

- ### Salient features
- ▶ Dual-GST: Centre and States to levy GST on common base
 - ▶ Integrated-GST for inter-state transactions (CGST + SGST); (eliminating CST)
 - ▶ GST credit mechanism:
 - ▶ Central-GST credits to offset Central-GST liability
 - ▶ State-GST credits to offset respective State-GST liability
 - ▶ Integrated-GST to offset Integrated-GST, Central-GST or any State-GST liability
 - ▶ Minimum exemptions – potentially aligned to current VAT exemptions
 - ▶ Exports to be zero-rated
 - ▶ Treatment on SEZ/ EOUs to be agreed upon
 - ▶ Imports to be subject to basic customs duty, Central-GST and State-GST
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- ### Proposed constitutional amendments
- ▶ Concurrent powers given to Centre and State to levy GST (proposed Article 246A)
 - ▶ GST defined as any tax on supply of goods or services or both except on specified products
 - ▶ Parliament given exclusive powers to:
 - ▶ levy GST on inter-state trade and imports, and
 - ▶ appropriate revenues among the Union and the States
 - ▶ Creation of a GST Council
 - ▶ Restriction or deletion of existing taxation powers
- Revised Constitution Amendment Bill likely to be tabled before the Parliament in the winter session**
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GST base

Taxes	Sectors/products
<ul style="list-style-type: none"> Subsumed into GST (i) At the Central level <ul style="list-style-type: none"> Customs (CVD/ SAD), Central Excise Service Tax Central Sales Tax (ii) At the State level <ul style="list-style-type: none"> State-VAT (sales tax) Entry Tax Other state levies such as Luxury tax, Entertainment tax, Lottery tax etc Outside GST structure <ul style="list-style-type: none"> (i) At the Central level <ul style="list-style-type: none"> Basic Customs Duty (ii) At the State / Municipal level <ul style="list-style-type: none"> Stamp duties State Excise (on alcohol)? Octroi/ LBT? Municipal Entertainment tax? 	<ul style="list-style-type: none"> Treatment being debated <ul style="list-style-type: none"> (i) Petroleum & Natural Gas* (ii) Liquor (alcohol) (iii) Real Property

* Per latest information, Petroleum products may be brought into the GST ambit by making them zero rated, while the States and Centre may continue to levy VAT and Excise duty, respectively.

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Proposed GST rates*

- Tax rates evenly split between the Centre and the States
- Tax Rates: 12%, 16%, 20%

	Year 1	Year 2	Year 3
Essential Goods	12%	12%	16%
Services	16%	16%	16%
Other goods/supplies	20%	18%	16%

* Proposed in the year 2011 by the Central Government, not yet agreed to by the States
** As per latest information on NIPFP estimates, the combined revenue neutral rate (RNR) could be as high as 27%

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Current status

Framework	Political consensus
<ul style="list-style-type: none"> Taxes to be subsumed Rates of tax Dual rate structure 20 + % (??) Rate band concept? Origin versus destination 	<ul style="list-style-type: none"> GST base State compensation for loss of CST Underwriting for 5 years vs 3 years vs. 1 year

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Current status (contd.)

Legislative	Administration
<ul style="list-style-type: none"> Constitutional amendment – revised bill likely to be tabled in Winter Session of the Parliament GST regulations, including Place of Supply Rules, drafting under way 	<ul style="list-style-type: none"> GSTN moving forward; likely to pick up pace once Constitutional Bill is passed WIP on division of administrative powers

Potential introduction of GST in April 2016

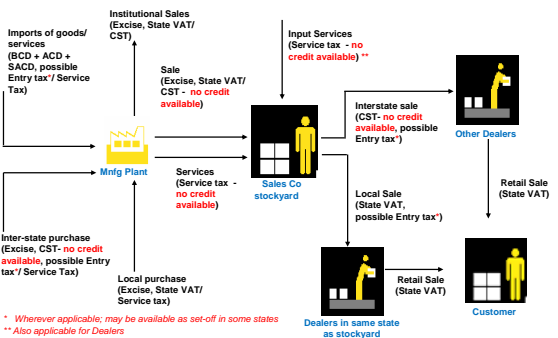
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Comparison with existing regime



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Illustration of existing indirect tax structure



* Wherever applicable, may be available as set-off in some states
** Also applicable for Dealers

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