

# Goods And Services Tax(GST) and Indian Taxation System: An Overview



**Shiv Kumar Dogra**

Assistant Professor,  
Deptt.of Law,  
University Institute of Law,  
Punjab University,  
Punjab



**Navdeep Saxena**

Research Scholar,  
Deptt.of Law,  
University Institute of Law,  
Punjab University,  
Punjab

## Abstract

Indirect taxes in India is a mix of numerous taxes including state and central indirect taxes. Most of the businesses are forced to remold themselves due to this taxing structure of indirect taxes. With a range of indirect taxes from Value Added Tax (VAT), Central Sales Tax (CST) to Octroi, Entertainment tax etc., the taxpayers are just burdened with additional tax burden of tax on tax. Introduction of GST is promised to remove the complexity and bring more transparency in indirect tax structure. Let's see how it will impact existing tax system in India.

**Keywords:** Good and Service Tax, Indirect Taxes, GDP, Why India need GST, How does this help.

## Introduction

**"Liberal in assessment and ruthless in collection."**<sup>1</sup>

### One Country One Tax One Market i.e GST (Goods and Service Tax)

The word 'tax' is derived from the Latin word 'taxare' meaning "to estimate" "A tax is not a voluntary payment or donation, but an enforced contribution, exacted pursuant to legislative authority" and is any contribution imposed by government whether under the name of toll, tribute, import duty, custom, excise, subsidy, aid, supply, or other name<sup>2</sup>." Tax reforms such as GST are very important and essential for the country like India where the scenario of business and economy is changing very fast. Though, reforms in system are a continuous process and therefore, direct and indirect tax system in India has witnessed several reforms since last decades. In the present and changing economic scenario tax reforms are the primary need of the time. 'Everywhere an attempt to introduce a new tax or an existing system radically has to contend with the "political economy" of the country.'<sup>3</sup> (Bagghi). 'the world over, tax system have undergone significant changes during the past two decades many countries, including India, have undertaken comprehensive tax reforms'<sup>4</sup> (Kishore) The proposed Goods and Services Tax (henceforth, GST) is an attempt of biggest indirect tax reform since independence. GST system has been implemented in around 160 countries of world and it is also very useful in present economic environment for a uniform and fair tax regime in the country.

### Aim of the Study

The aim of the study is to understand the importance of this new Tax Reform and propose some suggestions that might be helpful. Overall GST is a revolutionary concept that India has waited and prepared a lot to deliever. Now it is for us to support the noble aim of our country and understand our duty towards helping this system win and give targeted results.

### Need of Goods And Service Tax (GST)

It is important to introduce a fair, easy and uniform tax system across the country. The problems of existing tax system are also supporting the reform like GST. Following points proves the need and importance to introduce the GST model in India:

#### Reduce Cascading Effect

The cascading effect of taxes remains the most serious flaw in current tax system. It increases the cost of production and puts Indian supplier at a competitive disadvantage in international markets. 'The biggest problem of manufacturing industries and businessmen i.e. cascading effect will be solved as GST will be imposed on interstate and intra -state transactions as input tax credit can be provided at each point of transaction. GST includes service tax which will enable to get input tax credit to those business men who are dealing with composite works contract involving a supply of both goods and services.'<sup>5</sup> (S. Poddar and E.Ahamd) Prices of product will also decrease if cascading effect will reduce.

**Eliminate Complexity**

Present indirect tax system in India is very complex. Number of taxes and rules to tax or exempt the transactions are not easy to understand and compliance for a common businessmen. He need help of tax experts for discharging their tax liabilities. These rules are also different in different states and therefore, create problems to the businessmen who operate their business in more than two states. 'Present multiple tax structure leads to high compliance cost, excessive litigation and uncertainty about ultimate tax incidence at the time of investment or business transaction.'<sup>6</sup> (N. Kothari). GST will help to solve these problems.

**Increase in Revenue Collection**

Since GST will implement under uniform tax system so all the states and central government will work under one integrated tax administration. This will curb the leakage of present system and numbers of indirect taxes are going to be merged in GST, so revenue collection of central government as well as state governments will increase. It is important from an administrative perspective that close substitutes should not be taxed at very different rates. GST will resolve this problem. Revenue considerations suggest that the tax base should be broad and comprise all items in the consumer basket including goods, services as well as real property.<sup>7</sup> (S. Poddar and E.Ahamd)

**Easy Compliance**

For implementing GST, one tax administration system will develop for tax collection and it will make the tax compliance easy. New system of levying indirect tax will also reduce cost of tax collection and long process of getting input tax credit and will help in avoiding litigation.

**Origin of GST**

GST was first introduced in France in the year 1954. The high rates were responsible for greater tax-evasion which made France to introduce GST as value added taxation regime. Now almost 160 countries have GST. In India, an empowered committee was set up by Atal Bihari Vajpayee government in 2000 to streamline the GST model to be adopted and to develop the required backend infrastructure that would be needed for its implementation<sup>8</sup>.

The Kelkar Task Force on implementation of FRBM<sup>9</sup> Act, 2003 had pointed out that although the indirect tax policy in India has been steadily progressive in the direction of VAT Principle since 1986, the existing system of taxation of goods and services still suffers from many problems. The tax base is fragmented between Centre and States.

Keeping significance of GST in view, an announcement was made by then our Ex – Finance Minister Mr. P. Chidambaram in his four budget speeches<sup>10</sup>.

Budget Speech 2004-05<sup>11</sup> Budget Speech 2005-06<sup>12</sup>, Budget Speech of 2006-07<sup>13</sup>, Similar speech given in the Budget of 2007-08

**Concepts Of GST (Goods And Service Tax) Power to Tax GST**

Under Article 246A (in the proposed Constitution Amendment Bill), the Parliament has exclusive power to make laws with respect to GST where the supply of goods or services or both take place in the course of inter-state trade or commerce. Subject to the above, every State would have powers to make laws with regard to GST imposed by the Union or that State<sup>14</sup>.

**What is GST (Goods and Service Tax)?**

Goods and Service Tax is a destination based tax and levied at a single point at the time of consumption of goods or services by the ultimate consumer. GST is based on the principle of value added tax<sup>15</sup>(VAT). GST law would emphasize on voluntary compliance and on accounts based reporting and monitoring system. It is a comprehensive levy and envisages tax collection on both goods and services at the same rate. Internationally, GST was first introduced in France and now more than 160 countries have introduced GST. Most of the countries, depending on their own socio-economic formation, have introduced National level GST or Dual GST.

*In terms of Section 2 (49) of the Model CGST Act "Goods" means every kind of movable property other than money and securities but includes actionable claims, growing crops, grass and other things attached to or forming part of land which are agreed to be severed before supply or under a contract of supply<sup>16</sup>.*

*In terms of Section 2(92) of the Model CGST Act "Service" means anything other than goods. Further, Explanation 1 to aforesaid Section 2(92) provides that Services include transactions in money but does not money and securities. Besides, Explanation 2 to aforesaid Section 2(92) provides that Services does not include transaction in money other than an activity relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged<sup>17</sup>.*

Thus, all supply of goods or services or both would attract CGST (to be levied by Centre) and SGST (to be levied by State) unless kept out of purview of GST. There is no requirement of actual sale of goods under GST. The alternative methods of supply of goods could be in the form of: sale of goods, stock transfer, captive consumption in another location, supply done on consignment basis or any other basis by the Principal to his Agent, Supply on job work basis, (if working under returnable basis- no tax need be paid), any other supply such as donation, sample etc.

**Indian Taxation System and GST**

Taxation in India is a subject of great complexities and diversities with even many neighboring states in the country deploying their own unique tax structure and rates. The complexity of Indian taxation can easily be understood by the actions of the centralized income tax department which had to release simplified IT return forms with

names such as Saral, Sahaj or Sugam to inform people that they had actually simplified the tax return filing process.

However, the<sup>18</sup> (indirect taxation) in India follows the inherent "tax on tax" method, eventually leading to higher prices of goods and services and a subsequent higher rate of inflation. With the imposition of the GST, such diversity is expected to be replaced by a harmonious and uniform tax structure. Currently, the end customer has to pay almost 30-35% of total cost of goods in the form of taxes. GST is expected to establish a simplified tax mechanism, wherein both the Central and State Governments would be empowered to levy tax on same taxable event i.e. supply of goods and services. The Central Government shall levy and collect the Central Goods and Services Tax (CGST) while the State Government would levy and collect the State Goods and Services Tax (SGST) on all transactions in the State.

GST shall be a destination based tax, wherein all the SGST shall accrue to the State where the consumption of goods and services takes place. The GST shall also incentivize the tax payers by giving credits for paying the tax as CGST to the central government while paying the SGST to the state government and vice versa. Only the value added component shall be taxed at every ensuing stage. In addition, for all Inter-State transactions, the Centre shall levy the Integrated Goods and Services tax (IGST). The inter-state trader shall claim credit on his purchases for IGST, CGST and SGST and pay his IGST to the Central Government. The credits gained through payment of taxes shall be used to discharge the tax liabilities on sale<sup>19</sup>.

The new tax regime is designed to subsume a variety of taxes on Central as well as State Government levels. The CGST shall subsume the Central Excise Duty, Additional Excise Duty, Service Tax, Excise Duties levied under Medicinal and Toilet Preparation Act, Additional Customs Duty, Special Additional Duty of Customs and other cesses and surcharges. On the State front, the SGST shall subsume the VAT/Sales Tax, Central Service Tax, Entertainment Tax, Octroi and Entry Tax, Purchase Tax, Luxury Tax, Taxes on lottery, betting & gambling and other state cesses and surcharges<sup>20</sup>.

All goods and services, except the alcohol for human consumption, shall be brought under the purview of GST. Petroleum and petroleum products shall be kept away from the current GST structure and present mechanism of levying of Sales Tax/VAT and CST by the States shall continue. Governments shall be free to label the 'special' tax on tobacco and tobacco products as well as petroleum and petroleum as per the existing systems.

The State and Central Governments shall be concurrently responsible for levying GST. The tax on destination mechanism shall zero-rate the exports and imports and shall be treated as normal domestic goods and services. An important feature of the GST is that the Central Government shall compensate the state governments for any loss of revenue due to GST implementation. GST shall facilitate the cross

utilization of credits amongst the central and state governments across the nation. With a seamless credit system in place, the manufacturers and traders shall be safeguarded from the cumbersome double taxation mechanism<sup>21</sup>.

**Provisions of GST As Per Revised Model Goods and Services Tax Law (MGST LAW)  
Levy and Collection of Central/State Goods and Services Tax (Section 8)**

1. There shall be levied a tax called the Central/State Goods and Services Tax (CGST/SGST) on all intra-State supplies of goods and/or services on the value determined under section 15 and at such rates as may be notified by the Central/State Government in this behalf, but not exceeding fourteen percent, on the recommendation of the Council and collected in such manner as may be prescribed.
2. The CGST/SGST shall be paid by every taxable person in accordance with the provisions of this Act.
3. The Central or a State Government may, on the recommendation of the Council, by notification, specify categories of supply of goods and/or services the tax on which is payable on reverse charge basis and the tax thereon shall be paid by the recipient of such goods and/or services and all the provisions of this Act shall apply to such person as if he is the person liable for paying the tax in relation to the supply of such goods and/or services.
4. The Central or a State Government may, on the recommendation of the Council, by notification, specify categories of services the tax on which shall be paid by the electronic commerce operator if such services are supplied through it, and all the provisions of this Act shall apply to such electronic commerce operator as if he is the person liable for paying the tax in relation to the supply of such services provided that where an electronic commerce operator does not have a physical presence in the taxable territory, any person representing such electronic commerce operator for any purpose in the taxable territory shall be liable to pay tax: provided further that where an electronic commerce operator does not have a physical presence in the taxable territory and also he does not have a representative in the said territory, such electronic commerce operator shall appoint a person in the taxable territory for the purpose of paying tax and such person shall be liable to pay tax<sup>22</sup>.

**Power to Grant Exemption from Tax (Section 11)**

1. If the Central or a State Government is satisfied that it is necessary in the public interest so to do, it may, on the recommendation of the Council, by notification, exempt generally either absolutely or subject to such conditions as may be specified in the notification, goods and/or services of any specified description from the whole or any part of the tax leviable thereon with effect from the date of issue of notification or any date subsequent thereto as may be specified in the said notification. Explanation- Where an

exemption in respect of any goods and/or services from the whole of the tax leviable thereon has been granted absolutely, the taxable person providing such goods and/or services shall not pay the tax on such goods and/or services.

2. If the Central or a State Government is satisfied that it is necessary in the public interest so to do, it may, on the recommendation of the Council, by special order in each case, exempt from payment of tax, under circumstances of an exceptional nature to be stated in such order, any goods and/or services on which tax is leviable.
3. The Central or a State Government may, if it considers necessary or expedient so to do for the purpose of clarifying the scope or applicability of any notification issued under sub-section (1) or order issued under sub-section (2), insert an explanation in such notification or order, as the case may be, by notification at any time within one year of issue of the notification under sub-section (1) or order under sub-section (2), and every such explanation shall have effect as if it had always been the part of the first such notification or order, as the case may be.
4. Every notification issued under sub-section (1) or sub-section (3) and every order issued under sub-section (2) shall
  - a. unless otherwise provided, come into force on the date of its issue by the Central or a State Government for publication in the Official Gazette or from any date subsequent to the date of its issue as may be specified therein; and
  - b. be made available on the official website of the department of the Central or a State Government<sup>23</sup>.

#### **Levy of Late Fees (Section 42)**

A registered taxable person who files return beyond the prescribed date will have to pay late fees of INR 100/- for every day of delay subject to a maximum of INR 5,000/-. However, late fee for filing the GSTR-9, Annual Return beyond the prescribed date will be INR 100/- per day subject to maximum of 0.25% on Aggregate Turnover.

All the above information is based on the draft law of GST. However, it can only be understood properly when it is actually implemented<sup>24</sup>.

#### **Self-Assessment (Section 57)**

Every registered taxable person shall himself assess the taxes payable under this Act and furnish a return for each tax period as specified under section 34<sup>25</sup>.

#### **Anti-Profiteering Measure (Section 163)**

1. The Central Government may by law constitute an Authority, or entrust an existing Authority constituted under any law, to examine whether input tax credits availed by any registered taxable person or the reduction in the price on account of any reduction in the tax rate have actually resulted in a commensurate reduction in the price of the said goods and/or services supplied by him.
2. The Authority referred to in sub-section (1) shall exercise such functions and have such powers, including those for imposition of penalty, as may

be prescribed in cases where it finds that the price being charged has not been reduced as aforesaid<sup>26</sup>.

#### **Migration of Existing Taxpayers to GST(section 166)**

1. On the appointed day, every person registered under any of the earlier laws and having a valid PAN shall be issued a certificate of registration on a provisional basis in such form and manner as may be prescribed.
2. The certificate of registration issued under sub-section (1) shall be valid for a period of six months from the date of its issue: Provided that the said validity period may be extended for such further period as the Central/State Government may, on the recommendation of the Council, notify.
3. Every person to whom a certificate of registration has been issued under subsection (1) shall, within the period specified under subsection (2), furnish such information as may be prescribed.
4. On furnishing of such information, the certificate of registration issued under subsection (1) shall, subject to the provisions of section 23, be granted on a final basis by the Central/State Government.
5. The certificate of registration issued to a person under sub-section (1) may be cancelled if such person fails to furnish, within the time specified under subsection (2), the information prescribed under subsection (3).
6. The certificate of registration issued to a person under sub-section (1) shall be deemed to have not been issued if the said registration is cancelled in pursuance of an application filed by such person that he was not liable to registration under section 23.
7. A person to whom a certificate of registration has been issued on a provisional basis and who is eligible to pay tax under section 9, may opt to do so within such time and in such manner as may be prescribed:  
Provided that where the said person does not opt to pay tax under section 9 within the time prescribed in this behalf, he shall be liable to pay tax under section 8<sup>27</sup>.

#### **Refund Claims Filed After The Appointed Day For Goods Cleared or Services Provided Before The Appointed Day And Exported Before Or After The Appointed Day To Be Disposed Of Under Earlier Law(section 180)**

Every claim for refund of any duty or tax paid under earlier law, filed after the appointed day, for the goods or services exported before or after the appointed day, shall be disposed of in accordance with the provisions of earlier law:

Provided that where any claim for refund of Cenvat credit is fully or partially rejected, the amount so rejected shall lapse:

Provided further that no refund claim shall be allowed of any amount of cenvat credit where the balance of the said amount as on the appointed day has been carried forward under this Act. (CGST Law)<sup>28</sup>.

**Refund Claims Filed After The Appointed Day For Payments Received And Tax Deposited Before The Appointed Day In Respect Of Services Not Provided (Section 181)**

Every claim for refund of tax deposited under the earlier law in respect of services not provided, filed after the appointed day, shall be disposed of in accordance with the provisions of earlier law and any amount eventually accruing to him shall be paid in cash, notwithstanding anything to the contrary contained under the provisions of earlier law other than the provisions of subsection (2) of section 11B of the Central Excise Act, 1944 (1 of 1944). (CGST Law)<sup>29</sup>.

**Deduction of Tax At Source (Section 196)**

Where a supplier has made any sale of goods in respect of which tax was required to be deducted at source under the earlier law and has also issued an invoice for the same before the appointed day, no deduction of tax at source under section 46 shall be made by the deductor under the said section where payment to the said supplier is made on or after the appointed day<sup>30</sup>.

There are many other provisions related to this concept for which you can refer to debates going on and also to the website of CBEC (Central Board of Excise and Customs)<sup>31</sup>.

**Overview of GST**

GST is a new concept and it will take some time to study its feedback. It is just the beginning of change that our system is expecting to walk on. Lets see and hope for the better results.

Regarding the nature of this new concept lets study the different sides of this concept.

**Impact of GST on Trader, Manufacturer And Service Provider**

The GST law in India would be a Dual GST. The Central Government and the State Governments would levy GST concurrently on a common base value. All goods and services, except for a few excluded or exempted, would be brought into the GST base. There would be no major distinction between goods and services for the purpose of imposition of tax though in case of place of supply there could be some differences. In addition, difference in rate of GST shall also there.

**Impact on Service Providers**

1. Tax Rate will Increase compared to Present rate of 15%.
2. All Continuing/Ongoing Contracts have to suffer increased rate in respect of the contracts completed after the Effective date.
3. Some Exemptions may be withdrawn as Govt is looking for a Wider Tax Base.
4. Presently a Service Provider can opt for Centralized Registration even if he has branches across the Country and is required to file only 2 returns in a Year for all the Branches taken together. Under GST a Service Provider has to take separate registration for each branch in different state.
5. Service Provider shall be eligible for the Credit of VAT portion on his purchases which was earlier not available.

6. Service Provider can opt for Composition Scheme and Pay Tax @ 1% if the Aggregate turnover is up to 50 lakhs subject to certain Conditions

7. Free Service would become Taxable

**Impact on Traders:**

1. Traders can now avail the Credit of Service Tax and Excise duty Paid.
2. Credit of Import Duty will make the Imports Cheaper for the Retailers
3. Traders will have to register with Central Govt for the Payment of CGST/IGST.
4. No Requirement of F-Form in case of stock transfers as such Transfers are liable to Tax under the GST law.
5. Exemption under GST would be up to Rs 10 lakhs. At Present the average Exemption across all the states is Rs 5 lakhs.
6. Retailers can avail Composition Scheme and Pay Tax @ 1% if the Aggregate turnover is up to 50 lakhs subject to certain Conditions.
7. Form- C are Abolished under GST model law.

**Impact on Manufacturers**

1. SSI Exemption may be Reduced up to 10 lakhs instead of 1.5 crore at Present
2. Manufacturer shall be Eligible for VAT Credit for which he was Earlier not Eligible
3. Exemptions will be Minimum
4. Area Based Exemptions shall not be available under GST Law.
5. Faster movement of goods due to the Elimination of Check Posts and Entry Barriers.
6. No Retention/Disallowance of Credit on the Stock Transfers
7. Reduction in Exemption, Confusion would lead to less Tax Evasion and thus Less Corruption<sup>32</sup>.

**Suggestive Measures**

In view of the importance of this legislation, it makes sense to be fully prepared for it. Here is a list of 10 steps that corporate entities can take to implement GST in a hassle-free manner.

**Upgrade ERP Systems**

In order to evaluate new tax structures, other cost implications, companies need to upgrade their ERP systems. This is essential to accommodate the complexities of calculating GST.

**Get a Fix on Which Software Modules Need To Be Changed**

As GST will have more of an impact on data management and taxation, organizations need to look into their present versions of finance solutions and plan accordingly. The revamp exercise is not going to be a standard software patch that can be applied to their systems at one go. Companies will have to be very clear about which modules of their software are going to be affected, and how they will correlate the changes with GST.

**Revamp IT and Accounting Systems**

Companies need to evaluate the impact of GST on IT and accounting systems. Partnering with software companies can make the transition easier and quicker.

**Familiarization with GST Network**

GST Network (GSTN) is the one-stop tax portal that the Government has set up to provide tax filing and input credit services. Companies need to train their finance departments and familiarize them with the new regulations by holding GSTN workshops and sessions.

**Engage With The Government**

Bigger companies can engage with the government, the finance ministry and various chambers of commerce for an expedited understanding of GST to ensure smooth implementation and compliance. They can ask for detailed disclosures of rules and procedures.

**Follow Best Practices of Other Countries**

Companies can prepare themselves better for GST implementation by gaining an understanding of best practices of other nations with regard to consolidated indirect tax systems.

**Train Suppliers**

Larger multinationals should also encourage their smaller suppliers to begin preparing for the switch to GST in order to make supply chains more efficient.

**Update Backend Systems**

Companies need to keep their backend systems updated in order to transition to GST seamlessly.

**Monitor Progress**

Getting ready for GST compliance is a huge challenge. Companies need to keep on monitoring their progress from time to time so as not to fall back.

**Take Employees Into Confidence**

As companies take steps to get ready for GST compliance, they may encounter disruption of internal processes. They need to take their employees into confidence and explain that this is a temporary phenomenon, and things will fall into place soon.

The roll-out of GST has already been delayed due to lack of a political consensus. The government is now hoping to kick-start the initiative on April 1, 2017. That leaves very little time for companies to upgrade their systems to comply with the new tax regime. Several companies have already taken steps to be GST-compliant; others need to catch up fast<sup>33</sup>.

**Conclusion**

GST will surely bring the economic well being for the country. It will strengthen the tax system of India and will impact various industries in a positive manner. GST will further remove the complexities of existing tax system and will encourage people to pay their tax liabilities. Since the time immemorial on one hand businesses have evolved with distinguished set of terms and conditions, while on the other hand the regime of taxation have not let anyone slip away from the deadly tentacles of vicious web.

GST is new but versatile. Winston Churchill has rightly said, "To improve is to change, to be perfect is to change often" Change is inevitable and is very important because change leads to development and development leads to success. As far as changes are concerned, Goods and Services tax (hereafter referred to as GST), is by far the biggest indirect tax reform in the history of India since

independence. To be precise, the parting thought is that the battle is won, but the war is still in waiting.

**References**

1. *Kautilaya's Arthashastra (First book on Economics)* <http://www.igovernment.in/site/GST-for-GDP-gains/> as accessed on 2 January, 2017 at 3:45 pm
2. *Black's Law Dictionary, Thomson West( Digital version )*
3. Bagghi , A. "International lessons in Goods and Services tax", *economic &political weekly*,pp28(2007)
4. P."Administering Goods and Services Tax in India", *economic &political weekly vol xlvii no.17 Kishore*, pp84(2012)
5. Poddar, S. ,Ahamad, E.(n.d.),"GST Reforms and Intergovernmental Considerations in India"sage publication delhi, pg70 para 1(2015)
6. Kothari, N.(2011) "GST and Developing a single national market"
7. Poddar, S. ,Ahamad, E.(n.d.),"GST Reforms and Intergovernmental Considerations in India"sage publication delhi, pg72 para 5
8. [https://en.wikipedia.org/wiki/One\\_Hundred\\_and\\_First\\_Amendment\\_of\\_the\\_Constitution\\_of\\_India](https://en.wikipedia.org/wiki/One_Hundred_and_First_Amendment_of_the_Constitution_of_India)
9. *Fiscal Responsibility and Budget Management Act, 2003*
10. *Only important points highlighted of budget Speech*
11. "It is my intention to align India's tariff structure with those of Asian countries. There should be uniform tax rate on goods and services."
12. "In the medium to long term, it is my goal that the entire Production – Distribution chain should be covered by a national VAT, or even better a goods and service tax, encompassing both the centre and state."
13. "It is my sense that there is a large consensus that my country should move towards a National Level Goods and Service Tax (GST) that should be shared between the Centre and the State. I propose that we set April1, 2010 as the date of introducing GST. World over, Goods and Services attract the same rate of tax. This is the foundation of GST. People must get used to the idea of GST. We must progressively converge the Service Tax rate and Cenvat rate. I propose to take one step this year and increase the service tax rate from 10 per cent to 12 per cent. Let me hasten to add that since service tax paid can be credited against service tax payable or excise duty payable, the net impact will be very small."
14. See,Art 246A as per Constitution (One Hundred and First Amendment) Bill, 2016
15. VAT first introduced by 'Chelliah Tax Reforms Committee' in 1991 and the model accepted by the states, which replaced their Sales Tax legislations with VAT enactments
16. See,Sec 2(49) of MODEL GST LAW, November, 2016,pg15
17. See,Sec 2(92)of MODEL GST LAW, November, 2016,pg19

18. *When the taxes are paid indirectly, it comes under the purview of indirect taxes. It is the tax that is levied on goods or services rather than on persons or organizations. The excise duty; customs duty, sales tax and service tax are examples of indirect taxes.*
19. <http://dor.gov.in/Gstintro> accessed on 2 January 2017 at 5:17pm
20. Adukia S Rajkumar, *a study on proposed goods and services tax framework in India*, p.6
21. <http://www.higrit.com/blog/how-will-gst-revolutionize-the-indian-taxation-system/> accessed on 3 January, 2017 at 3:15pm
22. See, Sec 8 of MODEL GST LAW by GST COUNCIL SECRETARIAT, November, 2016, pg25
23. See, Sec 11 of MODEL GST LAW by GST COUNCIL SECRETARIAT, November, 2016, pg26
24. See, Sec 42 of MODEL GST LAW by GST COUNCIL SECRETARIAT, November, 2016, pg52
25. See, Sec 57 of MODEL GST LAW by GST COUNCIL SECRETARIAT, November, 2016, pg67
26. See, Sec 163 of MODEL GST LAW by GST COUNCIL SECRETARIAT, November, 2016, pg132
27. See, Sec 166 of MODEL GST LAW by GST COUNCIL SECRETARIAT, November, 2016, pg135
28. See, Sec 180 of MODEL GST LAW by GST COUNCIL SECRETARIAT, November, 2016, pg147
29. See, Sec 181 of MODEL GST LAW by GST COUNCIL SECRETARIAT, November, 2016, pg147
30. See, Sec 196 of MODEL GST LAW by GST COUNCIL SECRETARIAT, November, 2016, pg154
31. <http://www.cbec.gov.in/htdocs-cbec/gst/revise-gst-laws> accessed on 2<sup>nd</sup> January, 2017 at 2:15pm
32. <http://taxguru.in/goods-and-service-tax/overview-of-the-revised-model-gst-law.html> accessed on 27 January 2017 at 5:17pm
33. <http://www.dqindia.com/10-steps-towards-hassle-free-gst-preparation/> accessed on 29 January 2017 at 4:15pm