



Goods and Service Tax

GST IN INDIA

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DIRECT VS INDIRECT TAXES

DIRECT TAX	INDIRECT TAX
Paid Directly by Individual to the Government	Burden of Tax Shifted from one person to another
Tax depends on your income/wealth	Tax depends on the taxable event
Tax collected at one single stage	Tax is collected at different stages
No ITC concept	ITC concept prevalent as tax is collected in stages

TYPES OF INDIRECT TAXES (PRIOR TO GST)

INDIRECT TAXES

Service Tax

Value Added Tax

Central Sales Tax

Excise Duty

Customs Duty

CONCEPT OF GST IN INDIA

- ❑ In the year 2000, the then Prime Minister mooted the concept of GST and set up a committee to design a Goods and Services Tax (GST) model for the country.
- ❑ In 2003, the Central Government formed a task force on Fiscal Responsibility and Budget Management, which in 2004 strongly recommended fully integrated 'GST' on national basis.
- ❑ Union Finance Minister, Shri P. Chidambaram, while presenting the Union Budget (2006-2007), announced that GST would be introduced from April 1, 2010. Since then, GST missed several deadlines and continued to be shrouded by the clouds of uncertainty

CONCEPT OF GST IN INDIA

- ❑ In the year 2014 when the NDA Government tabled the Constitution (122nd Amendment) Bill, 2014 on GST in the Parliament on 19th December, 2014. The Lok Sabha passed the Bill on 6th May, 2015 and Rajya Sabha on 3rd August, 2016.
- ❑ Subsequent to ratification of the Bill by more than 50% of the States, Constitution (122nd Amendment) Bill, 2014 received the assent of the President on 8th September, 2016 and became the Constitution (101st Amendment) Act, 2016, which paved the way for introduction of GST in India

CONCEPT OF GST IN INDIA

- ❑ In the following year, on 27th March, 2017, the Central GST legislations - Central Goods and Services Tax Bill, 2017, Integrated Goods and Services Tax Bill, 2017, Union Territory Goods and Services Tax Bill, 2017 and Goods and Services Tax (Compensation to States) Bill, 2017 were introduced in Lok Sabha.
- ❑ Lok Sabha passed these bills on 29th March, 2017 and with the receipt of the President's assent on 12th April, 2017, the Bills were enacted
- ❑ The enactment of the Central Acts was followed by the enactment of the State GST laws by various State Legislatures
- ❑ By 30th June, 2017, all States and Union Territories had passed their respective SGST and UTGST Acts except Jammu and Kashmir. J&K- 08-07-2017

CONCEPT OF GST IN INDIA

- ❑ GST- a path-breaking indirect tax reform which has subsumed multiple indirect taxes
- ❑ In many countries, the word VAT also is used to denote GST
- ❑ GST may be either single mode or dual mode.
- ❑ India has adopted a dual GST model

WHAT IS GST?

- ❑ GST is a **value added tax** which is levied on **SUPPLY** I.E. Manufacture or sale of goods and provision of services. and consumption of goods and services. The taxable event, in GST is Supply
- ❑ **Continuous chain of Input Tax Credits** available at each stage of supply
- ❑ **Burden is borne by the final consumer.** The Credits are given at each stage and the final tax is recovered from the consumer.
- ❑ **No cascading effect of taxes:** 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

EXAMPLE- CASCADING EFFECT

Manufacturer (₹)	Distributor (₹)	Retailer (₹)	Consumer (₹)
Cost: 1,00,000 GST @ 18%= 18,000	Cost: 1,00,000 Profit: 11,200 Sale Price: 1,11,200 GST @ 18% 20,016	Cost: 1,11,200 Profit: 24,640 Sale Price: 1,35,840 GST@ 18% 24,451.20	Cost: 1,60,291.2 (1,35,840+24,451.20)
Input Tax Credit= NIL	Input Tax Credit= 18,000	Input Tax Credit= Rs. 20,016	Input Tax Credit= NIL
Paid to Government GST = 18,000	Paid to Government GST = 2,016 (Output tax - Input tax)	Paid to Government GST= 4,435.20 (Output tax - Input tax)	Tax Borne by the Consumer 18,000+2,016+4,435.20= 24,451.20
Value Addition = 1,00,000 GST @ 18% = 18,000	Value Addition= 11,200 GST @ 18%= 2,016	Value Addition= 24,640 GST @ 18%= 4,435.20	Value Addition= NIL

NEED FOR GST

Deficiencies in Value Added Tax System

- ❑ Certain transactions were subject to double taxation and were taxed as both goods and services, since under the earlier regime, distinction between goods and services was often blurred. (Example: sale of software was subject to both VAT/SERVICE TAX)
- ❑ Both Central Excise Duty and VAT were levied on the manufacture and sale of goods leading to double taxation. Set-off of CENVAT against State-Level VAT was not allowed.

NEED FOR GST

Deficiencies in Value Added Tax System

- ❑ There were several taxes in the States, such as, Luxury Tax, Entertainment Tax, etc. which were not subsumed in the VAT. Hence for a single transaction, multiple taxes in multiple forms were required to be paid
- ❑ VAT on goods was not integrated with tax on services, at the State level, to remove the cascading effect of service tax.
- ❑ CST was another source of distortion in terms of its cascading nature since it was non-VATABLE

PROBLEMS TO BE ADDRESSED BY GST

PROBLEMS TO BE ADDRESSED BY GST

- ❑ Comprehensive Tax Structure: A comprehensive tax structure covering services viz. Goods and Service Tax (GST)
- ❑ Cascading effect to be removed
- ❑ Single Taxable Event: As against various taxable events in the previous regime, under GST there is just one single taxable event

GST FRAMEWORK IN INDIA

- ❑ Dual GST (CGST and SGST): Extends to entire country including J&K: Centre has the power to tax intra-state sale of goods and State has the power to tax services
- ❑ Types of GST: CGST, SGST and IGST: **GST is a destination based tax** applicable on all transactions involving supply of goods or services or both for a consideration subject to exceptions thereof
 - ❑ CGST- levied and collected by CG
 - ❑ SGST/UTGST- levied and collected by SG/UT
 - ❑ General Rule: where the **location of the supplier** and the **place of supply of goods or services** are in the same State/Union territory, it is treated as intra-State supply of goods or services respectively

GST FRAMEWORK IN INDIA

- ❑ General Rule: where the **location of the supplier** and the **place of supply of goods or services** are in the same State/Union territory, it is treated as intra-State supply of goods or services respectively
- ❑ Where the location of the supplier and the place of supply of goods or services are in (i) two different States or (ii) two different Union Territories or (iii) a State and a Union territory,
 - ❑ it is treated as inter-State supply of goods or services respectively.
- ❑ Inter-State supplies of taxable goods and/or services are subject to Integrated Goods and Services Tax (IGST). IGST is the sum total of CGST and SGST/UTGST and is levied by Centre on all inter-State supplies

GST FRAMEWORK IN INDIA

❑ Legislative framework:

- ❑ There is single legislation – CGST Act, 2017 - for levying CGST
- ❑ States and UTs have their own SGST/UTGST Acts
- ❑ Though there are multiple SGST legislations, the basic features of law, such as chargeability, definition of taxable event and taxable person, classification and valuation of goods and services, procedure for collection and levy of tax and the like are uniform in all the SGST legislations, as far as feasible. This is necessary to preserve the essence of dual GST

GST FRAMEWORK IN INDIA

- ❑ Classification of Goods and Services: HSN is used for Goods and SAC is used for Services
- ❑ Composition Scheme: For providing relief to small businesses, primarily manufacturers, suppliers of food articles, traders, etc., making intra-State supplies, a simpler method of paying taxes is prescribed, known as Composition Levy. ***The scope of this scheme has now been extended to small service providers also***
- ❑ **Registration:**
- ❑ 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

GST FRAMEWORK IN INDIA

Order of utilization of credit:

- ❑ There is a specified order in which ITC should be utilized. First, IGST credit should be utilized towards IGST payment, and then towards payment of CGST and SGST/UTGST in any order and in any proportion.
- ❑ After entire ITC of IGST is utilized, ITC of CGST should be utilized for payment of CGST and IGST in that order. Thereafter, ITC of SGST/UTGST should be utilized for payment of SGST/UTGST and IGST in that order.
- ❑ It may be noted that ITC of CGST cannot be utilized for payment of SGST/UTGST and vice versa. Also, ITC of SGST/UTGST should be utilized for payment of IGST, only after ITC of CGST has been utilized fully

GST FRAMEWORK IN INDIA

Examples: Order of utilization of credit:

STAGE I: Supply of goods/ services by A to B

PARTICULARS	AMOUNT (RS)
VALUE CHARGED FOR GOODS OR SERVICES	10,000
ADD: CGST @ 9%	900
ADD: SGST @ 9%	900
TOTAL	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.

GST FRAMEWORK IN INDIA

Examples: Order of utilization of credit:

STAGE 2: Supply of goods/ services by B to C

COMPUTATION OF CGST. SGST payable by the Government

Particulars	Amount (Rs)
CGST payable	1080
Less: CGST Credit	900
NET CGST PAYABLE	180
SGST payable	1080
Less: Credit of SGST	900
NET SGST payable	180

GST FRAMEWORK IN INDIA

Examples: Order of utilization of credit:

STAGE I: Supply of goods/services by X of State I to A of State I

PARTICULARS	AMOUNT (RS)
VALUE CHARGED FOR GOODS OR SERVICES	10,000
ADD: CGST @ 9%	900
ADD: SGST @ 9%	900
TOTAL	11,800

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

GST FRAMEWORK IN INDIA

Examples: Order of utilization of credit:

STAGE 2: Supply of goods/services by A of State 1 to B of State 2

PARTICULARS	AMOUNT (RS)
VALUE CHARGED FOR GOODS OR SERVICES	12,000
ADD: IGST @ 18%	2,160
TOTAL	14,160

GST FRAMEWORK IN INDIA

Examples: Order of utilization of credit:

STAGE 2: Computation of IGST payable

PARTICULARS	AMOUNT (RS)
IGST payable	2,160
Less: Credit of CGST	900
Less: Credit of SGST	900
IGST PAYABLE	360

The IGST charged on B of State 2 for supply of goods/services will be remitted by A of State 1 to the appropriate account of the Central Government. State 1 (Exporting State) will transfer SGST credit of Rs. 900 utilised in the payment of IGST to the Central Government

GST FRAMEWORK IN INDIA

Examples: Order of utilization of credit:

STAGE 3: Supply of goods/services by B of State 2 to C of State 2

PARTICULARS	AMOUNT (RS)
VALUE CHARGED FOR GOODS OR SERVICES	14,400
ADD: CGST @ 9%	1296
ADD: SGST @ 9%	1296
TOTAL	16,992

GST FRAMEWORK IN INDIA

Examples: Order of utilization of credit:

STAGE 3: Computation of CGST,SGST payable to Government

PARTICULARS	AMOUNT (RS)
CGST payable	1296
LESS: Credit of IGST	1296
CGST PAYABLE	NIL
SGST payable	1296
Less: Credit of IGST	864
SGST payable to State Government	432

Central Government will transfer IGST credit of Rs. 864 utilised in the payment of SGST to State 2 (Importing State).

GST FRAMEWORK IN INDIA

STATEMENT OF REVENUE EARNED BY CENTRAL/STATE GOVT

TRANSACTION	REVENUE TO CG	REVENUE TO SG 1	REVENUE TO SG 2
Supply of goods/services by X to A	900	900	-
Supply of goods/services by A to B	360		
Transfer by State 1 to Centre	900	(900)	-
Supply of goods/services by B to C	-	-	432
Transfer by Centre to SG 2	(864)		864
TOTAL	1296	NIL	1296

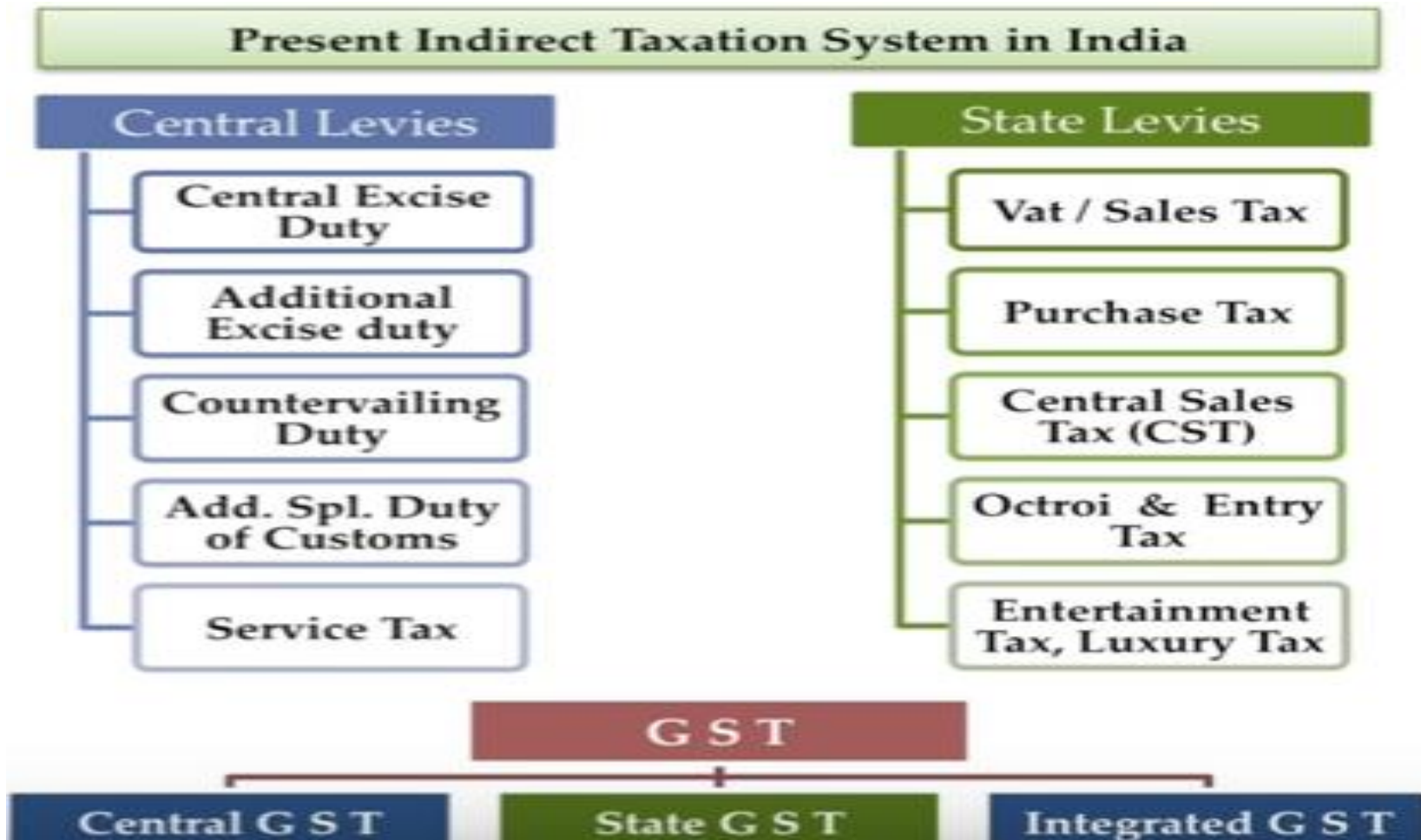
GST FRAMEWORK IN INDIA

- ❑ GST Common Portal: Common GST Electronic Portal – www.gst.gov.in – a website managed by Goods and Services Network (GSTN) [a company incorporated under the provisions of section 8 of the Companies Act, 2013] is set by the Government to establish a uniform interface for the tax payer and a common and shared IT infrastructure between the Centre and States
- ❑ The functions of the GSTN include facilitating registration; forwarding the returns to Central and State authorities; computation and settlement of IGST; matching of tax payment details with banking network; providing various MIS reports to the Central and the State Governments based on the taxpayer return information; providing analysis of taxpayers' profile

GST FRAMEWORK IN INDIA

- ❑ GSPs/ASPs: GSTN has selected certain Information Technology, Information Technology enabled Services and financial technology companies, to be called GST Suvidha Providers (GSPs). GSPs develop applications to be used by taxpayers for interacting with the GSTN
- ❑ Compensation Cess: A GST Compensation Cess at specified rate has been imposed under the Goods and Services Tax (Compensation to States) Cess Act, 2017 on the specified luxury items or demerit goods, like pan masala, tobacco, aerated waters, motor cars etc., computed on value of taxable supply. Compensation cess is leviable on intra-State supplies and inter-State supplies with a view to provide for compensation to the States for the loss of revenue arising on account of implementation of the GST- period of 5 years
- ❑ GST levied on all goods and services except alcoholic liquor for human consumption and petroleum crude, diesel, petrol, ATF and natural gas

CENTRAL AND STATE LEVIES SUBSUMED IN GST



ILLUSTRATIONS- GST

A timber-maker A sells timber to furniture maker B. The cost of the timber is Rs. 100 and both A and B are located in the State of Telangana. Rate of GST is 18%. Subsequently B sells the products to the Retailer C at Rs. 200. Finally C sells the final product to the consumer at Rs. 300. Please calculate the CGST and SGST levied at each stage of sale and the calculation of shares which goes to the Central Government and State Government.

A timber-maker A sells timber to furniture maker B. The cost of the timber is Rs. 100 and both A and B are located in the State of Telangana. Rate of GST is 18%. Subsequently B sells the products to the Retailer C located at Vizag for Rs. 200. Finally C sells the final product to the consumer located at Vizag at Rs. 300. Please -calculate the CGST and SGST levied at each stage of sale and the calculation of shares which goes to the Central Government and State Government.

BENEFITS OF GST

- ❑ Creation of a unified national market
- ❑ Enhanced investment and employment
- ❑ Ease of doing business
- ❑ Certainty in tax administration
- ❑ Automated procedures with greater use of IT
- ❑ Reduction in compliance costs
- ❑ Benefits to industry
- ❑ Boost to “Make in India” initiative

CONSTITUTIONAL PROVISIONS- GST

Power to levy and collect taxes whether, direct or indirect emerges from the Constitution of India

Significant provisions of the Constitution relating to taxation:

- ❑ Article 265: “Authority of Law”: Article 265 of the Constitution of India prohibits arbitrary collection of tax. It states that “**no tax shall be levied or collected except by authority of law**”.
- ❑ Article 245: Relation between the States and the Union Govt. The power for enacting the laws is conferred on the Parliament and on the Legislature of a State by Article 245 of the Constitution

CONSTITUTIONAL PROVISIONS- GST

- ❑ Article 246: Authority to UG and SG to levy tax
- ❑ Seventh Schedule to Article 246: UNION, STATE AND CONCURRENT LISTS

CONSTITUTIONAL PROVISIONS- GST

Power to levy GST was conferred by Article 246A of the Constitution which was introduced by the Constitution (101 st Amendment) Act, 2016.

Need for a Constitutional Amendment:

- ❑ Delineated powers to levy tax for the Central and State Government
- ❑ States are not empowered to levy taxes on importation/exportation
- ❑ Centre exclusively had the power to tax “manufacture”
- ❑ States had the power to tax sale of goods
- ❑ Inter-State Sale: CST was applicable
- ❑ Services: Centre had the power to levy service tax

LEVY OF GST

- ❑ Consequently, Constitution (101st Amendment Act), 2016 was passed. It has 20 sections. Newly inserted Article 279A empowering President to constitute GST Council was notified on 12.09.2016. Remaining provisions were notified with effect from 16.09.2016
- ❑ CAA also provides for compensation to States for loss of revenue on account of introduction of goods and services tax. Parliament shall, by law, on the recommendation of the Goods and Services Tax Council, provide for compensation to the States for loss of revenue arising on account of implementation of the goods and services tax for a period of five years

LEVY OF GST

SIGNIFICANT PROVISIONS OF CAA, 2016

- ❑ Concurrent powers on Parliament and State Legislatures to make laws governing taxes on goods and services
- ❑ Levy of integrated goods and services tax on inter-State transactions of goods and services to be levied and collected by the Central Government and apportioned between the Union and the States in the manner provided
- ❑ Principles for determining the place of supply and when a supply takes place in the course of inter-State trade or commerce shall be formulated by the Parliament, by law

LEVY OF GST

SIGNIFICANT PROVISIONS OF CAA, 2016

- ❑ Provides for a levy of GST on supply of all goods or services **except for Alcohol for human consumption.**
- ❑ 5 Petroleum products- Would be levied from a later date
- ❑ CG has power to levy excise duty in addition to GST on tobacco products
- ❑ Article 279A of the Constitution empowers the President to constitute a joint forum of the Centre and States namely, Goods & Services Tax Council (GST Council).

CONSTITUTION (101ST) AMENDMENT ACT, 2016

Article 279A: Constitution of a GST Council:

GSTC has been notified with effect from 12th Sep, 2016. A Goods and Services Tax Council (GSTC) shall be constituted comprising the

- ❑ Union Finance Minister,
- ❑ the Minister of State (Revenue) and
- ❑ the State Finance Ministers

GSTC would recommend on the GST rate, exemption and thresholds, taxes to be subsumed and other features.

This mechanism would ensure some degree of harmonization on different aspects of GST between the Centre and the States as well as across States.

KEY CHANGES MADE TO THE CONSTITUTION

Article 246A: Power to make laws with regard to GST

- (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. **(Talks about the 5 petroleum products)***

KEY CHANGES MADE TO THE CONSTITUTION

Article 248: Residuary Powers of the Legislature amended

- ❑ Article 248 grants the residuary powers to Parliament to make laws with respect to any matter not enumerated in the Concurrent List or State List.
- ❑ Now, this power has been **subjected to Article 246A**, namely the power to make laws with respect to goods and service tax to be imposed by the Centre and States.

KEY CHANGES MADE TO THE CONSTITUTION

Article 249 and 250: Power to make laws in national interest.

- ❑ Power of Parliament to legislate with respect to a matter in the State List. in the national interest/in case of emergency extended to GST provided under Article 246A

Article 268: Duties levied by the Centre but collected and appropriated by the States:

This Article stipulates that such stamp duties and such **duties of excise on medicinal and toilet preparations** as are mentioned in the Union List shall be levied by the Government of India but shall be collected by the State in the case where such duties are leviable.

Words “**duties of excise on medicinal and toilet preparations**” omitted

KEY CHANGES MADE TO THE CONSTITUTION

Article 268A: Article 268A empowering Union to levy Service Tax removed.

Important Points covered by Article 269A:

- ❑ This Article stipulates that GST on inter-state Supplies shall be levied and collected by Government of India and such tax shall be apportioned between Union and States in the manner as may be provided by Parliament on recommendations of the Council
- ❑ Import of goods or services or both into India is also to be treated as an Inter-State Supply

KEY CHANGES MADE TO THE CONSTITUTION

Important Points covered by Article 269A:

- ❑ Where amount collected as IGST has been used for SGST payment or vice-versa, such amount shall not form part of Consolidated Fund of India/State respectively.
- ❑ This is to facilitate transfer of funds between the Centre and the States
- ❑ Parliament is empowered to formulate the principles regarding place of supply and when supply of goods, or of services, or both occurs in interState trade or commerce.

KEY CHANGES MADE TO THE CONSTITUTION

Article 270: Distribution of GST between Centre and States

Amendment of Article 271:

Article 271 empowers Parliament to increase any of the duties, or taxes referred to in articles 269 or 270. It further provides that such surcharge is not shareable and remains with the Centre. **Now this article is amended to exclude GST from its purview.**

Definitions incorporated in Article 366:

Article 366(12A): Goods and Service Tax means any tax on supply of goods, or services or both except taxes on the supply of the alcoholic liquor for human consumption.

It is important to note that alcoholic liquor for human consumption has been specifically excluded from the definition itself. It can therefore be implied that there is no scope of the GST being levied from a later date as well.

KEY CHANGES MADE TO THE CONSTITUTION

Article 366(26A): Services means anything other than Goods.

Goods are already defined under Article 366(12) which states that goods includes all materials, commodities and articles.

Article 366(26B): State. with reference to articles 246A, 268, 269, 269A and article 279A, includes a Union territory with Legislature.

KEY CHANGES MADE TO THE CONSTITUTION

Article 286: Imposing Restrictions as to imposition of tax on the sale or purchase of goods amended:

This Article restrains States from framing laws for imposition of any tax on inter-state sale or purchase of goods. This article has been amended to incorporate the changes arising out of GST by substituting the words "sale or purchase" with "supply" and words "goods" with "goods or services or both".

Consequently, States have no right to impose GST on inter-State supply of goods or services or both. It will be levied by Union Government under Article 269A as mentioned earlier.

KEY CHANGES MADE TO THE CONSTITUTION

Constitution of GST Council- Article 279A- Some Points

- ❑ The President shall, within sixty 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 Goods and Services Tax Council shall consist of the following members, namely:—
 - ❑ the Union Finance Minister- Chairperson;
 - ❑ the Union Minister of State in charge of Revenue or Finance- Member;
 - ❑ the Minister in charge of Finance or Taxation or any other Minister nominated by each State Government- Members.

KEY CHANGES MADE TO THE CONSTITUTION

Constitution of GST Council- Article 279A- Some Points.

- ❑ The Members of the Goods and Services Tax Council referred to in 2(c) shall, as soon as may be, choose one amongst themselves to be the Vice-Chairperson of the Council for such period as they may decide.
- ❑ The Goods and Services Tax Council shall make recommendations to the Union and the States on—
 - ❑ the **taxes, cesses and surcharges** levied by the Union, the States and the local bodies which may be subsumed in the goods and services tax;
 - ❑ the goods and services that may be subjected to, or exempted from the goods and services tax;

KEY CHANGES MADE TO THE CONSTITUTION

Constitution of GST Council- Article 279A- Some Points.

- ❑ The Goods and Services Tax Council shall make recommendations to the Union and the States on—
 - ❑ Model Goods and Services Tax Laws, principles of levy, apportionment of Goods and Services Tax levied on supplies in the course of inter-State trade or commerce under article 269A and the principles that govern the place of supply;
 - ❑ the threshold limit of turnover below which goods and services may be exempted from goods and services tax;
 - ❑ the rates including floor rates with bands of goods and services tax;

KEY CHANGES MADE TO THE CONSTITUTION

Constitution of GST Council- Article 279A- Some Points.

- ❑ The Goods and Services Tax Council shall make recommendations to the Union and the States on—
 - ❑ any special rate or rates for a specified period, to raise additional resources during any natural calamity or disaster;
 - ❑ Special provision with respect to the States of Arunachal Pradesh, Assam, Jammu and Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh and Uttarakhand; and
 - ❑ any other matter relating to the goods and services tax, as the Council may decide.

KEY CHANGES MADE TO THE CONSTITUTION

Constitution of GST Council- Article 279A- Some Points.

Recommendation of Date for taxing Petrol, Diesel, etc.: 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.

Guiding Principles: While discharging the functions conferred by this article, the Goods and Services Tax Council shall be guided by the need for a harmonised structure of goods and services tax and for the development of a harmonised national market for goods and services.

Quorum: One half of the total number of Members of the Goods and Services Tax Council shall constitute the quorum at its meetings.

Procedure for performing functions: The Goods and Services Tax Council shall determine the procedure in the performance of its functions.

KEY CHANGES MADE TO THE CONSTITUTION

Constitution of GST Council- Article 279A- Some Points.

Decisions at the Meeting: Every decision of the Goods and Services Tax Council shall be taken at a meeting, by a majority of not less than three-fourths of the weighted votes of the members present and voting, in accordance with the following principles, namely:—

- (a) the vote of the Central Government shall have a weightage of one-third of the the total votes cast, and
- (b) the votes of all the State Governments taken together shall have a weightage of two-thirds of the total votes cast, in that meeting.

Validity of Act or Proceedings: No act or proceedings of the Goods and Services Tax Council shall be invalid merely by reason of—

- (a) any vacancy in, or any defect in, the constitution of the Council; or
- (b) any defect in the appointment of a person as a member of the Council; or
- (c) any procedural irregularity of the Council not affecting the merits of the case.

KEY CHANGES MADE TO THE CONSTITUTION

Constitution of GST Council- Article 279A- Some Points.

Dispute Resolution Mechanism: The Goods and Services Tax Council shall establish a mechanism to adjudicate any dispute —

- (a) between the Government of India and one or more States; or
- (b) between the Government of India and any State or States on one side and one or more other States on the other side; or
- (c) between two or more States

Article 368A amended: Article 368 has been amended to include Article 279A also within its purview. Consequently, at least two-thirds of the majority in each House of the Parliament and ratification by at least half of the States is specifically required to make any amendment in Article 279A relating to GST Council

TEST QUESTIONS

1. Differentiate between direct and indirect taxes.
2. Enumerate different types of direct and indirect taxes.
3. Explain the salient features of indirect taxes.
4. Write a short note on various Lists provided under Seventh Schedule to the Constitution of India.
5. Discuss how GST resolved the double taxation dichotomy under previous indirect tax laws.

TEST QUESTIONS

Discuss the leviability of GST or otherwise on the following:

- Alcoholic liquor for human consumption
- Petroleum crude, diesel, petrol, ATF and natural gas
- Tobacco
- Opium, Indian hemp and other narcotic drugs and narcotics