

# Goods and Service Tax: A glance



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# Brief Introduction: Meaning and type of taxes under GST

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**GST is a single tax on the supply of goods and services, right from the manufacturer to the consumer. Credit of input taxes paid at each stage will be available in the subsequent stage of value addition, which makes GST basically a tax only on value addition at each stage. Thus the final consumer bears only the GST charged by the last dealer in the supply chain, with set off benefits at all the previous stages.**

There will be three types of taxes under GST framework namely:

- Central GST, which will be levied by the central government;
- State GST, which will be levied by the states;
- Integrated GST, which will be levied by the central government on Inter-State supply of goods or services;
- Import of goods or services would be treated as inter-state supplies and would be subject to IGST in addition to the applicable custom duties;
- CGST, SGST, IGST would be levied at rates to be mutually agreed upon by the centre and states under the aegis of GST code.

# Replacement of taxes: Central level and State level

GST would replace the following taxes:

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## Taxes levied by Central government

- Central Excise Duty;
- Duties of Excise (Medicinal and Toilet preparations);
- Additional Duties of Excise (Goods of special importance);
- Additional Duties of Excise (Textile and Textile products);
- Counter Veiling Duty (CVD).
- Special Additional duties of Excise (SAD).
- Service Tax;
- Cesses and surcharge as far as they relate to supply of goods or services.

## Taxes levied by State Government

- State VAT;
- Central Sales Tax (CST);
- Purchase Tax;
- Luxury Tax;
- Entry Tax (All forms);
- Entertainment Tax;
- Taxes on advertisements;
- Taxes on lottery, betting and gambling;
- State cesses and surcharges as far as they relate to supply of goods or services.

# Input Tax Credit (ITC): Manner of allowance

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## ITC of CGST

- Allowed against payment of CGST;
- Allowed against payment of IGST, in the writing order.

## ITC of SGST

- Allowed for payment of SGST;
- Allowed for payment of IGST, in the writing order.

## ITC of IGST

- Allowed for payment of IGST;
- Allowed for payment of CGST;
- Allowed for payment of SGST, in the writing order.



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