services Tax (UTGST)

Union Territory Goods and Services Tax has been levied as per the clause 26B of Article 366 of Constitution. As per this clause, State includes Union Territory with legislature like Delhi, Puducherry. These two union territories would have the SGST provisions as both have separate state legislatures and can operate in terms of SGST. The union territories goods and services tax is levied as per the provisions of Union Territories Goods and Services Tax Act, 2017. The purpose of levying UTGST for Indian union territories is to apply tax collection on intrastate transactions on every union territory where there is the absence of legislature and have similar properties of SGST (i.e., union territories of Andaman and Nicobar Islands, Lakshadweep islands, Dadra and Nagar Haveli, Daman and Diu, Chandigarh). The input tax credit of UTGST would be utilized for the output tax liability of UTGST and for IGST.

1.5 Meaning of GST

Goods and Services Tax (GST) is a value added tax levied on supply of goods and services. It is levied at each stage of value addition of goods and services. It is a destination-based tax where tax revenue would get generated to destination State. Input tax credit of GST paid at each stage would be available in the subsequent stage of the value addition for set-off against the liability. GST is paid by consumers but remitted to the government by the businesses supplying goods or services.

1.6 Objectives of GST

(a) **To eliminate the cascading effect of indirect taxes on single transaction:** The basic objective of GST is to remove cascading effect of the taxes. Cascading effect of taxes mean levy of tax on tax. GST would be levied only towards the net value added portion and not towards the entire portion of value as the tax payer would enjoy input tax credit.

(b) **To subsume all the indirect taxes at the Centre and State level:** Barring few indirect taxes, all the major indirect taxes levied by central and state governments have been subsumed into GST. Thus, the taxpayer and supplier need not bother about paying multiple indirect taxes under different laws.

(c) **To reduce the tax evasion and corruption:** GST would help in curbing of tax evasion and reduce corruption in tax department. In the system of GST, there would be less chance to claim false input tax credit as it requires matching of invoices between recipient and the suppliers. Input tax credit can be claimed only if the tax has been deposited by the registered supplier to the Government. Each invoice wise matching and verification would be made to ensure that taxes are properly paid to the government.

(d) **To increase the productivity:** GST would help in increasing the enterprise productivity and efficiency. Under the previous tax regime, there were many constraints relating to logistics and impractical procedures regarding claim of input tax credit. There was also levy of entry tax in few States on entry of goods into states. In GST regime, entry tax has been subsumed. Number of checks on State borders would also reduce due to removal of check posts. These factors would help in increase of productivity.

(e) **To increase tax compliance:** Tax compliance under GST is expected to be more compared to the previous tax regime. As the number of tax laws have been subsumed, the tax payer would have to comply mainly with GST law with returns and registration needed. There is no need to file different returns and obtain different registration for compliance.

(f) To increase the tax to GDP ratio and the revenue surplus: GST would increase the tax to GDP ratio and it is expected to be about 11.9% by 2019-20. The more tax to GDP ratio, the more would be the tax collections and it indicates the status of better economic system of the country. More tax compliances and wider tax base would result in higher tax revenue to the government and the objective of GST is to have a revenue surplus to the government.

(g) To bring more people under the tax net: GST helps in widening of the tax base and bring large number of people into tax net. In earlier regime, there were many exemptions and rules for registration for different types of taxes. Now there is a single limit for turnover below which registration would not be required. More tax payers would be covered under the tax net which ultimately could result in increasing the tax base and tax revenue for the government.

(h) To achieve the policy of one nation one tax: GST replaces multiple indirect taxes which were existing in the previous regime. There is a single and neutral tax in most cases so there would not be any differences in the tax rates between one state to another state. In this way, GST law has achieved the policy of one nation one tax.

(i) To provide a seamless credit of input taxes: Cross-sectional credit of input was not allowed earlier. Also, there were many restrictions and conditions in previous tax regime. In GST, much simpler rules have been laid to utilize the cross-sectional credit of input taxes. For example, a trader who was earlier not allowed to take credit of service tax paid on services is allowed to take credit on goods as well as services. The seamless system of credit would ensure that the taxes on supplies are paid to the extent of value additions and net liability and double taxations are avoided.

1.7 Problems Faced by Previous Indirect Tax System in India

(a) Cascading effect of taxes: Major issue with respect to earlier indirect tax system was levy of tax on tax. For example, VAT was being levied on basic value and excise duty amount. Ideally there should not have been VAT on excise duty amount. Another example could be non-allowance of central sales tax paid on interstate sale of goods as input tax credit. This led to increase in basic purchase price.

(b) Complexity existed in determining the nature of services: Too much distinction between goods and services in India made the transactions more complex in earlier tax regime. This led to payment of wrong rate of taxes. Sometimes excess payment of taxes. In GST, there is more clarity on treatment of transactions as supply of goods or as services.

(c) Inability of states to tax on services: Excluding the States from levying of service tax was another negative impact on States revenues. Now in GST, even States have got powers to tax services.

(d) Lack of uniformity across States: Previous VAT structure lacked uniformity. VAT rates and rules across different States varied. Not only the VAT rates but also other rules like definitions of items, set-offs, etc. Such different rules, rate of taxes made tax compliance complex.

1.8 Benefits of GST to Various Stakeholders

1.8.1 To Traders/Manufacturers

(a) Single taxation easy compliance

(b) Simpler tax law with fewer rate of taxes

(c) Mitigation of double taxation and cascading effect of taxes

(d) Encourages to do business throughout the country

(e) Increase in ease of doing business

(f) Reduction in transaction costs would encourage improved competitiveness in the trade and Industry.

(g) Reduction in unnecessary logistics costs would benefit the businesses through increased profits. As GST encourages interstate trade and businesses, warehouse operators and businesses have shown interests in setting up warehouses at strategic business locations to reduce transportation costs. GST would also help in saving time through e-way bill system where time and procedures spent on check posts would be reduced.

(h) There would be a robust IT System for tax payments, refunds, returns. When the information technology system gets properly implemented, refunds under GST would also become faster which would encourage the exporters.

1.8.2 To the Government

(a) Simpler tax structure: GST is a single tax system with simple tax regulations throughout India. Therefore, implementation of tax laws and procedures across states would be easy. Cost of tax collection would also get reduced when tax payers starts complying with simple tax system.

(b) More tax collection: GST is having a large tax base with a large number of taxpayers getting registered throughout India. The tax collection in the GST would be huge compared to the previous tax regime.

(c) Better controls on leakage: GST would result in better tax compliance due to a robust IT infrastructure. Due to the seamless transfer of input tax credit from one stage to another in the chain of value addition, there is an inbuilt mechanism in the design of GST that would incentivize tax compliance by traders. Due to efficiency gains and prevention of leakages, the overall tax burden on most commodities would come down, which would benefit consumers.

(d) Increase in tax to GDP ratio: GST would help to increase the tax to GDP ratio. A better tax to GDP ratio indicates a healthier economic system. In the previous tax regime, the compliances were lesser as compared to GDP, thus GST would improve to achieve better growth rate.

(e) Ease of doing business: GST would help in improving the concept of ease of doing business. In turn, this would also help in improving the FDI inflows.

1.8.3 To the Citizens and Society

(a) Reduction in prices of goods and services due to single tax structure and elimination of cascading effect of taxes.

(b) Transparency in the taxation system.

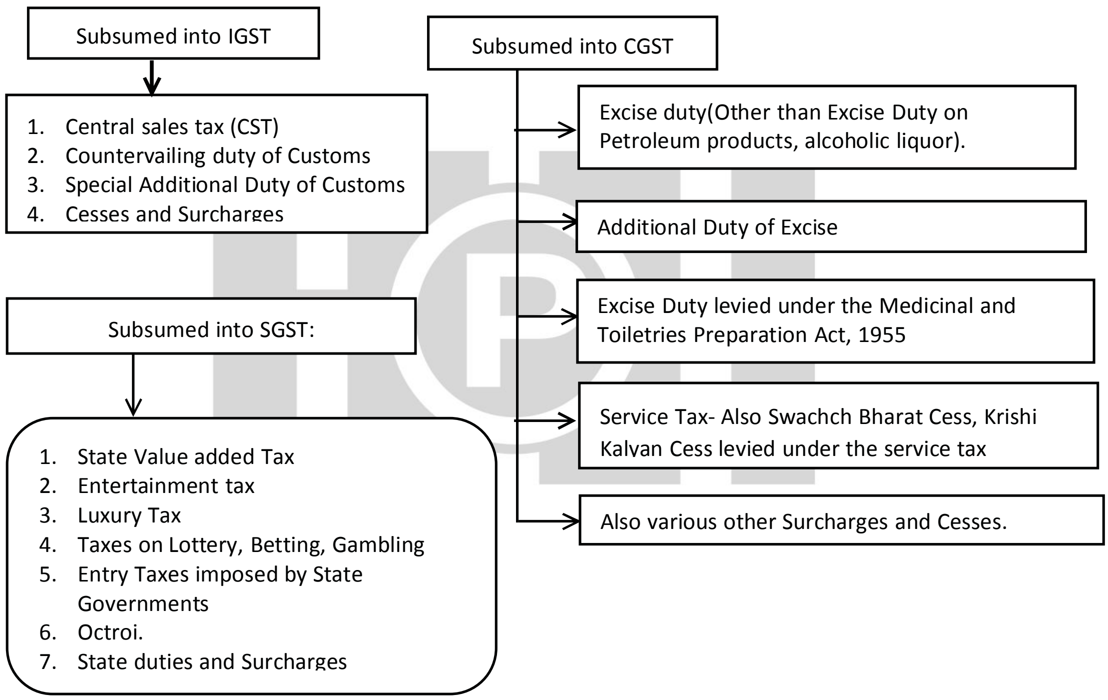
(c) Help to generate millions of employment opportunities.

(d) Helps in curbing of black money and it would also lead to reduction of corruption.

(e) Increase in tax base would help the citizens in lesser rate of taxes.

1.9 Subsuming of Taxes under GST in India

The various taxes which got subsumed into GST are as below:



1.10 Taxes Which are not Subsumed into GST

- **Basic Customs Duty:** These are protective duties levied at the time of import of goods into India.
- **Exports Duty:** This duty is imposed on export of certain goods which are not available in India in abundance.
- **Road and Passenger Tax:** These are in the nature of fees and not in the nature of taxes on goods and services.
- **Toll Tax:** These are in the nature of user fees and not in the nature of taxes on goods and services.

- Property Tax
- Stamp Duty
- Electricity Duty
- Excise Duty on alcoholic liquor and tobacco products.
- Excise Duty on Petroleum. In few years, petroleum products would be brought into GST net.
- Taxes on entertainments and amusements to the extent levied and collected by a panchayat or a municipality or a regional council or district council shall not be subsumed (included) under GST.

1.11 Salient Features of GST in India

The important features of GST in India are as follows:

(a) **State wise registration:** Under GST though it is applicable all India level, State wise registration is compulsory. Every registered person would be assigned separate State wise GSTIN. Suppose company A has a unit in Bengaluru and another unit in Chennai and both are operating separately, then company A is required to obtain GST registration for Karnataka as well as for Tamil Nadu. In GST law, there is also an option of taking separate GST registration within the same state for different business verticals.

(b) **Destination-based tax:** Indirect taxation can be either origin-based or destination-based. Under destination-based tax system, the tax would accrue to the State where the supply is consumed whereas under origin-based tax system, taxes would be accrued to the State where supply originates. GST is a destination-based tax where taxes would accrue or levied at the place of supply. In earlier VAT regime, the taxes used to accrue to the supplying state.

(c) **Subsuming of States and Central taxes:** Barring few taxes which are continued from old tax law, under GST all the major indirect taxes are subsumed into one central tax called goods and services tax. Now, GST is an unform unified tax.

(d) **No surcharge would be levied on GST:** There would be no surcharges levied on the GST. All the major surcharges have been subsumed into the GST. However, there shall be levied a cess called Compensation cess on certain notified goods. This Compensation cess would be levied to provide compensation to the States which would have lower revenue in the initial years of GST levy.

(e) **Turnover limit for registration:** Under GST, the turnover threshold limit for registration for normal taxable person in all other States of India is ₹ 20 lakh, In the special category States such as Arunachal Pradesh, Sikkim, Uttarakhand, Himachal Pradesh, Assam and the other States of the North-East like Meghalaya, Manipur, Mizoram, Tripura, Nagaland, it is ₹ 10 lakh per annum.

(f) **GST on exports:** Under GST, exports would not be subjected to tax. Exporter has two options to claim the refund of taxes paid on goods or services procured for export. He can execute a bond or letter of undertaking and make exports without payment of GST. A separate application to be made for refund of taxes paid on procurements. Otherwise, exporter can pay GST on export value though not liable by utilising the input tax credit available on the inputs. GST amount paid can be claimed as refund.

(g) **Payment of taxes under GST:** The taxes shall be paid either through making payment through an account called 'Electronic cash ledger' where the taxpayer would first deposit the cash and later make payment of the taxes Or he can pay through 'Electronic credit ledger' where he shall make payment by utilization of input tax credit eligible on goods or services procured.

(h) **GST on imports:** Importer of goods would be required to pay IGST along with basic customs duty. The IGST amount paid would be eligible for input tax credit.

(i) **GST council:** GST council is the joint forum of Centre and States consisting of finance ministers as its members. It would make necessary recommendations regarding procedures, tax rates, exemptions, threshold limits, etc. GST Council till date has made many recommendations in the GST regarding rates, rules, etc. The administration of GST would be the responsibility of the GST Council.

1.12 Constitutional Amendments made for GST Implementation in India

In the previous indirect tax regime, the fiscal powers between centre and State governments were clearly stated so that there was no overlap between respective domains. The centre had the power to levy tax on the act of manufacture of goods whereas States had the power to levy tax on sale of goods. In the case of interstate trade of goods, Centre used to levy central sales tax but the tax collected was retained by the original States. Services were exclusively taxed by the Central government.

Implementation and passage of GST required several amendments to be made in the Constitution of India. In order to facilitate levy and collection of GST by the Centre and the State governments, 122nd Amendment Bill of Constitution was passed on 03rd August 2016. After President of India gave his assent to it, it became 101st Amendment Act, 2016.

Some of the significant amendments made in the Constitution of India by passing the above Act are discussed in subsequent paragraphs.

(a) New clause 12A was inserted in Article 366 to define "Goods and Services Tax" to mean that it is tax on supply of Goods or Services or both except the taxes on the supply of alcoholic liquor for human consumption.

(b) GST is the first law that has been framed with the concurrent jurisdiction by Centre and the States. Article 246A of the Constitution inserted which provides that both the Parliament and the state legislatures shall have concurrent powers to make laws with respect to goods and services tax (GST). Parliament has exclusive power to legislate on interstate trade or commerce and the GST collected on such transactions is called IGST.

Clause-1 of Article 246A: Parliament and legislature of every State have the power to make laws with respect to goods and services tax imposed by the Union or by such State.

Clause-2 of Article 246A: Parliament has exclusive power to make laws with respect to goods and services tax where the supply of goods, or of services, or both take place in the course of interstate trade or commerce.

(c) Article 269A inserted giving powers to Government of India to collect tax on supplies in course of interstate trade and commerce which shall be shared between the Union and the States as per recommendations of the GST Council. For the purpose of this clause, imports of goods or services or both shall be deemed to be in the course of interstate trade or commerce.

(d) Article 269A also empowers Parliament to formulate the principles for determining the place of supply and when a supply of goods or of services or both take place in the course of interstate trade or commerce.

(e) Article 279A of the constitution provides for a constitution of a GST council by the President of India within 60 days from the day the Article coming into force.

(f) Article 268 has been amended so that excise duty on medicinal and toilet preparation would be omitted from the State list and would be subsumed into GST.

(g) Provision also made in the Constitution that Parliament may on the recommendations of the GST council provide compensation to the States for the loss arising because of implementation of GST for a maximum period of 5 years.

1.13 GST Council: Structure – Powers and Functions – Provisions for Amendments

GST council has to be constituted by the President of India within 60 days of the commencement of Article 279A. The notification to bring into effect Article 279A was passed on 10th September 2016 with the effective date from 12th September 2016. GST council is the key decision making body that would make all the important decisions regarding the GST and it would have the representations from the Central government as well as the State governments. The duty of the council is to review the implementation of the GST and to address the concerns and grievances. In the various functions performed by the GST council, it shall be guided by the sole need for a harmonized system of GST and creation of a harmonized market for goods and services.

1.13.1 Structure of the GST council

GST council would comprise of the mixture of members from Union and State governments. The Structure of the GST council shall be as per the following:

Designation	***Nature of person***
Chairperson	The Union Finance Minister, Government of India
Member	Union Minister of State in charge of Revenue and Finance
Members	Minister in charge of Finance and Taxation and any other minister nominated by each state government.

1.13.2 Functions of the GST council

(a) Notify the rates under which the goods and services should fall.

(b) Notify the rates for compensation cess and the goods and services for which the applicable compensation cess would apply.

(c) To recommend for exemption or to cover the goods and services in tax net.

(d) GST council provided the timetable for implementation of GST

(e) To prescribe a proper refund mechanism

(f) To provide a clear picture of GST returns and threshold limits for composition scheme.

(g) To increase, reduce the rates of the goods and services and both.

(h) To issue the cross empowerment and administrative division of tax payers between the Centre and States.

(i) GST council has provided recommendations for taxes, cesses, surcharges levied by the Centre, States and the local bodies which got subsumed into GST.

(j) GST council shall provide recommendations regarding the date on which GST to be levied on the petroleum crude, high-speed diesel, motor spirits, i.e., petrol, natural gas and aviation turbine fuel.

(k) GST Council has laid out the rules to conduct business in GST council

(l) Decisions regarding compensating the States for loss of revenue for 5 years due to the implementation of GST. GST council has considered the base revenue year as 2015-16 and fixed growth rate of 14% would be applied to it.

(m) GST council has provided clear definitions about deemed exports, supplies made to and from SEZs, EOUs, etc.

1.13.3 Nature and Voting Powers and other Procedures of the GST Council

GST council is a quasi-legislative body because it performs the legislative and the administrative functions assigned to it by the Parliament.

(a) Decisions and Voting: According to the 101st Amendment Act, 2016 to the Constitution every decision of the GST council shall be undertaken at the meeting by a majority of not less than 3/4th of the weighted votes of the members present for voting in accordance with the following principles:

1. The vote of the Central Government shall have weight of 1/3rd of the votes cast and
2. The vote of the State Government shall have weight of 2/3rd of the votes cast in the meeting.

(b) Quorum: Half of the total members of the GST council shall constitute the quorum of the meeting.

(c) Dispute resolving Mechanism: As per the 101st Amendment Act, 2016 of the Constitution GST council shall establish a mechanism to adjudicate any dispute -

1. Between Government of India and one or more States, or
2. Between Government of India and any States on one side and one or more other states on the other side; or
3. Between two or more States, arising out of the recommendations of the council or implementation thereof.

Exercise

Section A: 2 Marks

1. Give the meaning of GST
2. What is an Indirect tax?
3. Write any four features of GST
4. What is the objective of implementing GST

5. Name the GST model adopted by India.
6. What is IGST and write features of IGST?
7. State the taxes not subsumed under GST.

Section B: 6 marks

1. What are the advantages of GST and the need for introducing GST in India?
2. Write a note on dual GST model.
3. What are the taxes subsumed under CGST, SGST, IGST
4. Write a note on role and functions of GST council.
5. Write a brief note about 101st amendment of Constitution of India.

Section C: 14 marks

1. What are the features of GST? What are the benefits of implementing of GST in India?
2. What is GST council? Explain the structure, powers, and functions of GST council.
3. Write a note about constitutional amendments made for GST implementation in India.
4. Write a note about various models of GST.
5. What was the need for introducing GST in India? What were the disadvantages of previous tax regime?