

1. GST IN INDIA - AN INTRODUCTION

CHAPTER OVERVIEW

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SECTION 1: THEORY FOR CLASSROOM DISCUSSION

1. NECESSITY FOR THE COLLECTION OF TAX

- 1) It is the primary responsibility of the government to fulfill the developing needs of the people with the limited resources in India.
- 2) For that very purpose, government needed some funding (money) to -
 - a) meet the needs of public,
 - b) Incur the public expenditure,
 - c) Fulfill its socio-economic objectives.
- 3) So that taxing the transactions is one of the sources for generating revenue to the government.

What do you mean by Tax?

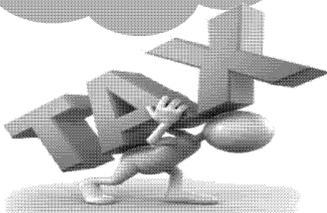
A tax "is not a voluntary payment or donation, but an enforced contribution, exacted pursuant to legislative authority".

In simple words, tax is nothing but money that people have to pay to the Government, which is used to provide public services.

2. BRANCHES OF TAXATION

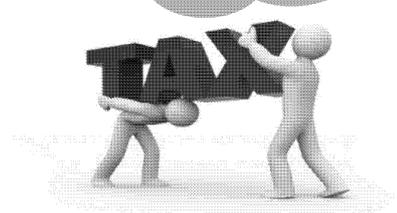
Direct Tax

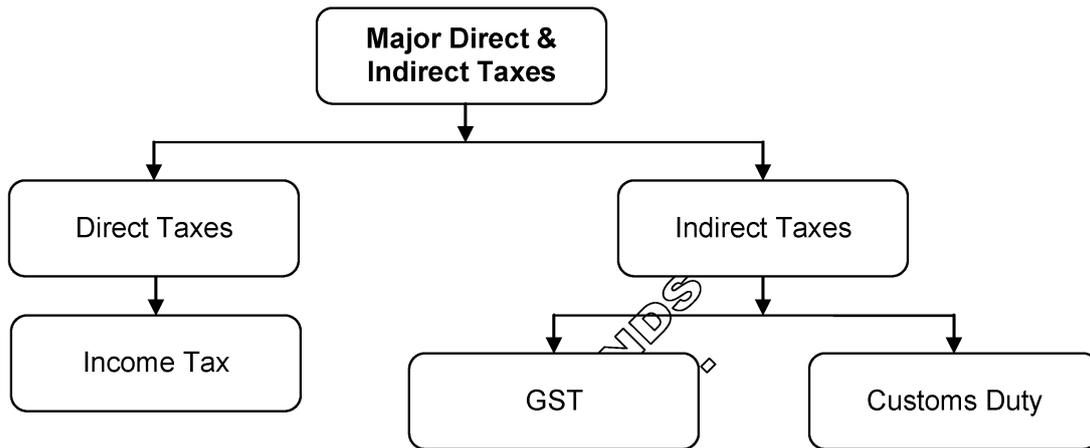
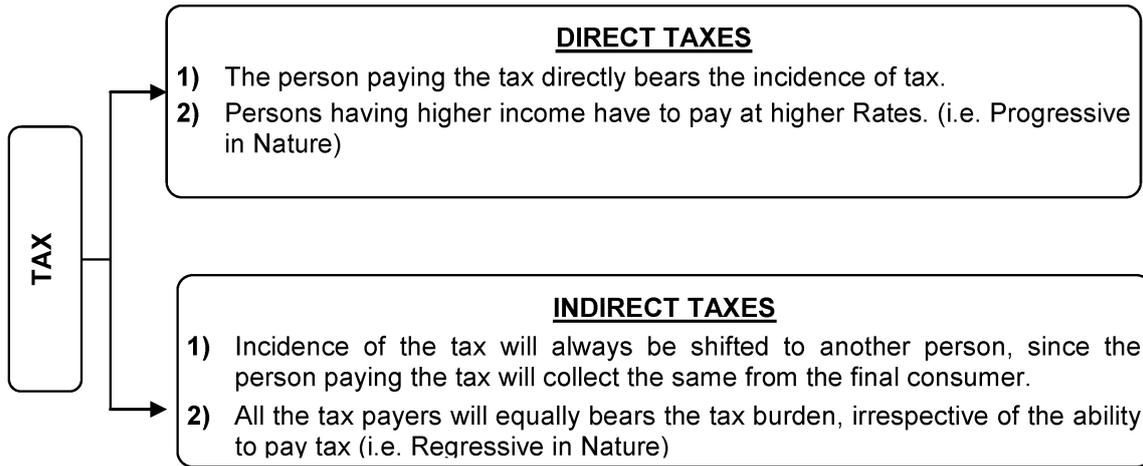
Tax Burden will be borne by the person himself
(Income tax)



Indirect Tax

Tax Burden will be borne by another person
(GST)





3. FEATURES OF INDIRECT TAXES

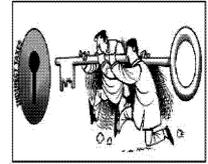
- 1) **WIDER TAX BASE:** Unless otherwise specified, all the goods and services are taxable. So the tax coverage is wider than the direct taxes.
- 2) **REGRESSIVE IN NATURE:** Indirect tax doesn't differentiate the persons based on their ability to pay tax. All the poor and rich are equal with respect to bearing the tax. So Indirect taxes are Regressive in Nature.
- 3) **INFLATIONARY:** Indirect tax directly affects the prices of goods and services which may lead to an inflationary tendency.
- 4) **TAX ON COMMODITIES AND SERVICES:** It is levied on commodities at the time of manufacture or purchase or sale or import/export thereof. Hence, it is also known as commodity taxation. It is also levied on provision of services.
- 5) **BURDEN SHIFTING:** There is a clear shifting of tax burden in respect of indirect taxes. For example, GST which is paid by the seller of the goods is recovered from the buyer by including the tax in the cost of the commodity.



6) **IMPORTANT SOURCE OF REVENUE:** Indirect taxes are a major source of tax revenues for Governments worldwide and continue to grow as more countries move to consumption oriented tax regimes. In India, indirect taxes contribute more than 50% of the total tax revenues of Central and State Governments.



7) **NO PERCEPTION OF DIRECT PINCH:** Since, value of indirect taxes is generally included in the price or value, most of the time the tax payer pays the same without actually knowing that he is paying tax to the government. Tax payer does not perceive a direct pinch while paying indirect taxes.



8) **SOCIAL WELFARE PROMOTION:** High taxes are imposed on the consumption of harmful products (also known as 'sin goods') such as alcoholic products, tobacco products etc. This is not only reduce their consumption but also enables the State to collect substantial revenue.

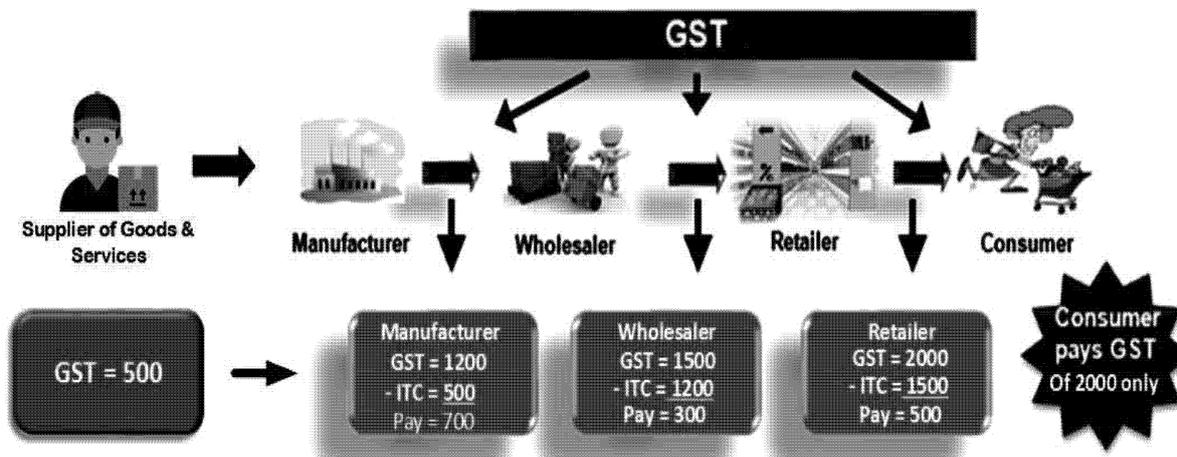


4. CONCEPT OF GST & NEED FOR GST

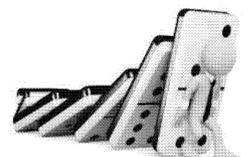
A) CONCEPT OF GST:



- 1) **VALUE ADDED TAX:** GST is a value added tax levied on manufacture, sale and consumption of goods and services.
- 2) **COMPREHENSIVE AND CONTINUOUS CHAIN OF TAX CREDITS:** GST could be levied on the value added at every point of value addition (similar to VAT) until it reaches to the final consumer. Further, GST facilitates continuous tax credit from the point of manufacture to the point of retail consumer.
- 3) **CREDIT OF GST:** The supplier at each stage is permitted to avail credit of GST paid on the purchase of goods and/or services and can set off this credit against the GST payable on the supply of goods and services to be made by him. Thus, only the final consumer bears the GST charged by the last supplier in the supply chain, with set-off benefits at all the previous stages.



4) **NO CASCADING EFFECT OF TAX:** "Cascading effect" means double effect. Since, only the value added at each stage is taxed under GST, there is no tax on tax or cascading of taxes under GST system. GST does not differentiate between goods and services and thus, the two are taxed at a single rate.

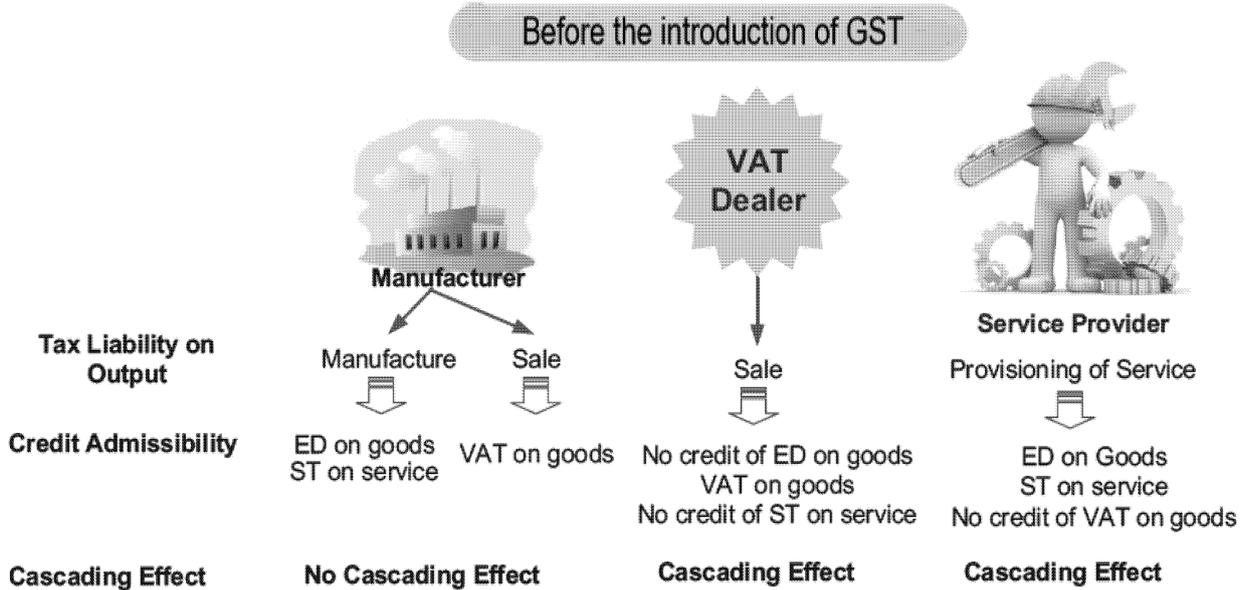


5) **DESTINATION BASED TAX:** Destination Based Tax is the tax based on destination or consumption of the goods or services. Under this principle goods or services will be taxed at the place where their consumption takes place rather than the point where their origin takes place. The entire revenue relating to the goods or services will accrue in the jurisdiction where are being ultimately consumed.

E.g.: If Mr. Pradeep in Delhi produces the goods and sells the goods to Mr. Tharun of Haryana, then in such case the tax will accrue to the State of Haryana and not to the State of Delhi.

B) NEED FOR GST:

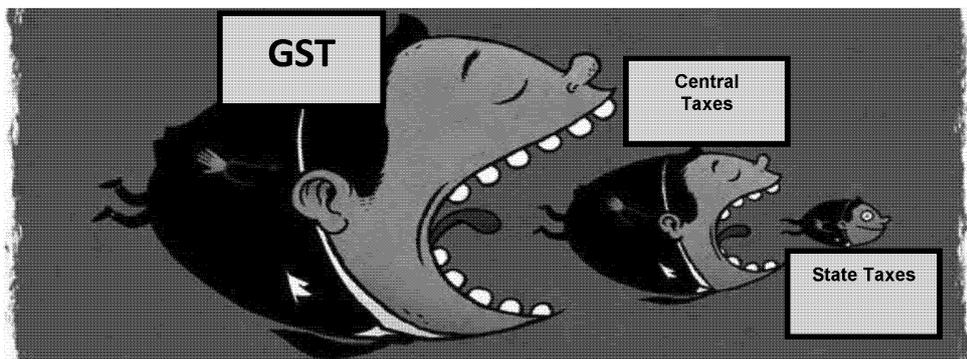
1) **DEFICIENCIES IN THE EXISTING INDIRECT TAX REGIME**



Despite the introduction of the principle of taxation of value added in India - at the Central level in the form of CENVAT and at the state level in the form of State VAT - its application has remained piecemeal and fragmented on account of the following reasons:

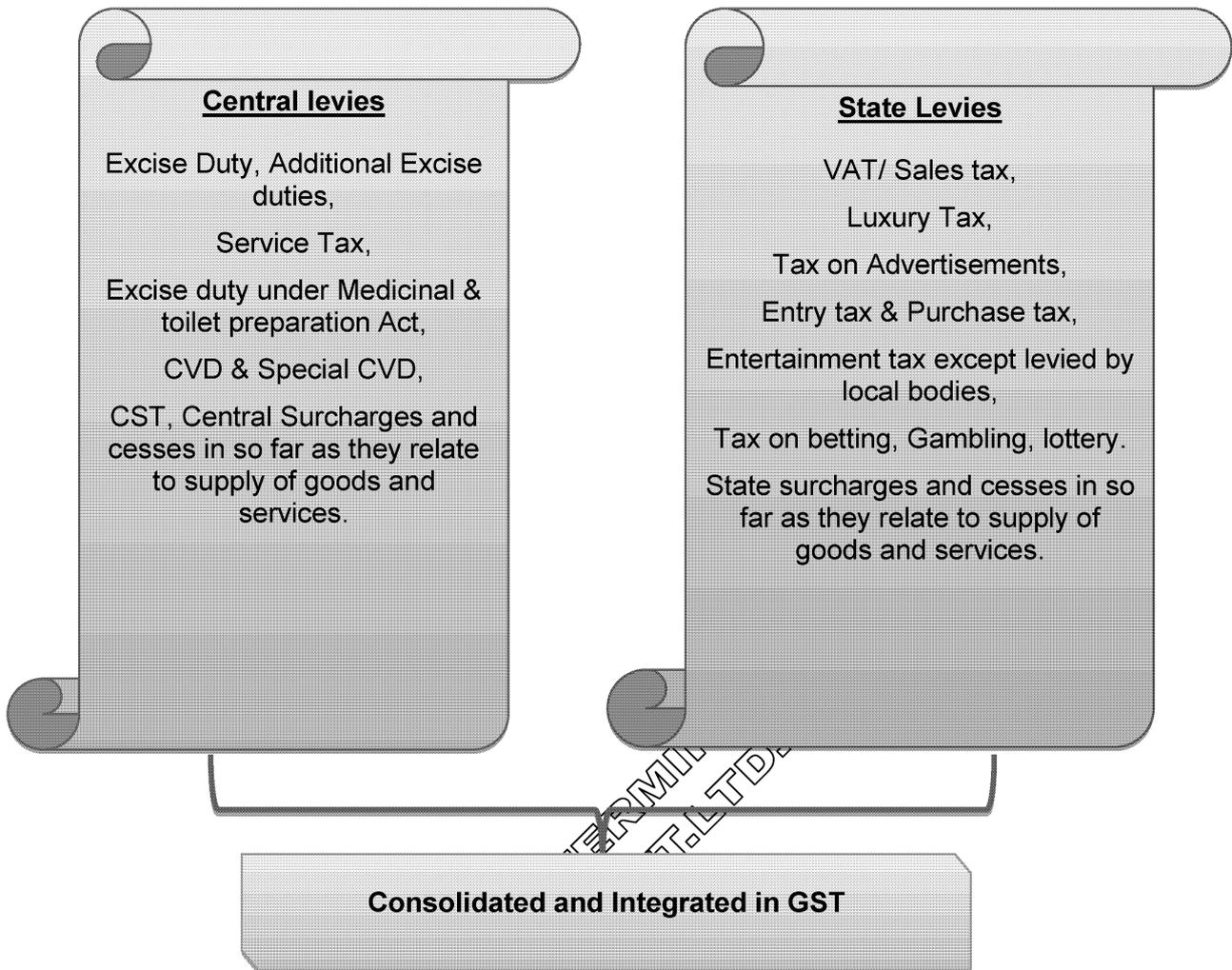
Cascading of taxes on account of (i) levy of Non – Vatable CST and (ii) inclusion of CENVAT in the value for imposing VAT			
Non – Inclusion of several local levies in luxury tax, entertainment tax etc.	Double taxation of a transaction which involves both goods and services	No CENVAT after manufacturing stage	Non – integration of VAT & Service tax

2) **GST - A CURE FOR ILLS OF THE EXISTING INDIRECT TAX REGIME**

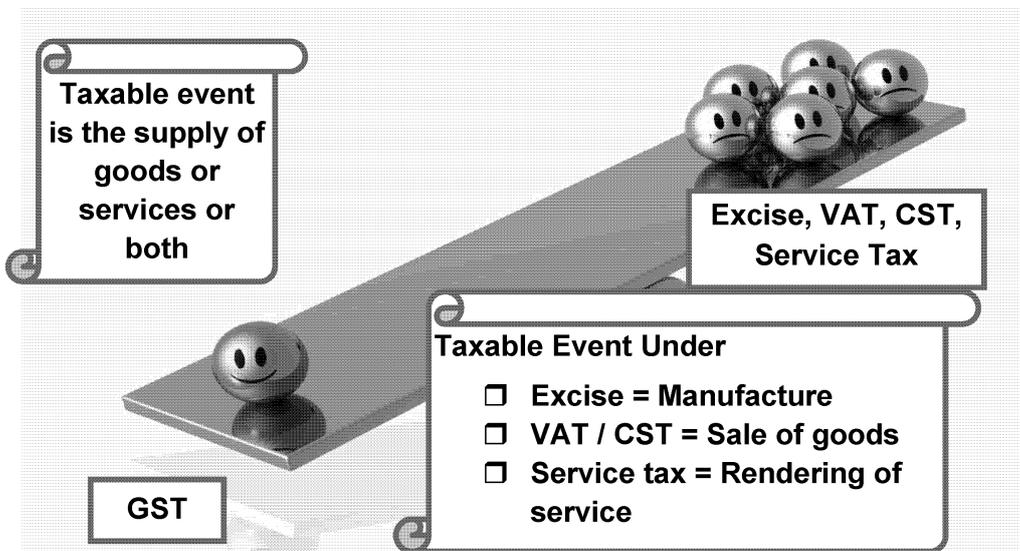


ARE PREVIOUS TAXES ARE SUBSUMED INTO GST, THEN WHAT ARE THEY?

Yes. All the following taxes shall be subsumed in the GST.



GST VS CURRENT IDT STRUCTURE



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5. BENEFITS OF GST

GST is a win-win situation for the whole nation.

GST will

- a) lower the cost of goods and services,
- b) Give a boost to the economy and
- c) Make our goods and services globally competitive.

The Significant benefits have been elucidated below:

CREATION OF UNIFIED NATIONAL MARKET:

- a) By implementing GST, GOI Implements the common tax rates and procedures
- b) Thereby implementing the common market, GOI can remove common economic barriers by introducing an integrated tax.

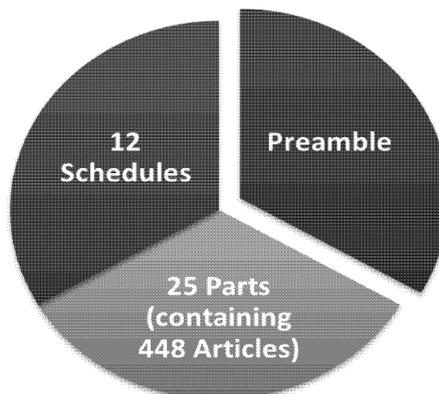
MITIGATION OF ILL EFFECTS OF CASCADING: GST integrates the indirect taxes substantially under one roof allowing the credit at every stage of value addition (upto the final consumption). Further, GST eliminates cascading effect by allowing input tax credit (ITC) to the supplier who supplies the goods/ services/ both.

ELIMINATION OF MULTIPLE TAXES AND DOUBLE TAXATION: GST is leviable uniformly on goods and services. This will make doing business easier and will also tackle the highly disputed issues relating to double taxation of a transaction as both goods and services.

BOOST TO 'MAKE IN INDIA' INITIATIVE: GST will give a major boost to the 'Make in India' initiative of the Government of India by making goods and services produced in India competitive in the national as well as international market.

BUOYANCY TO THE GOVERNMENT REVENUE: Buoyancy means easiness. GST is expected to levy & collect the Government Revenue by widening the tax base and improving the taxpayer compliance.

6. CONSTITUTION OF GST



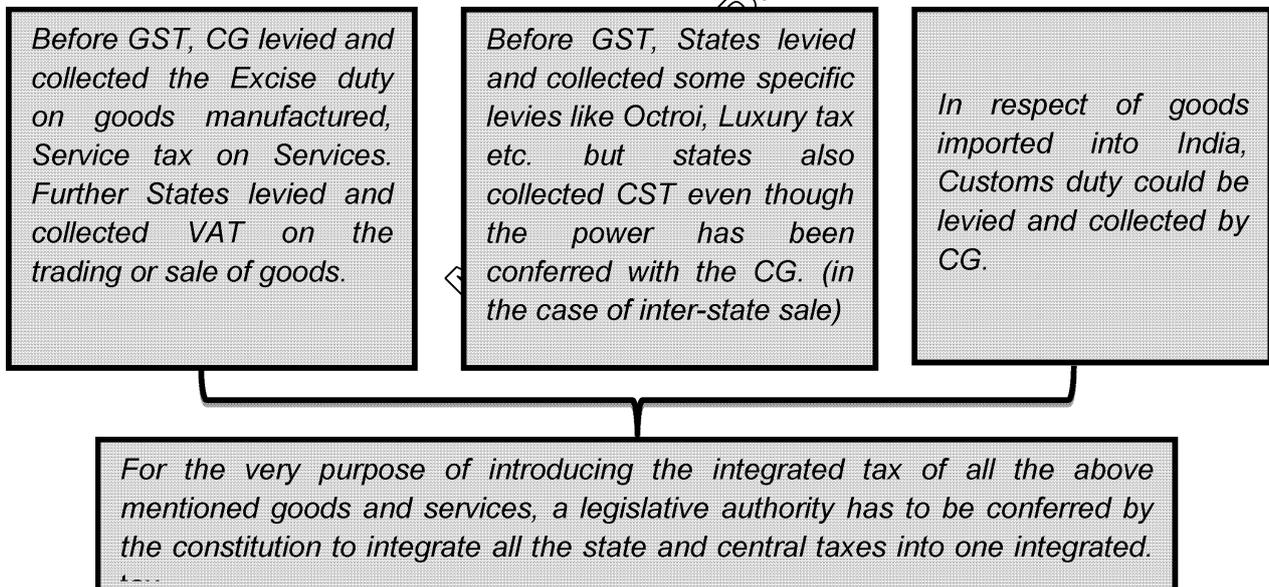
- 1) The constitution of India is the supreme law and all other laws of the Central or State Government have to be consistent with the Constitution.

- 2) Article 265 of the Constitution provides that no tax shall be levied or collected except by authority of law.
- 3) Article 245 provides that the Parliament may make laws for the whole or any part of the territory of India, and the legislature of a State may make laws for the whole or any part of the State.

SOURCE OF POWER: Articles 246 and Schedule VII of the constitution of India distributes the power to impose tax between the Central Government and the State Government as follows:

Source of power	Short-title	Power to make laws vest with
List I of Schedule VII	Union list	Central Government
List II of Schedule VII	State list	State Government
List III of Schedule VII	Concurrent list	Central Government and the State Governments, both, concurrently (no taxes are covered in this list)
Entry 97 of list I	Residuary entry	Central Government (This power is residuary power in respect to matters / taxes not covered by other lists / entries). Applicability to J&K: Taxes deriving their authority under entry 97 of list I are not applicable to Jammu & Kashmir unless consented to by J & K. (<u>ACADEMIC INTEREST ONLY</u>)

Need for 101st Constitutional Amendment Act, 2016 (FOR STUDENTS SELF-STUDY)



SIGNIFICANT AMENDMENTS MADE BY CONSTITUTION AMENDMENT ACT ARE AS FOLLOWS:

ARTICLE 246A: Power to make laws with respect to Goods and Services Tax

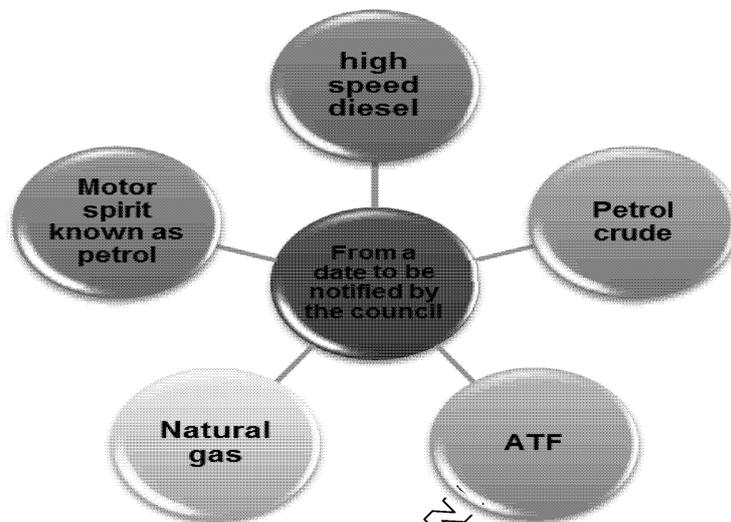
BARE ARTICLE:

- 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.

LET US CRACK THE ARTICLE:

- 1) Firstly, the motive of the introduction of Article 246A is to confer the authority to impose GST by both the Central and State governments.
- 2) But in the case inter-state supplies under GST, the Centre has the exclusive power to make the bye laws.
- 3) However in respect of the following goods, GST shall be levied from a date recommended by the GST council

WHAT ARE THEY?

As far as the constitution is concerned, **Now** Article 246A overrides the supremacy of Article 254 in respect of making the law.

ARTICLE 269A (LEVY AND COLLECTION OF GST ON INTER-STATE SUPPLY):

- 1) Article 269A empowers the Centre to levy and collect the GST on inter-state trade or supply (known as IGST). Further, such tax collected shall be apportioned between the Centre and the state(s) on the basis of a ratio as recommended by the GST Council.
- 2) For the aforesaid purpose, supply of goods or services in the course of import shall be considered as deemed supplies in the course of inter-state trade or commerce.
- 3) This will give power to Central Government to levy IGST on the import transactions which were earlier subject to CVD under the Customs Tariff Act, 1975.

GST COUNCIL (here in after referred as Council)

- 1) The decision making body of GST is GST Council, which is constituted as per Article 279A of Constitution.
- 2) The Union Finance Minister is the Chairman of this Council and Ministers in charge of Finance/Taxation or any other Minister nominated by each of the States & UTs with Legislatures are its members. Besides, the Union Minister of State in charge of Revenue or Finance is also its member.
- 3) Every decision of the GST Council needs to be taken by not less than 3/4th of the majority of the members present and voted. Weightage of the members shall be 1/3rd and 2/3rd of the members present and voted for Centre, states respectively.
- 4) The functions of the Council includes –
 - a) To make recommendations to States and Centre with respect to Tax rates, Threshold limits, Exemptions etc.
 - b) To recommend a date to be effective to levy GST on the Petroleum crude, High speed diesel, Motor spirit, Natural gas, ATF.

FOCUS POINTS:

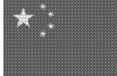
EVEN AFTER THE INTRODUCTION OF GST:

- 1) Central excise duty continues to be levied on tobacco, petroleum crude, diesel, petrol, ATF and natural gas as these were exempted under GST. It is important to note that the Union reserved its power to levy GST and Excise duty as well on tobacco.
- 2) Since, Alcoholic liquor is outside the ambit of GST, State excise duty is leviable on manufacture/production of alcoholic liquor. Further, state excise duty could also be levied on opium, Indian hemp and narcotics.
- 3) VAT is leviable on intra-State sale of petroleum crude, diesel, petrol, ATF, natural gas and alcoholic liquor.
- 4) Real estate sector-GST will not be levied on sale/purchase of immovable property.

7. FRAMEWORK OF GST

A) GST MODELS - WORLD WIDE:

Goods and Service tax which is globally know as VAT, is an old concept which was first implemented in France. Various countries across the globe have implemented GST by adopting different models. The detail of which is as follows.

GST MODEL			
National GST	Tax levied by Centre with sharing of revenue with state	Australia	
		China	
State GST	Tax levied by the state and retained by themselves.	USA	
Non Concurrent GST	Centre levies GST on services and State levies GST on goods	--	
Concurrent Dual GST Model	Tax levied by Centre and state on both goods and services	Brazil	
		Canada	
		India	

From the various model of GST, India has proposed to adopt concurrent Dual GST Model for implementing GST.

B) GST MODELS - INDIA:

- 1) India has adopted a dual GST which is imposed concurrently by the Centre and States, i.e. Centre and States simultaneously levies tax on goods and services.
- 2) Centre has the power to tax intra-State sales & States are empowered to tax services.
- 3) GST extends to whole of India including the State of Jammu and Kashmir.

TYPES OF GST IN INDIA

Name	Levy & Collection	Act
CGST	Central Government.	CGST Act, 2017.
IGST	Central Government.	IGST Act, 2017.

SGST	State Government & Union Territories with state legislatures*.	SGST Act by Respective state(s).
UTGST	Union Territories without state legislatures**.	UTGST Act, 2017.

*Delhi and Pondicherry

**Andaman and Nicobar Islands, Lakshadweep, Dadra and Nagar Haveli, Daman and Diu and Chandigarh

C) **MANNER OF UTILIZATION OF ITC (INPUT TAX CREDIT):** (To be discussed in detailed manner at Chapter 6)

- 1) ITC of IGST should **first** be utilized towards payment of IGST.
- 2) **Remaining ITC of IGST, if any, can be utilized towards the payment of CGST and SGST/UTGST in ANY ORDER AND IN ANY PROPORTION** i.e. remaining ITC of IGST can be utilized –
 - a) First towards payment of CGST and then towards payment of SGST; or
 - b) First towards payment of SGST and then towards payment of CGST; or
 - c) Towards payment of CGST and SGST simultaneously in **any proportion** e.g. 50: 50,30: 70, 40: 60 and so on.

ITC of	Output IGST liability	Output CGST liability	Output SGST/ UTGST liability
IGST	I)	II) - In any order and in any proportion	
III) ITC of IGST to be completely exhausted mandatorily			
CGST	V)	IV)	Not permitted
SGST/ UTGST	VII) Only after the ITC of CGST has been utilized fully	Not permitted	VI)

(Teach problem No.1 of classroom discussion)

D) **REGISTRATION UNDER GST:** (To be discussed in detailed manner at Chapter 7)

Every supplier of goods and/ or services is required to obtain registration in the State/UT from where he makes the taxable supply if his aggregate turnover exceeds the threshold limit during a FY.

States with threshold limit of Rs. 10 lakh for both goods and services are **Mizoram, Nagaland, Tripura and Manipur.**

States with threshold limit of Rs. 20 lakh for both goods and services are **Arunachal Pradesh, Meghalaya, Sikkim, Uttarakhand, Puducherry, and Telangana.**

States with threshold limit of Rs. 20 lakh for services and Rs. 40 lakh for goods (Persons who are exclusively engaged in intra-state supply of goods) are **Jammu and Kashmir, Himachal Pradesh, Assam and All other States other than the states as specified above.**

E) **GST COMMON PORTAL:**

1) This is an electronic portal based on a website managed by the GST network (GSTN).

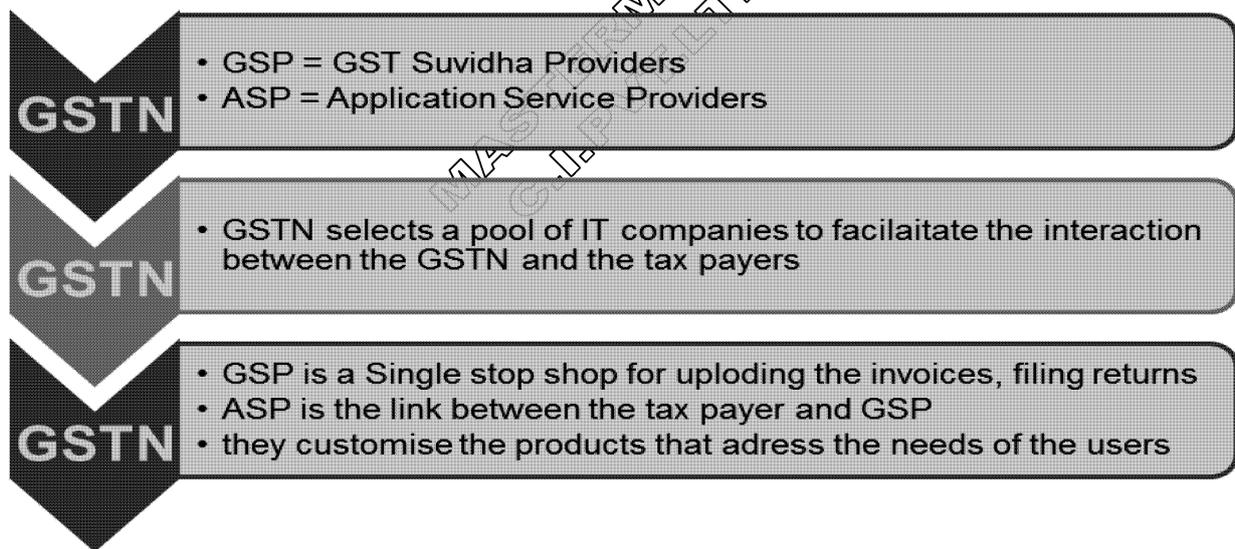
2) **Constitution of GSTN:**

- a) A Non-Profit company constituted under Sec.8 of the companies Act, 2013.
- b) It is non-profit and non-government entity, wherein government held 49% and private entities held 51%.
- c) In the 27th Council meeting, it has been decided that Government shall acquire 51% from the private entities thereby making GST Council a 100% government owned entity. Thereafter, 50% owned by CG and 50% owned by SG.

- 3) **GSTN** offers a common interface, common IT infrastructure for the tax payers and Government(s)
- 4) GST portal is accessible via Internet.
- 5) **GST** common portal's Eco system consists of –
 - a) Tax payers,
 - b) Tax professionals,
 - c) Tax authorities,
 - d) Banks.
- 6) The **functions** of the **GSTN** include:
 - a) Facilitating registration;
 - b) Forwarding the returns to Central and State authorities;
 - c) Computation and settlement of IGST;
 - d) Matching of tax payment details with banking network;
 - e) Providing various MIS reports to the Central and the State Governments based on the taxpayer return information;
 - f) Providing analysis of taxpayers' profile; and running the matching engine for matching, reversal and reclaim of input tax credit.
- 7) The Common GST E-Portal for furnishing **E-way bill** is www.ewaybillgst.gov.in. E-way bill is an **electronic document** generated on the GST portal evidencing **movement of goods**.

WHO IS A GSP OR ASP?

(FOR STUDENTS SELF-STUDY)



SECTION 2: PROBLEMS FOR CLASSROOM DISCUSSION

PROBLEM 1: (PRINTED SOLUTION AVAILABLE) Calculate the amount payable under GST for the following situations:

Intra-state supply:

Considering the following cases pertaining to supply within the state of Andhra Pradesh (assume that GST rate is 18%)

- i) A of Guntur supplies goods/services to B of Guntur. Taxable value of supply is RS. 10,000. A does not have any input tax credit.

- ii) B, in the above case, supplies the same goods/services after making value addition at the rate of 20%. Recipient of supply is C of Guntur.

INTER-STATE SUPPLY: Considering the following cases pertaining to intra-state / inter-state supply (assume that GST rate is 18%)

- i) X of Bengaluru supplies goods/services to A of Mysore. Taxable value of supply is RS. 10,000. X does not have any input tax credit. This is intra-state supply.
- ii) A, in the above case, supplies the same goods/services after making value addition at the rate of 20%. Recipient of supply is B of Trivandrum.
- iii) B, in the above case, supplies the same goods/services after making value addition at the rate of 20%. Recipient of supply is C of Kerala. This is intra-state supply within the state of Kerala.

(A) (NEW SM) (ANS.: INTRA-STATE SUPPLY: I) CGST OF RS. 900 & SGST OF RS. 900 & II) CGST OF RS. 180 & SGST OF RS. 180; INTER-STATE SUPPLY: I) CGST OF RS. 900 & SGST OF RS. 900; II) IGST OF RS. 360 & III) CGST IS NIL & SGST OF RS. 432)

(SOLVE PROBLEM NO. 1 OF ASSIGNMENT PROBLEMS AS REWORK)

SECTION 3: PRINTED SOLUTIONS FOR CLASS ROOM DISCUSSION

PROBLEM NUMBER(S) TO WHICH SOLUTIONS ARE PROVIDED: 1

PROBLEM NO. 1

INTRA-STATE SUPPLY: In case of local supply of goods/ services, the supplier would charge dual GST i.e., CGST and SGST at specified rates on the supply.

- i) **Supply of goods/ services by A to B**

Particulars	Amount (In Rs.)
Value charged for supply of goods/ services	10,000
Add: CGST @ 9%	900
Add: SGST @ 9%	900
Total price charged by A from B for local supply of goods/ services	11,800

The CGST & SGST charged on B for supply of goods/services will be remitted by A to the appropriate account of the Central and State Government respectively.

A is the first stage supplier of goods/services and hence, does not have credit of CGST, SGST or IGST.

- ii) **Supply of goods/services by B to C – Value addition @ 20%:** B will avail credit of CGST and SGST paid by him on the purchase of goods/ services and will utilise such credit for being set off against the CGST and SGST payable on the supply of goods/services made by him to C.

Particulars	Amount (In Rs.)
Value charged for supply of goods/ services (Rs. 10,000 x 120%)	12,000
Add: CGST @ 9%	1080
Add: SGST @ 9%	1080
Total price charged by B from C for local supply of goods/ services	14160

Computation of CGST, SGST payable by B to Government

Particulars	Amount (in Rs.)
CGST payable	1080
Less: Credit of CGST	900
CGST payable to Central Government	180
SGST payable	1080
Less: Credit of SGST	900
SGST payable to State Government	180

Note: Rates of CGST and SGST have been assumed to be 9% each.

Statement of revenue earned by Central and State Government

Transaction	Revenue to Central Government (Rs.)	Revenue to State Government (Rs.)
Supply of goods/services by A to B	900	900
Supply of goods/services by B to C	180	180
Total	1080	1080

INTER-STATE SUPPLY: In case of inter-State supply of goods/ services, the supplier would charge IGST at specified rates on the supply.

i) Supply of goods/services by X to A

Particulars	Amount (Rs.)
Value charged for supply of goods/services	10,000
Add: CGST @ 9%	900
Add: SGST @ 9%	900
Total price charged by X from A for intra - state supply of goods / services	11,800

X is the first stage supplier of goods/services and hence, does not have any credit of CGST, SGST or IGST.

ii) Supply of goods/services by A to B – Value addition @ 20%

Particulars	Amount (Rs.)
Value charged for supply of goods/services (Rs. 10,000 x 120%)	12,000
Add: IGST @ 18%	2,160
Total price charged by A from B for inter-State supply of goods/services	14,160

Computation of IGST payable to Government

Particulars	Amount (Rs.)
IGST payable (Note)	2,160
Less: Credit of CGST (Note)	900
Less: Credit of SGST (Note)	900
IGST payable to Central Government	360

The IGST charged on B of Kerala Government for supply of goods/services will be remitted by A of Karnataka Government to the appropriate account of the Central Government. Karnataka Government (Exporting State) will transfer SGST credit of Rs. 900 utilised in the payment of IGST to the Central Government.

Note: ITC on account of **SGST/UTGST** can be utilized towards **payment of IGST** only where the balance of the ITC on account of **CGST is not available** for payment of IGST.

iii) Supply of goods/services by B to C - Value addition @ 20%

B will avail credit of IGST paid by him on the purchase of goods/services and will utilise such credit for being set off against the CGST and SGST payable on the local supply of goods/services made by him to C.

Particulars	Amount (Rs.)
Value charged for supply of goods/ services (Rs. 12,000 x 120%)	14,400
Add: CGST @ 9%	1,296
Add: SGST @ 9%	1,296
Total price charged by B from C for local supply of goods/services	16,992

Computation of CGST, SGST payable to Government

Particulars	Amount (Rs.)
CGST payable	1,296
Less: Credit of IGST (Note)	1,296
CGST payable to Central Government	Nil
SGST payable	1,296
Less: Credit of IGST (Rs. 2,160 - Rs. 1,296) (Note)	864
SGST payable to State Government	432

Central Government will transfer IGST credit of Rs. 864 utilised in the payment of SGST to Kerala Government (Importing State).

NOTE:

- 1) ITC of IGST should first be utilized towards payment of IGST.
- 2) Remaining ITC of IGST, if any, can be utilized towards the payment of CGST and SGST/UTGST in **any order**.
- 3) ITC of CGST, SGST/UTGST can be utilized towards payment of IGST, CGST, SGST/UTGST only after the ITC IGST of has first been utilized fully.

Rates of CGST, SGST and IGST have been assumed to be 9%, 9% and 18% respectively.

Statement of revenue earned by Central and State Governments

Transaction	Revenue to Central Government (Rs.)	Revenue to Govt. of Karnataka (Rs.)	Revenue to Govt. of Kerala (Rs.)
Supply of goods/services by X to A	900	900	
Supply of goods/services by A to B	360		
Transfer by Karnataka to Centre	900	(900)	
Supply of goods/services by B to C			432
Transfer by Centre to Kerala	(864)		864
Total	1,296	Nil	1,296

SECTION 4: ASSIGNMENT PROBLEMS

PROBLEM NO.1: Calculate the amount payable under GST for the following situations:

Intra-state supply: Considering the following cases pertaining to supply within the state of Maharashtra (assume that GST rate is 12%)

- i) X of Maharashtra supplies goods/services to Y of Maharashtra. Taxable value of supply is RS. 1,00,000. X does not have any input tax credit.
- ii) Y, in the above case, supplies the same goods/services after making value addition at the rate of 30%. Recipient of supply is Z of Maharashtra.

Inter-state supply: Considering the following cases pertaining to intra-state / inter-state supply (assume that GST rate is 12%)

- i) X of Bengaluru supplies goods/services to Y of Mysore. Taxable value of supply is RS. 5,00,000. X does not have any input tax credit. This is intra-state supply.
- ii) Y, in the above case, supplies the same goods/services after making value addition at the rate of 40%. Recipient of supply is Z of Trivandrum.
- iii) Z, in the above case, supplies the same goods/services after making value addition at the rate of 30%. Recipient of supply is A of Kerala. This is intra-state supply within the state of Kerala.

(A) (ANS.: INTRA-STATE SUPPLY: I) CGST & SGST OF RS. 6,000 & II) CGST & SGST OF RS. 1,800; INTER-STATE SUPPLY: I) CGST & SGST OF RS. 30,000; II) IGST OF RS. 24,000 & III) CGST IS NIL & SGST OF RS. 25,200)

SECTION 5: ADDITIONAL PROBLEMS FOR SELF PRACTICE

PROBLEM NO.1: Calculate the amount of GST payable in the following cases by a registered person:

Particulars	Value of supply (Rs) exclusive of GST
i) Local Intra - state supply in Delhi	40,000
ii) Local Intra - state supply in Lakshadweep	60,000

iii) Supply from Assam to Punjab	25,000
iv) Supply from Delhi to Goa	30,000
v) Supply from Delhi to Pondicherry	50,000
vi) Local supply in Chandigarh	20,000

The rates of GST to be followed are CGST @ 9%; SGST/UTGST @ 9% & IGST @ 18%.

(B) (ANS.: I) RS. 3,600 & RS. 3,600, II) RS. 5,400 & RS. 5,400, III) RS. 4,500, IV) RS. 5,400, V) RS. 3,240, VI) RS. 1,800 & RS. 1,800)

PROBLEM NO.2: Mr. M of Madurai who is a registered person, supplied goods/services for Rs.24,000 to Mr. S of Salem. Mr. M purchased goods/services for Rs.23,600 (inclusive of CGST 9% and SGST 9%) from Mr. C of Chennai. Find the following:

- i) Total price charged by Mr. M for supply of goods/services
- ii) Who is liable to pay GST?

iii) Net liability of GST.

(B) (ANS.: I) RS. 28.320, II) LIABLE, III) RS. 360 & RS. 360)

SECTION 6: TEST YOUR KNOWLEDGE

- 1) Discuss any two functions of GSTN. (MTP N18 (N&O))
- 2) List the central taxes which have been subsumed in GST in India? (MTP N18 (N&O))
- 3) Discuss any two significant benefits of GST. (MTP N18 (N&O))
- 4) List any six state levies, which are subsumed in GST. (M18 (N) - 3M, MTP N18(N))
- 5) How does the new payment system benefit the taxpayer & the Commercial Tax Department? (M18 (O) - 2M, MTP N18 (N))
- 6) Ravan of Guntur supplies goods worth Rs. 2,00,000 to Meghanath of Gudivada. Further, the same goods has been sold by Meghanath to Vihneshana of Hyderabad for Rs.1, 20,000. Is GST could be levied on these transactions? If so how?

SECTION 7: THINGS TO REMEMBER

S. No	CONCEPT	ANSWER
1)	Authority to impose GST by both the Central and State governments	Article 246 A (1)
2)	Centre has the exclusive power to levy IGST on Inter-State supplies	Article 246 A (2)
3)	Import shall be deemed as inter-state supplies	Article 269 A
4)	Tax levied by Centre and state on both goods and services	Concurrent Dual GST Model
5)	Intra - state supply	CGST & SGST
6)	Inter - state supply	IGST

THE END

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