

GST-Introduction:

According to Article 366 (12A), "**GST** means a tax on supply of goods or services or both except taxes on supply of alcoholic liquor for human consumption."

Example showing imposition of GST:

A of Sikandrabad (UP) supplies goods worth Rs. 1,00,000 to B (wholesalers) of Delhi. B further supplies these goods to C of Gurgaon (Haryana) for a value of Rs. 1,20,000 (Rs. 20,000 profit). C sold the goods to customers for Rs. 1,50,000 (Rs. 30,000 profit). Rate of GST is 12%.

Supply	Cost	Profit/ Value added	Price charged	GST@12%	GST on Value Added
A to B	-----	1,00,000	1,00,000	12,000	12,000
B to C	1,00,000	20,000	1,20,000	14,400	2,400
C to Customer	1,20,000	30,000	1,50,000	18,000	3,600
Total value added		1,50,000	Total GST Charged		18,000

Features of GST(in Indian Context)	
1) Federal Tax	2) Indirect Tax
3) Levied only on value addition	4) Destination based tax on consumption
5) Dual GST model	6) Levied on supply of all goods and services
7) Necessary goods exempted	8) Single tax in place of several taxes
9) Multipoint tax	10) Separately shown in invoice

11) Exemption to small businessmen and traders	12) Composition scheme for small traders or service providers
13) Import to be treated as inter-state supply	14) Export to be treated as zero rated supply
15) Provision of input tax credit	16) Self-Assessment
17) Provisions for Penalty, Prosecution and Appeal	