

Comparative Study of Pre and Post GST

SL.NO	Base	Pre-GST	Post-GST
1.	Architecture / Structural Difference	<p>Central taxes: - Excise/Custom duty, Central sales tax charged on services, surcharge and cess.</p> <p>State Taxes: - VAT, Purchase, Luxury Tax, Entertainment Tax, Tax on Lottery, Surcharge & Cess.</p>	<p>A dual layered tax system</p> <p>with both Central and State GST levied on same base on all the goods and services except petroleum, high speed diesel, motor spirit and natural gas to be brought at a later date subject to recommendation of GST council.</p>
2.	Place of taxation / basis of levy	Taxable at the place of manufacture/sale of goods. Rendering of services.	Taxable at the place of consumption, a destination-based tax.
3.	Tax base	Comparatively narrow.	Wider in nature
4	Tax administration	Complex due to number of taxes	Tax friendly, simple and easy
5	VAT / GST registration	Decentralized registration under central and state authorities.	Uniform e- registration Process based on PAN of entity.

6	Procedure of collection of tax and filing of returns	Central excise/service tax uniform, VAT varies from State to State	Uniform process and common dates for collection
7	Validation of Challan / returns, input credit and payment of tax	Part validation by system, full verification subject to assessments by relevant Central/State authorities	System based validation and consistency checks on input credit availed, utilization and tax payments
8	Excise Duty	Imposed by Centre under separate Act, Central Excise Act, 1944. Taxable event is manufacture; i.e. excise duty charged up to the point of manufacturing.	Replaced by CGST to be charged up to retail level.
9	Basic Custom Duty	In case of import, taxed by Centre under separate act, i.e. Customs Act, 1962. Taxable event is import	No change
10	Countervailing duty/ Special Additional Duty	In case of import, taxed by Centre under separate Act, i.e., Customs Act,	To be subsumed under GST (CGST)

		1962. Taxable event is import.	
11	Service Tax	Charged by Centre on list of services under Finance Act on payment/provision basis. Taxable event is provision of service	To be subsumed under SGST based upon place of Supply Rules
12	Central Sales Tax	Imposed by Centre under CST Act, 1956. Collection assigned to States. Applicable at concessional rate of 2% on inter-state transfers against C forms, otherwise full rate i.e. 5% to 14.5%/. Taxable event is movement of goods from one state to another	To be subsumed in IGST.
13	State VAT	Imposed by states; taxable event is sale within the State	To be subsumed in SGST
14	Inter-state transactions / entry tax	Currently being charged by selected states for inter-state transfers, held as import in local area. Imposed on goods & services by the	No entry tax, Additional 1% of tax to be levied on inter-state supply of selected goods, list yet to be finalized.

		Centre (CST, Service Tax)	
15	Tax on export of goods and services	Exempted/zero rated	No change
16	Tax on inter-state transfer of goods to branch or agent	Exempt against form F	To be taxable but full credit available to dealers.
17.	Tax on transfer of goods to branch or agent within state	Generally exempted, depends upon state procedure	<p>Might be taxable, unless TIN of transfer and transferee is same.</p> <p>i.e May not be taxable, if TIN of transferor and transferee is same</p>
18.	Cascading effect	Credit between excise duty & service tax available but no set off against VAT on excise duty	Credit available on the full amount of taxes up to retailer.
19.	Cross set-off of levy	set-off of excise duty and service tax is allowed	No cross set-off between CGST and SGST
20.	Non-Creditable goods / disallowance	There are certain non-creditable goods and services under	No such disallowance unless

	of credit on selected items	both VAT & CENVAT Rules.	specified by GST Council.
21.	Exemptions- excise free zone, VAT Remissions	Some areas enjoy status of Excise/VAT exemptions	No such exemptions, investment refund scheme may be introduced for existing zones based upon recommendation of GST Council.
22.	Levy of tax on government bodies, NGOs	Partially taxed. Certain government bodies, PSUs and Non-profit covered	Not changed.
23.	Threshold limit	Central Excise- 1.5 Crores VAT- varies from Rs. 5 to 20 Lakhs from state to state. Service Tax- Rs. 10 Lakhs	North Indian States and Sikkim: 10 Lakhs Other States: 20 Lakhs

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