



A Comparative study of GST rates in India

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Abstract: *GST is a short form of Goods and Service Tax. France was the first Nation who was introduces GST in 1954. GST is implemented in India from 1st July, 2017. GST is to be charged at the same rate at the National level on the similar products and services and it replaced almost all the indirect taxes. The GST council of India changes GST rates in July 2022. The GST council of India has improves GST rates in most of consumer products, Services sector and Electric Products. The GST council of India declines GST rates in most of Health care and Transportation products.*

Key Words: *GST (Goods & Service Tax), CGST (Central Goods & Service Tax), SGST (State Goods & Service Tax), IGST (Integrated Goods & Service Tax), UTGST (Union Territory Goods & Service Tax), ITC (Input Tax Credit), VAT (Value Added Tax).*

1. INTRODUCTION :

GST is a short form of Goods and Service Tax. France was the first Nation who was introduces GST in 1954. GST is implemented in India from 1st July, 2017. GST is to be charged at the same rate at the National level on the similar products and services and it replaced almost all the indirect taxes.

GST combines variety of indirect taxes and allows tax-credit against goods as well as services. GST is levied at all levels – from Manufacturer to final consumption with credit of taxes paid at previous level available as set-off. In short, only value addition will be taxable and burden of tax is to be borne by the final consumer. Earlier the provisions stated that tax was applicable on the manufacture or sale of goods or provision of services but GST is based on the principle of “Destination based Consumption”. GST is applicable on supply of goods or services. GST is a dual charge, with the Centre and the States simultaneously levying it on a common base. Centre can be levy Central GST, which is known as CGST. States (including Union Territories with legislature) can be levying State GST, which is known as SGST. Union Territories without legislature can be levying Union territory GST, which is known as UTGST. In place of CST, Integrated GST (IGST) would be levied on inter-State supply of goods or services. IGST would be collected by the Centre. This is to ensure that the credit chain is not disrupted (Manufacturer - wholesaler-retailer-consumer). Import of goods would be treated as inter-State supplies and therefore, IGST will be applicable on it. Additionally applicable customs duties will also be taxable; import of services would be treated as inter-State supplies and will attract IGST.

The GST is replaces the following taxes:

- Taxes which used to be levied and collected by the central Government:
 - Central Excise Duty.
 - Special Additional Duty of Customs (SAD).
 - Service Tax.
 - All Cess and surcharge.
 - Additional Duty of Customs (CVD).
- State taxes that would be subsumed within the GST are:
 - State VAT.
 - Purchase Tax.



- Taxes on lotteries, betting and gambling.
- Central Sales Tax.
- Entry Tax (All forms).
- Luxury Tax.
- Taxes on advertisements.
- Entertainment Tax.
- Cess and surcharge that are related to supply of goods or services.

The Input Tax Credit (ITC) will be made on a broader base; it will be made available in respect of taxes paid on any supply of goods or services or both used or intended to be used in the course or furtherance of business.

- Credit of CGST paid on inputs may be used only for paying CGST on the output and the credit of SGST/UTGST paid on inputs may be used only for paying SGST/UTGST. In other words, the two streams of input tax credit (ITC) cannot be cross utilized, except in specified circumstances of inter-State supplies for payment of IGST. The credit would be permitted to be utilized in the following manner:
 - ITC of IGST allowed for payment of first IGST, then CGST and then can be adjusted for SGST/UTGST.
 - ITC of CGST allowed for payment of CGST first and then IGST;
 - ITC of SGST allowed for payment of SGST first and then IGST;
 - ITC of UTGST allowed for payment of UTGST first and then IGST;
 - ITC of CGST cannot be used for payment of SGST/UTGST and also ITC of SGST/UTGST cannot be used for payment of CGST.

Comparative Study of GST Rates

The Indian Finance Minister Mrs Nirmala Sitaraman declared new GST Rates in July 2022. Most of GST Rates are unchanged but some of the GST rates are changed in July 2022. There is comparative study shows comparison of GST Rates only which was changed in July 2022.

The comparison of old GST Rates and New GST Rates are as below:

COMPARATIVE STUDY OF GST RATES

Particulars	Old GST rate	New GST rate
Packaged Food (Like Jaggery, Khandsari Sugar, cereals, pulses and flour weighing up to 25 kg will be considered as 'prepackaged and labelled')	0%	5%
Puffed Rice, Curd and Lassi	0%	5%
Bio-Medical waste	0%	12%
Hospital Room (Excluding ICU) Exceeding 5000	0%	5%
Hotel accomodation up to 1000	0%	12%
Maps, Chart and Atlas	0%	12%
Mangoes Pulps (other than slices or dried)	0%	12%
Bloons and Glidders (Parts of Heading)	0%	18%
Cheque Book or Loose cheque leaf	0%	18%
Cut and Polished Diamonds	0.25%	1.50%
E-waste	5%	18%
Job Work in Processing of hides, skins, leather, clay bricks, footwear etc	5%	12%
Solar System , Heater	5%	12%
Services to Chit Fund	12%	18%



Works contract supplied to central and state governments, union territories & local authorities involving predominantly earthwork and sub-contracts thereof	5%	12%
Works Contracts for historical monuments, canals, dams, pipelines, plants for water supply, educational institutions, hospitals, railway, metro, bridges, roads etc. & sub-contractor thereof	12%	18%
Tetra Pack used for packaging of dairy product and liquid beverages	12%	18%
LED lamp, light board etc	12%	18%
machines for cleaning, sorting or grading seed, and grain pulses, machinery used in milling industry or for the working of cereals like 'pawan chakki', wet grinder or air-based atta chakki	5%	18%
Machines for cleaning, sorting or grading eggs, fruit or other agricultural produce and its parts and dairy machinery	12%	18%
Ostomy and Orthopedic Appliances	12%	5%
Transportation by ropeways	18%	5%
Renting of Goods carriage Vehicles	18%	12%

2. CONCLUSION :

The GST council of India changes GST rates in July 2022. The GST council of India has improved GST rates in most of consumer products, Services sector and Electric Products. The GST council of India declines GST rates in most of Health care and Transportation products.

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