

DURGA MAHAVIDYALAYA

INDIRECT TAX AND GST

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Indirect tax in India is a significant area, especially with the implementation of GST (Goods and Services Tax). It can be complex, but understanding it is crucial for businesses and commerce students.

Indirect tax is a type of tax where the burden of the tax is passed on to someone else, typically the consumer. It's levied on goods and services, and the tax amount is included in the price.

Examples of indirect taxes in India include:

1. Goods and Services Tax (GST)
2. Customs Duty

The key characteristic is that the tax is collected by an intermediary (like a business) from the person who ultimately bears the tax (the consumer).

Let's break it down further.

How Indirect Taxes Work:

1. **Tax Collection:** Businesses collect indirect taxes from consumers when they purchase goods or services.
2. ***Tax Payment:*** The businesses then pay the collected tax to the government.
3. ***Tax Burden:*** The consumer ultimately bears the tax burden, as it's included in the price they pay.

***Impact on Businesses:**

1. ***Compliance:*** Businesses need to comply with indirect tax laws and regulations, such as filing returns and paying taxes on time.
2. ***Pricing:*** Businesses need to factor in indirect taxes when pricing their goods or services.
3. ***Record-Keeping:*** Accurate record-keeping is essential for businesses to track and report indirect taxes correctly.

GST in India:

1. ***Unified Tax:*** GST is a unified indirect tax levied on goods and services across India.
2. ***Input Tax Credit:*** Businesses can claim input tax credit on GST paid on inputs, reducing the tax burden.
3. ***Simplified Compliance:*** GST has simplified indirect tax compliance for businesses, with online filing and payment options.

GST (Goods and Services Tax) is a comprehensive indirect tax levied on goods and

services in India. It aims to simplify the tax structure, reduce tax evasion, and increase tax compliance.

Key Features:

1. ***Unified Tax***: GST replaces multiple taxes, such as VAT, service tax, and excise duty.
2. ***Input Tax Credit***: Businesses can claim credit for GST paid on inputs.
3. ***Multi-Stage Taxation***: GST is levied at every stage of value addition.

Benefits:

1. ***Simplified Tax Structure***: GST reduces tax complexity and compliance burden.
2. ***Reduced Tax Evasion***: GST helps track transactions and reduce tax evasion.
3. ***Increased Tax Base***: GST brings more businesses into the tax net.

Challenges:

1. *Implementation*: GST implementation has faced challenges, such as technical glitches and compliance issues.
2. *Rate Structure*: GST rates can be complex, with multiple rates and exemptions. GST in India was implemented on July 1, 2017, aiming to:

1. *Unify indirect taxes*: Replacing multiple taxes like VAT, service tax, and excise duty.
2. *Simplify tax structure*: Reducing compliance burden and tax evasion.
3. *Promote economic growth*: Encouraging investment, trade, and economic development.

Key Features:

1. *Dual GST*: Central GST (CGST) and State GST (SGST) levied by Centre and states.
2. *Input Tax Credit*: Businesses can claim credit for GST paid on inputs.

3. ***Multiple Tax Slabs***: different tax rates apply to different goods and services.

Impact:

1. ***Increased tax base***: More businesses are now part of the tax net.

2. ***Improved compliance***: GSTN (GST Network) facilitates online filing and payment.

3. ***Economic growth***: GST aims to boost economic development by reducing tax barriers.