

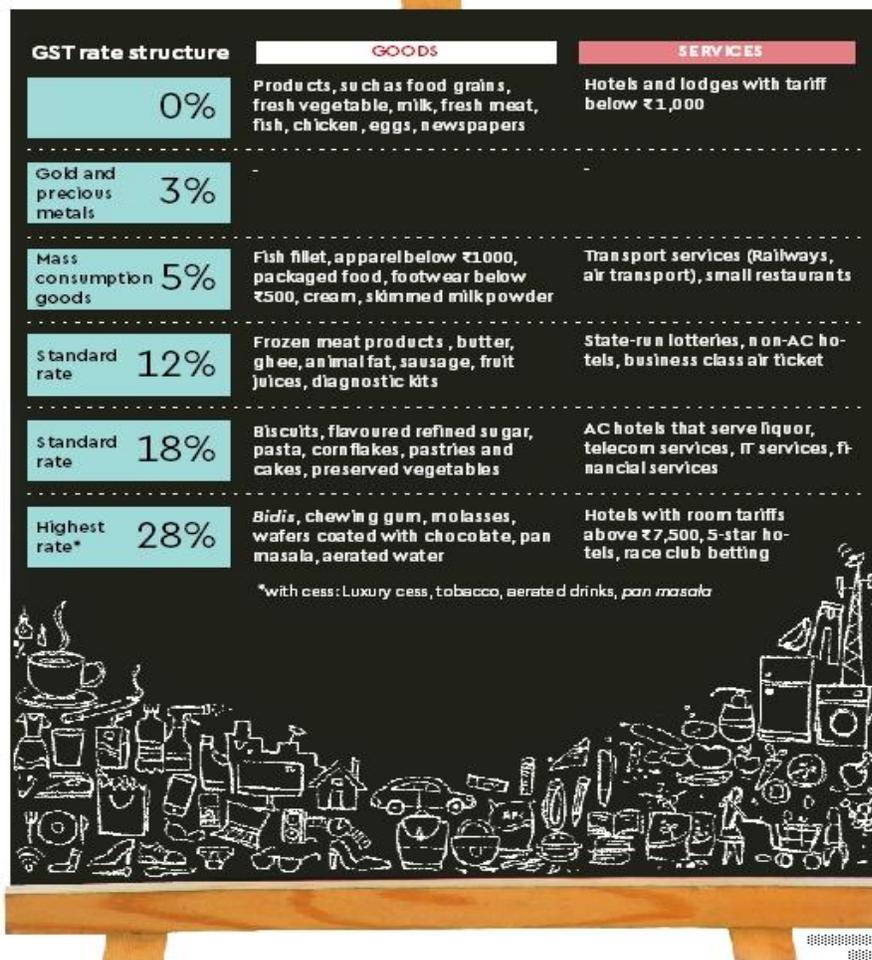
GST launched in India: Here is all you need to know about tryst with new tax regime

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By: [The Financial Express](#) | Published: July 1, 2017 7:44 AM

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Goods and Services Tax (GST), a historic tax reform, comes into effect today. The GST regime would subsume various taxes and there would be a single tax law and four tax rates—5%, 12%, 18% and 28%—that would be charged by the Centre and the states. The government has set a 3% tax rate for gold jewellery, while a majority of goods and services will be taxed at a rate of 18%. Also, a number of goods and services have been exempted from the tax structure. Tax rates under GST have been largely kept at existing levels for most sectors, barring a few. While fast moving consumer goods like soaps, tooth paste, hair oil and SUVs will cost less, luxury hotels, aerated drinks, tractors will attract higher tax. The threshold limit for exemption from levy of GST is Rs 20 lakh for the states except for the special category northeastern states, where it is Rs 10 lakh.



A cess would be levied on certain goods such as luxury cars, aerated drinks, pan masala and tobacco products, over and above the GST rate of 28% to recover amount for compensation to the states. In fact, GST will bring in transparency and encourage investments in organised sectors, helping the economy gather growth momentum. Since the liability to pay GST on purchase of goods from unregistered dealer is on the receiver (registered dealer) of the goods/services, tax compliance will improve benefitting organised players.

In fact, GST will create a level playing field between unorganised and organised segments. Moreover, GST will lower logistics costs due to the decline in transit time because of elimination of multiple check points – octroi, state borders. In GST, all transactions and processes will be done through electronic mode. It provides for the facility of auto-populated monthly returns and annual return. Enrolment of existing taxpayers of the state tax administrations and the CBEC to GST system began in November last year. Till date, over 66 lakh taxpayers have activated their account at the GST portal.