

**Topic: GOODS AND SERVICES TAX NETWORK (GSTN)**

**Class: B.Com (Hons) Semester VI**

**Subject: Goods and Services Tax (GST)**

**Unit: 1**

**Paper : CC-13**

**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 technology 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 is joint ownership. Partly owned by Government and partly Private players. Central government owns 24.5% share whereas, all the other States of the Indian Union along with Delhi and Pondicherry Assembly Governments hold 24.5% share combined share while private players like banks and financial institutions own a 51%

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

**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 function 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 is 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.

#### **Functions of the GSTN (i.e. Role assigned to GSTN)**

Creation of common and shared IT infrastructure for functions facing taxpayers has been assigned to GSTN and these are:

- (i) Filing of registration application
- (ii) Filing of return
- (iii) Creation of Challan for tax payment Settlement of IGST payment (like a clearing house)
- (iv) Generation of business intelligence and analytics etc.
- (v) Provides various MIS reports to the Central and the State Governments based on the taxpayer return information.
- (vi) It has to support about 3 billion invoices per month and the subsequent return filing for 65 to 70

**Prepared by: Dr. Md. Moazzam Nazri**

**Assistant Professor**

**Faculty of Commerce**

**Karim City College, Jamshedpur**

**Email:moazzam.nazri@gmail.com**