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28th GST Council Meeting - GK Notes on Goods & Service Tax for SSC & Bank Exams in PDF!

If you are preparing for Banking or SSC Exams then it is important that you study about the Economy & be familiar with the latest happenings in & around India. The 28th meeting of the GST Council was held on 21st July 2018 in New Delhi in which many important decisions were taken. Read this article to know in detail about GST **for SSC & Bank Exams**.

For those of you who don't know what GST is, GST or Goods & Services tax is touted to be the most revolutionary tax reform that has been undertaken by the government since our independence. In layman terms, GST is the **indirect tax that is levied on goods and services**.

Decisions taken in the 28th GST Council Meeting

In the 28th GST Council Meeting, the Government has reduced the GST rates on many goods and services and simplified the GST return filing system further improving the ease of doing business. It reduced the tax on more than 50 goods and exempted sanitary napkins, rakhis, stone, marble, wooden deities, and Saal leaves from GST. This meeting was headed by Finance Minister Piyush Goyal. Following are the highlights of the decisions taken in the 28th GST Council Meeting:

1. The procedure for filing GST returns will be simplified.





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- The GST Council has approved quarterly GST return filing for small taxpayers having less than Rs.5 crores of turnover. Quarterly return filing will be similar to the monthly return.
- Those businesses that had VAT or Service Tax or Central Excise registration were required to migrate and obtain GSTIN. This migration was also later closed. The 28th GST Council has now approved the proposal for opening the migration window for taxpayers, who received provisional IDs but could not complete the migration process.
- GST on footwear priced below Rs. 1000 will have 5% rate imposed on it. GST on urea

GST on imported urea and ethanol sold to oil companies for blending with petrol and diesel has been reduced to 5%.

- GST rate on handbags, jewellery box, wooden box for paintings, artware of glass, stone endeavour, ornamental framed mirrors and handmade lamps were reduced to 12%.
- Lithium-ion batteries, vacuum cleaners, food grinders, mixers, storage water heaters, hair dryers, hand dryers, paint, varnishes, water cooler, milk cooler, ice cream coolers, perfumes, toilet sprays and toilet preparation have been brought to 18 from 28% slab.
- GST council has cleared 46 amendments which will be passed in Parliament. The exemption limit for traders in Assam, Arunachal Pradesh, Himachal Pradesh and Sikkim has been increased from 10 lakh to 20 lakh rupees.

Achievements of GST on 1 Year Anniversary



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On 1st July 2017, that is last year, the Goods & Services Tax or GST was launched. The Narendra Modi Government has been praising a lot about the work of GST in the last year. Let us have a look at the progress of Goods & Service Tax.

- GST reduced the cascading effect of multiple taxes, it helped in reducing inflation.
- GST has helped in the ease of doing business in its four-year report card but experts point out that this has worked well for the bigger companies and not small and medium ones.
- The input tax credit factor in the GST has made many businesses to join voluntarily, and with this, black transactions have been curtailed significantly.

Know the background of GST for SSC & Bank Exams along with other little details about Goods & Service Tax.

Background - GST for SSC & Bank Exams

Under the chairmanship of **Dr Vijay Kelkar** in **August 2012**, the finance minister formed a committee to outline a roadmap for fiscal consolidation. The main objective of this committee was to give recommendations on midterm corrections for the fiscal year (2012-13) and reforms for medium-term fiscal consolidation.

This committee, which later popularly called as “**The Kelkar Task Force**”, pointed out that although the indirect tax policy in India was steadily progressing in the direction of VAT principle since 1986, the existing system of taxation of goods and services was facing many problems. In this context, the Kelkar Task Force suggested a comprehensive GST or Goods and Services Tax based on VAT principle.

Fundamentals of GST



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By its virtue, GST does not have an impact on the direct taxes, which means that the income tax levied will remain the same.

GST will replace all the indirect taxes that are levied by the central and the state governments. The following table gives a list of indirect taxes that will be replaced by GST.

Indirect Taxes Levied By Central Government	Indirect Taxes Levied By State Government
Excise Duty - On Manufacturing	VAT - on sale within the state
CST - On Interstate Sale	Luxury Tax - On Luxury Hotel Rooms
Service Tax - On services	Entertainment Tax - On entertainment
Customs Duty - On imports	Octroi/Entry Tax - On transfer of goods

There are two types of GST – Central GST (CGST) and State GST (SGST). All central level indirect taxes except custom duty will be replaced by CGST. All State level indirect taxes will be replaced by SGST.

This should give you a clear understanding of GST. Now, let's move on to the benefits of GST.

Notes on GST for SSC & Bank Exams - Benefits

1. Increase in GDP

According to prominent economists, GST can reap the benefits in the GDP (Gross Domestic Product) front. We can expect a growth of at least 2% in the GDP.



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2. No more Tax on Tax

In the past, we have seen several instances of ‘Tax on Tax’, which is also called as the Cascading effect in economics. A product on which excise duty has been charged can also be liable to VAT, which is generally levied on the end consumer. Such as cascading effect will no longer be there when there is GST.

3. Black Money Flow Will be Restricted

- Black money refers to funds on which taxes have not been paid to the government.
- There are many people who don't declare each and every transaction to the government, which gives rise to black money.
- Since GST is a single tax on supply of goods and services right from manufacturer to the consumer.
- Credits of input tax at each stage will be available in the subsequent stage of value addition.
- So, to get the credit of previously paid taxes every member of the supply chain will insist on getting the invoice for the transaction.
- GST will have a paper trail that will be accessed by the Income Tax Department of India.
- Users of PAN and AADHAR will be required to file GST returns.
- This will definitely help the Income Tax Department to track all transactions.

4. One India - One Market

GST will facilitate the Make In India initiative. There are several taxes that prevent India from becoming a common market. Under GST, a single tax will be levied all over India on production, sales, services etc. This will transform India into a common market.



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5. Seamless flow of goods across India

On several occasions, you may have seen a long line of goods carriers off the state borders. This is due to the entry tax that these trucks have to pay. With GST, there is no question of entry tax hence, there is a seamless flow of goods across India.

Notes on GST for SSC & Bank Exams - Recent Updates on GST

Here are some key highlights from the 23rd GST Council Meet held on 10th November 2017:

- Composition scheme limit to be increased to Rs 1.5 crore (can be extended to Rs 2 crore later)
- 1 % GST rate for manufacturers & traders
- Composition Returns, GSTR-4 due date extended to 24th December
- All businesses to file GSTR-1 and GSTR-3B until March 2018.
- All service providers with turnover up to Rs 20 lakhs exempt from GST registration
- For restaurants, GST rate cut to 5% with no input tax credit

The tweaks made in the latest GST council meet will have to answer some very important questions. Firstly, will these revisions help in increasing demand? Secondly, will the implementation of GST overcome the shortcomings of the earlier tax system? Only time will tell the outcome and the consequences of GST in India.

Know more about GST & other important General Awareness topics by clicking on the links given below!



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