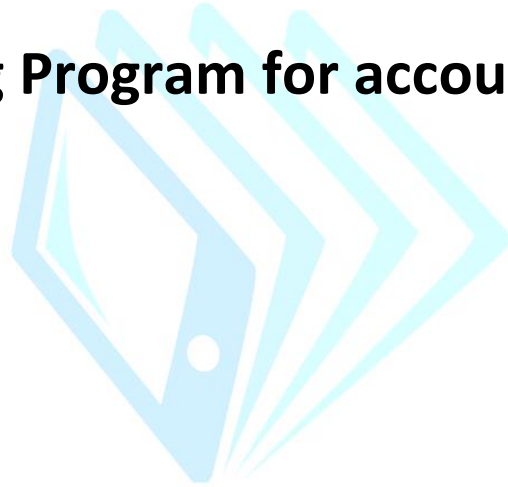




DIGIACCOUNTANT

Present

Learning Program for accountant



Assignment –1

Basics of GST

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DIGITAL ACCOUNTANT AT YOUR SERVICE

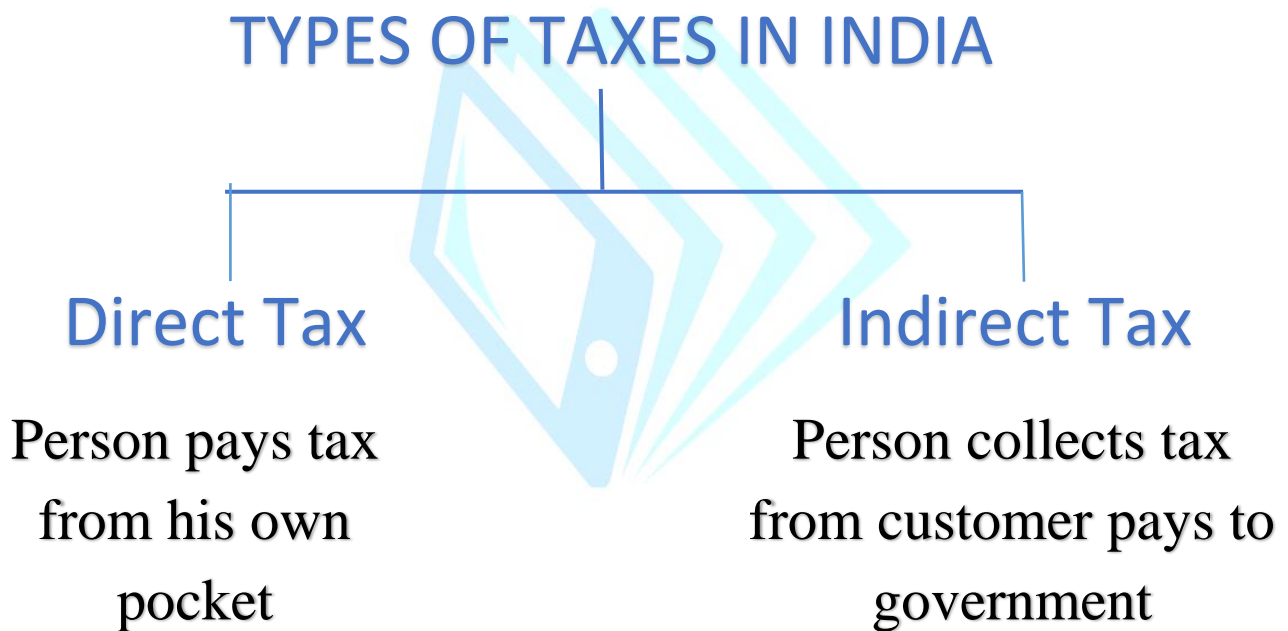
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WHAT IS TAX?

A tax is a compulsory financial charge or some other type of levy imposed on a taxpayer by a governmental organization in order to fund government spending and various public expenditures.

There are 2 types of taxes in India: -

- Direct Taxes
- Indirect Taxes



DIRECT TAXES

- Direct taxation is levied on income, wealth and profit.
- Direct taxes include-
 - ❖ Income tax
 - ❖ National insurance contributions
 - ❖ Capital gain tax
 - ❖ Corporation tax



INDIRECT TAXES

- Indirect taxation is imposed by the government on a taxpayer for goods and services rendered.
- Indirect taxes include-
 - ❖ GST
 - ❖ Excise duty
 - ❖ Value added tax (VAT)
 - ❖ Custom duty



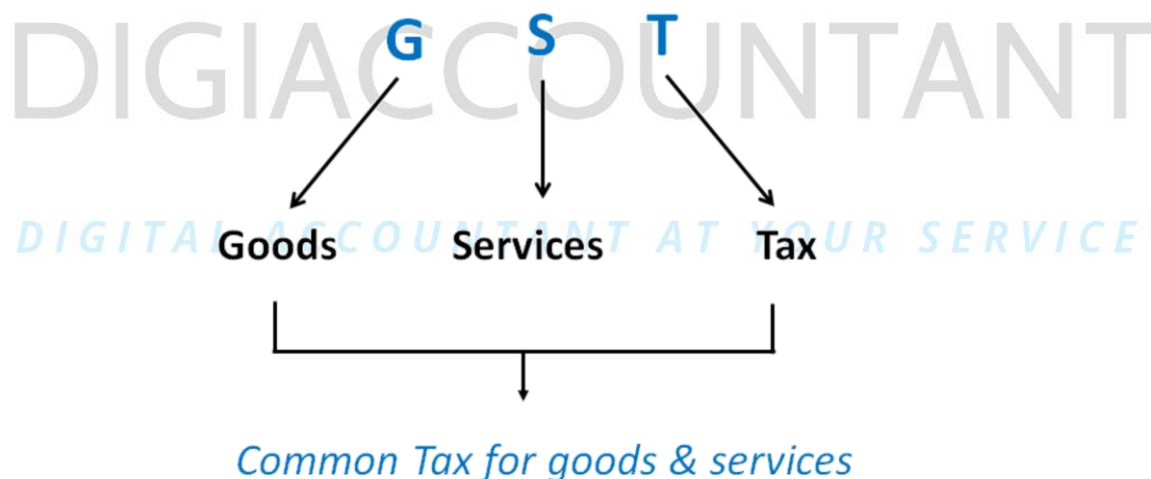
GST

FULL FORM OF GST

GST means Goods and Service Tax

WHAT IS GST?

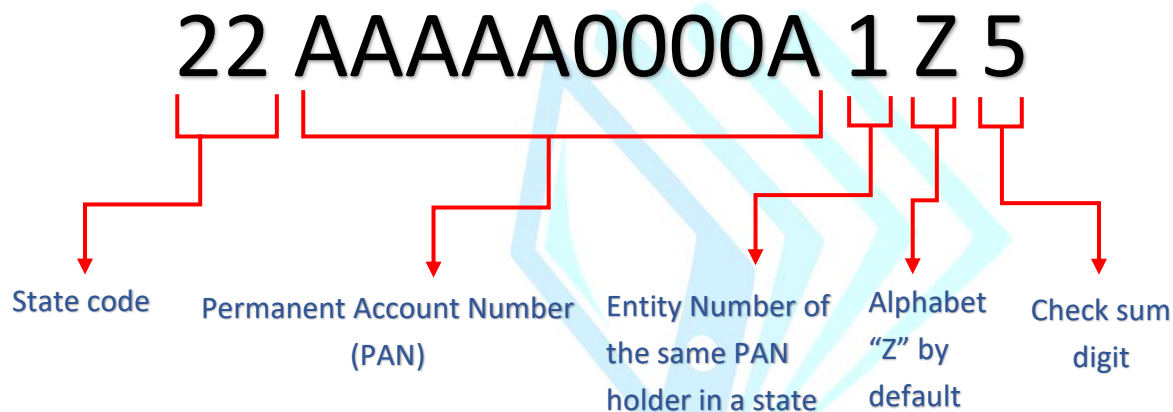
GST is known as the Goods and Services Tax. It is an indirect tax which has replaced many indirect taxes in India such as **the excise duty, VAT, services tax, etc.** The Goods and Service Tax Act was passed in the Parliament on 29th March 2017 and came into effect on 1st July 2017.



WHAT IS GST NUMBER?

GSTIN is GST identification number or GST number. A GSTIN is a 15-digit PAN-based unique identification number allotted to every registered person under GST. As a GST-registered dealer, you might want to do a GST Number (GSTIN) verification before entering it in your GST Returns.

FORMAT OF GSTIN



Who is eligible for GST in India?

All the businesses supplying goods whose turnover exceeds Rs 40 lakh in a financial year are required to register as a normal taxable person. However, the threshold limit is Rs 10 lakh if you have a business in north-eastern states, J&K, Himachal Pradesh and Uttarakhand.

History of GST

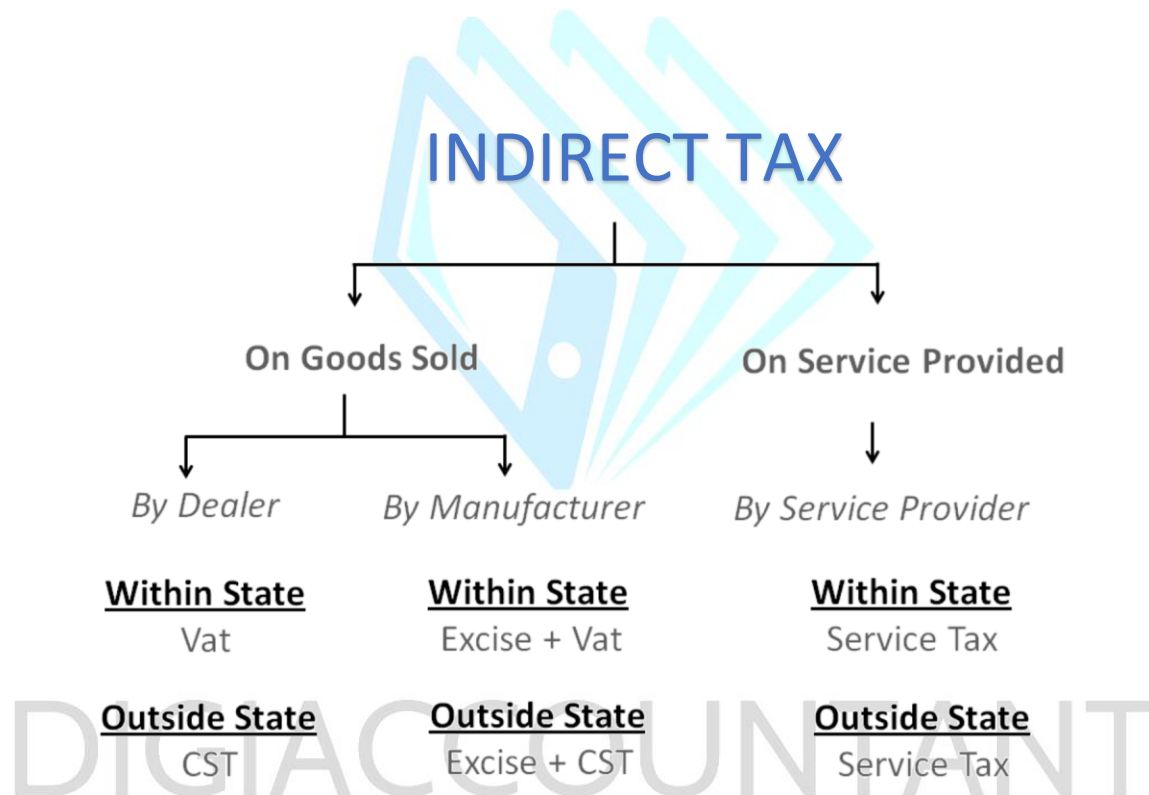
The GST journey began in the year 2000 when a committee was set up to draft law. It took 17 years from then for the Law to evolve. In 2017, the GST Bill was passed in the Lok Sabha and Rajya Sabha. On 1st July 2017, the GST Law came into force.

Taxes Replaced and Not Replaced by GST

It has replaced Indirect taxes like VAT, CST, Excise, Service Tax etc.

However, taxes like Income Tax, Payroll, PF, ESI, will continue.

Earlier Indirect Tax before GST

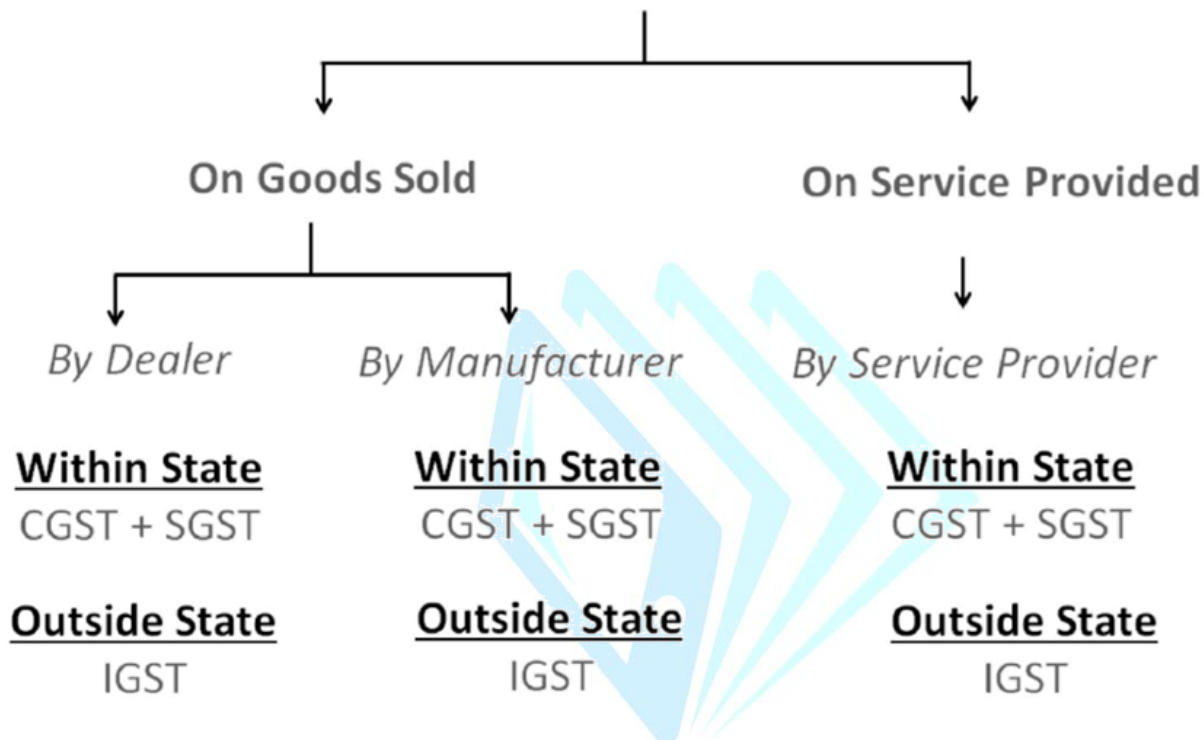


VAT and excise duty are still applicable on some products.

On petroleum and liquor

New Indirect Tax after Implementation of GST

INDIRECT TAX



Different Types of GST

GST was introduced so that we have common tax for all type of Sales

There will be 3 Different GST'S

1. CGST (Central GST)
2. SGST (State GST)
3. IGST (Integrated GST)

- **CGST:** It is the tax collected by the Central Government on an intra-state sale (e.g., a transaction happening within Maharashtra)
- **SGST:** It is the tax collected by the state government on an intra-state sale (e.g., a transaction happening within Maharashtra)

IGST: It is a tax collected by the Central Government for an inter-state sale (e.g., Maharashtra to Tamil Nadu)

Difference between CGST SGST and IGST?

CGST	SGST	Integrated GST (Interstate GST)
Full form of CGST is Central Goods and Service Tax	Full form of SGST is State Goods and Service Tax	Its full form is IGST Act (or Interstate Goods and Service Tax)
CGST will also be charged on Local Sales within State	SGST will also be charged on Local Sales within State	IGST will be charged on Central Sales (Sales Outside State)
It will be charged and collected by Central Government	It will be charged and collected by State Government	It will be charged and collected by Central Government on Interstate Supply of Goods and Services
It will replace taxes like Central Excise and Service tax	It will replace taxes like VAT, Luxury tax and Entertainment tax	It will replace taxes like CST (Central Sales Tax)

In most cases, the tax structure under the new regime will be follows:

Transaction	New Regime	Old Regime	Revenue Distribution
Sale within the state	CGST+SGST	Vat + Central Excise/service tax	Revenue will be shared equally between the center and the state.
Sale to another state	IGST	Central SalesTax+Excise/service tax	There will only be one type of tax (central) in case of inter-state sales. The center will then share the IGST revenue based on the destination of goods.

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Tax Rate in GST on Goods and Services

There are Different Rates of Taxes in GST like

- 28% (Example-Motor Cars)
- 18% (Example-Power banks, Movie Tickets more than 100)
- 12% (Example-, Movie Tickets up to 100)
- 5% (Example Clothes up to Rs 1000)
- 3% (Example Gold)
- 0.25% (Example Diamonds)
- 0% (Example Fruits)

All these are equally divided into CGST and SGST in case of local Sales

However, in Interstate Sales, IGST will be charged at Combined Rate

TAX RATE ON GOODS	LOCAL SALES			INTERSTATE SALES
ITEM RATE	CGST	SGST	TOTAL	IGST
28%	14%	14%	28%	28%
18%	9%	9%	18%	18%
12%	6%	6%	12%	12%
5%	2.50%	2.50%	5%	5%
3%	1.50%	1.50%	3%	3%
0.25%	0.13%	0.13%	0.25%	0.25%
0%	0%	0%	0%	0%

What is **Output GST**?

GST on sales is called **Output GST**.

What is **Input GST**?

GST on purchases is called **Input GST**.

What is **GST Payable**?

Output GST - Input GST = GST Payable

GST COMPUTATION

Output GST – Input GST = GST Payable

(GST on Sale)

(GST on Expense & Purchase)

(If Output is more than Input)

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What is GST Credit?

If Input GST is more than Output GST it is called GST Credit.

We calculate it separately for different types of GST

GST COMPUTATION

Output GST – Input GST = GST Payable OR GST Credit

(GST on Sale)

(GST on Expense
& Purchase)

(If Output is more
than Input)

(If Input is more
than output)

Difference between GST Payable and GST Credit

GST PAYABLE	GST CREDIT
If Output is more than Input, It is Called GST payable	If Input is more than Output, It is Called GST Credit
We need to pay challan to Pay tax	No need to pay Challan to pay tax It is added to Input of next Month

Note: -

Challan is a form used to pay tax

It is required only if tax is payable not used in case of tax credit

IF OUTPUT GST > INPUT GST

Then difference is GST Payable, therefore GST Challan to be paid

IF INPUT GST > OUTPUT GST

Then difference is GST Credit, therefore NO GST Challan has to be paid