



Goods And Service Tax : A New Era with Tax with special reference to GSTIN Number and HSN Code

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Abstract: Goods and Service Tax is a historic tax reform is expected to transform the indirect taxation landscape in India came into effect from July 1st 2017. Policies play an important role on the economy through their impact on both efficiency and equity. A good taxation system should keep in view issues of income distribution. In the ever-changing economic scenario of globalization, liberalization and privatization policies of the government in recent years have made an indelible impact by bringing into force new economic system in India. Being involved both the centre and the state government, GST will be administered together as a model of cooperative federalism. The central as well as the state government in India depend mainly on indirect taxes for tax revenue to sum up the total revenue in general

Keywords: Goods & Service Tax, Indirect Tax, Tax Revenue.

1. INTRODUCTION:

The concept of Goods and Service Tax (GST) is the biggest tax reform in decade throughout the world but India has been taking infant baby steps to meet its target of rolling out goods and service tax on April 1st 2016. GST is one indirect tax for the whole nation which will make India one unified common market. GST is a single tax on the supply of goods and services right from the manufacturer to the consumer. Credits of input tax pay that each stage will be available in the subsequent stages of value addition, which makes GST essentially a tax only on value addition at each stage. The final consumer will thus bear only the GST charged by the last dealer in the supply chain with set-off benefits at all the previous stages.

2. How GST will help the common man

GST will close false company it is a solid message for false companies GST will give economy and common people benefits:-

1. To create a unified common National market.
2. To make India a manufacturing hub.
3. To generate more employment by increasing economic activities.
4. Freedom of movement of GST.
5. Consumers benefit by increased competition.
6. Strengthening the sense of nationhood and Unity.

3. Objectives of GST: -

1. The first objective of the GST bill is to make "One country, One Nation, One Market".
2. To remove complexity prevalent in indirect taxes in India.
3. To bring uniformity in indirect taxes between the State and Central Government.
4. To make indirect tax structure more rational, easier and transparent.
5. To avoid double taxation on goods.
6. To link up the Indian economy with changes in the global economy.

4. Formation of GST Council:-

GST Council will be one of India's most powerful Federal bodies. The GST Council will give states a major say in the way indirect taxes will be administered throughout the country. Finance Minister Mr. Arun Jaitley will Chair the GST



Council, whose members will include Finance Minister from all the states. The GST Council will be Chaired by the Union Finance Minister with the state finance minister as Deputy Chairman. All the state finance ministers along with the ministers of the state for finance in-charge of revenue at the centre will be the part of this Council.

Every decision of the GST Council needs to be taken with 3/4th majority while the central government vote will have one third weightages, the votes of all the state governments put together will have two third weightage making a near consensus between the centre and the state imperative for any major decision.

5. Challenges of GST

To implement GST more effectively there is an urgent need to establish and strength the Union and State Government good relations. As we know, whenever a new system is introduced, there are a number of challenges to be faced by the Central and State Government. GST is not an exception. The main challenge to be faced by GST law is from various opposite political parties at State level as well as Central level.

Secondly, people and traders are not aware with GST. They should be well informed regarding the benefits of GST. Public opinion and consensus should be developed nationwide for smooth implementation of GST.

Person who is liable to be registered shall apply for registration in every state or union territory in which he or she is so label within 30 days from the date on which he becomes liable to registration in the prescribed manner and conditions.

The procedure for the registration shall be adopted by a person who is required to be registered:-

1. Application for Registration.
2. Validation of PAN/ mobile number/ email.
3. Temporary reference number.
4. Submission of application.
5. E-knowledgement.
6. Verification of the application and approval.
7. Deficiency found in application.
8. Issue of registration certificate and GSTIN.

If the application for registration is approved a certificate of registration in the form of GSTREG-06 showing the principal place of business and additional places of business shall be made available to the applicant on the common portal. Certificate will be signed by the Superintendent of Central tax.

GSTIN NUMBER: -

Goods and Service Tax Identification Number (GSTIN) shall be assigned in the following format: -

1. Two characters of the State Code.
2. Ten characters of the PAN or the Tax Deduction and Collection Account Number.
3. Two characters for the Identity code.
4. One checksum character.

HSN Code: - The full form of HSN stands for “Harmonized System of Nomenclature. The HSN code aids in making GST systematic and ensures its global acceptance. It eliminates the need to upload a detailed description of the product when filing GST returns. This, in turn, helps save time and automates the GST returns process. The HSN structure contains a total of 21 sections and 99 chapters. It also includes an additional 1,244 headings and 5,224 subheadings. Every section is divided into chapters, and every chapter is divided into headings. The headings are further divided into sub-headings. The sections and chapters include a broad category of goods, whereas the headings and subheadings depict the nature of the goods in detail. Earlier the provisions related to HSN Code under GST issued by the Central Board of Indirect Taxes (“CBIC”) were as follows:-

- Annual Turnover less than and up to Rs 1.5 crore – Not required to mention HSN Codes
- Annual Turnover more than 1.5 crore up to 5 crore – Required to mention HSN Code up to 2 digits
- Annual Turnover exceeding 5 crore – Required to mention HSN Code up to 4 digits.

Here is an illustration that will help you understand the structure and use of HSN code for a particular good, i.e., a handkerchief.



- Chapter 61 – The two digits represent the chapter number for the article of apparel accessories.
- Heading 12 – The two digits represent the heading number for handkerchiefs.
- Sub-heading 90 – The two digits represent the product code for the handkerchief.
- Tariff item 11 – The two digits denote the particular material used to make the handkerchief, like silk or man-made fibre.

Thus, the HSN code of this product will be 61.12.90.11.

Sections	List of HSN code
Section 1	Live Animals, Animal Products
Section 2	Vegetable Products
Section 3	Animal or Vegetable Fats and Oils and their cleavage products, prepared edible fats.
Section 4	Prepared Foodstuffs, Tobacco and Manufactured Tobacco Substitutes. Beverages, Spirits and Vinegar
Section 5	Mineral Products
Section 6	Product of chemicals or allied Industries
Section 7	Plastics and articles thereof; Rubber and articles thereof
Section 8	Raw hides and skins, Leather, Furskins and articles thereof; saddlery and harness, travel goods, handbags, and similar containers; articles of animal gut (other than silk- worm gut)
Section 9	Wood and articles of wood, Wood charcoal, Cork and articles of cork; Manufacturers
Section 10	Pulp of wood or of other Fibrous Cellulosic Material, Recovered (Waste and scrap) paper
Section 11	Textile and textile articles.
Section 12	Footwear, Headgear, Umbrellas, Sun Umbrellas, Walking-sticks, seat-sticks, whips, riding-crops and parts thereof; Prepared feathers and articles made therewith; Artificial flowers; Articles of human hair.
Section 13	Articles of stone, plaster, cement, asbestos, mica, or similar materials, ceramic products,
Section 14	Natural or cultured pearls, precious metals, Precious or semi-precious stones; Metal
Section 15	Base Metals and articles of Base Metal.
Section 16	Machinery and mechanical appliances, electrical equipment, parts thereof, sound recorders and reproducers, television image and such recorders and reproducers, and Parts and Accessories of such article
Section 17	Vehicles, Aircraft, Vessels and Associated Transport Equipment.
Section 18	Optical, Photographic, Cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; clocks and watches; musical instruments, parts and accessories thereof
Section 19	Arms and ammunition, parts and accessories thereof.
Section 20	Miscellaneous Manufactured Articles.
Section 21	Works of art, Collectors; Pieces, and antiques

6. CONCLUSION:

The growth speeded up in the GST era can contribute to inequality and should be dealt with incorporating measures in government policies. Due reforms in direct taxes directed towards progressivity are very much necessary to compensate for revenue loss due to GST. Purposeful efforts for export promotion and import control for restricting growth and extent of trade deficit should be the need of the hour. Due importance to spending on social services such as education, health should be given priority by the government with additional revenue mobilization. GST characterized the slogan of “ One Nation, One Market, One Tax. Which subsumed all indirect taxes and applied on almost all goods and services. It eliminates the cascading effect by providing input tax credit at all stages of production. It follows the principle of cooperative federalism in the formation of the GST Council. The government is trying to reduce the complexities so that the smooth implementation of the GST can be done.



India will become a single market where goods can move freely and therefore will have lesser compliances to deal with for business and the benefit of GST will definitely outweigh the disadvantages of GST.

The role of government both the central and the state should be enhanced in planning, development, social development and social welfare should be enhanced and strengthened in the GST era. GST is just transparency to measure taxes levied on the product bringing an end to the host of hidden and embedded taxes that have been paid so far. GST is expected to have a free flow of goods and services across the country leading to growth of GDP in future.

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