

Goods & Services Tax

BY FAR THE MOST IMPORTANT
TAX REFORM IN HISTORY OF
INDEPENDENT INDIA

GOODS AND SERVICE TAX

Latest Developments

21 July, 2010: Speech of FM in Empowered Committee meeting.

- Exemption Threshold for both goods and services under both components of GST i.e. CGST and SGST should be uniform at Rs. 10 lakh.

21 July, 2010: Speech of FM in Empowered Committee meeting.

- Government of India has decided to fully compensate the States for their revenue losses on account of CST reduction during the year 2009-10 and to release the balance outstanding amount to the States immediately.

21 July, 2010: Speech of FM in Empowered Committee meeting. (Cont...)

- Threshold for compounding for small dealers should also be uniform under CGST and SGST whether it is fixed at Rs. 50 lakh of turnover per annum or Rs. 1 crore per annum.

21 July, 2010: Speech of FM in Empowered Committee meeting. (Cont...)

- 99 items currently exempt from VAT shall be exempt from both components of GST i.e. CGST & SGST.

21 July, 2010: Speech of FM in Empowered Committee meeting. (Cont...)

□ TAX RATES

In the first year of introduction i.e. 1st April, 2011:

Particulars	CGST	SGST	GST
Lower rate for goods	6%	6%	12%
Standard rate for goods	10%	10%	20%
Services	8%	8%	16%

21 July, 2010: Speech of FM in Empowered Committee meeting. (Cont...)

□ TAX RATES

In the second year of introduction i.e. 1st April, 2012:

Particulars	CGST	SGST	GST
Lower rate for goods	6%	6%	12%
Standard rate for goods	9%	9%	18%
Services	8%	8%	16%

21 July, 2010: Speech of FM in Empowered Committee meeting.

□ TAX RATES

In the Third year of introduction i.e. 1st April, 2013:

Particulars	CGST	SGST	GST
Lower rate for goods	8%	8%	16%
Standard rate for goods	8%	8%	16%
Services	8%	8%	16%

News Update: 21 August, 2011 – Economic Times

- ❑ Constitutional amendment Bill was rejected TWICE by Empowered Committee.
- ❑ Now they seek time for 1 month on 3rd Revised Draft of Constitutional Amendment Bill.
- ❑ Mukherjee is understood to have said behind closed doors." Why should I waste my time and energy, when (the Bill) is bound to collapse?"
- ❑ Government officials said the Centre and state governments could consider implementing GST from October 2011, if everyone was on board.

News Update: 24 August, 2011 – Economic Times

□ Revenue Secretary Sunil

Mitra said "In all probability,
it (the introduction of GST)
will miss the deadline".