

GST IN INDIA

TAX

WHAT	WHY
Tax is not a voluntary payment or donation but is a compulsory exaction of money by the Government, exacted pursuant to legislative authority .	Taxes are collected by the Government to fulfill the socio-economic objectives of the Government (primarily to provide public services and public security).

DIRECT TAXES	INDIRECT TAXES
Levied on Income or property	Indirect taxes are levied on supply, consumption of goods and services
Tax incidence is borne by the same person who pays it	Tax incidence passes on to the ultimate consumer
Direct taxes are progressive in nature. Thus, the more the income of a person, the more the direct tax on that person	Indirect taxes are regressive in nature*. Thus, all the consumers (rich or poor) equally bear the burden, irrespective of their ability to pay.

FEATURES OF INDIRECT TAXES

Sl. No	HEAD	PARTICULARS
1	Tax on Goods and Services	Customs Duty is levied only on Goods where GST is levied on Goods and Services

2	Important Source of Revenue	More than 50% of Tax Revenue
3	Wider Tax Base	Majority of goods and services are covered
4	Shifting of Tax Burden	Tax which is paid by the seller / provider is recovered from the buyer / recipient
5	No Perception of Direct Pinch	Recipient does not perceive a direct pinch of tax as it is paid by Supplier to Govt.
6	Inflationary	Increase in prices of goods and services
7	Regressive	Rich and poor pay same rate of tax
8	Promotes Social Welfare	High taxes on sin goods (alcoholic liquor, tobacco products, etc.)

TAXES & CONSTITUTIONAL PROVISIONS

ARTICLE	PARTICULARS
265	No tax shall be collected except by authority of law
245	<ul style="list-style-type: none"> Parliament to make law for the whole or any part of territory of India. Legislature of State to make law for the whole or any part of the State
246	<ul style="list-style-type: none"> Parliament to make law for items specified in List I [Union List] of Schedule VII State legislative assembly to make law for items specified in List II [State List] of Schedule VII Parliament & State legislative assemble both can make laws for items specified in List III [Concurrent List] of Schedule VII
254	In case of contravening provisions for laws made by State legislative assemble & Parliament for any particular item in List III, the law made by Parliament shall prevail.