

Subject: Goods and Services Tax (GST) CC-13

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Topic: GOODS AND SERVICES TAX NETWORK (GSTN)

Goods and Services Tax Network (GSTN) is a [Section 8 of the Companies Act, 2013, (i.e. not for profit companies)], non-Government, private limited company. It is the technological backbone for GST in India. GST being a destination-based tax, the interstate trade of goods and services (IGST) would need a robust settlement mechanism amongst the States and the Centre. This is possible only when there is a strong IT Infrastructure and service back bone which enables capture, processing and exchange of information amongst the stakeholders (including tax payers, States and Central Governments, Accounting Offices, Banks including RBI). As a result, Goods and Services Tax Network (GSTN) has been set up.

Salient Features of the GSTN

The following are the main features of GSTN

- (i) **Ownership:** It has a joint ownership being Partly owned by Government and partly by Private players. Central government owns 24.5% share whereas, all the other States of the Indian Union along with Delhi and Puducherry Assembly Governments hold 24.5% share combined share while private players like banks and financial institutions owns 51% stake

Shareholder	Shareholding
Central Government	24.5%
State Governments & EC	24.5%
HDFC	10%
HDFC Bank	10%
ICICI Bank	10%
NSE Strategic Investment Co	10%
LIC Housing Finance Ltd	<u>11%</u>
Total	100%

- (ii) **Authorized Capital:** The authorized capital of the GSTN is ₹10 crore (US\$1.6 million), of which 49% of the shares are divided equally between the Central and State governments, and the remaining is with private banks.
- (iii) **Strong IT infrastructure-** GSTN is a platform for taxpayers to register themselves, file their returns, make tax payments and generate business analytics through Information Technology. GSTN is providing reliable, efficient and robust IT backbone for the smooth functioning of GST in India.
- (iv) **Handles Complex Transactions:** GST is a destination-based tax. The adjustment of IGST (for inter-state trade) at the government level (Centre & various states) is extremely complex. A rapid settlement mechanism amongst the States and the Centre will be possible only when there is a strong IT infrastructure and service backbone which captures, processes and exchanges information.
- (v) **Data Secured:** GSTN operates the IT backbone for collection of Goods and Services Tax (GST) data of over 1.11 crore registered business entities. A third-party audit will ensure that data filed with GSTN is adequately secured and there are no glitches
- (vi) **Sharing of Expenses:** Entire user charges are equally paid by the Central and State Government and state share is then apportioned to individual state, in proportion to the number of taxpayers in the state.

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