

GST and the taxes it replaced

Compare post-1991 tax reform committees, taxes subsumed into GST, excluded taxes and dual GST

- Indian Tax Reforms & GST Architecture

- Tax on supply and consumption**

GST is a destination-based indirect tax on supplies of goods and services.

Tax revenue follows the place-of-supply rules, not simply the producer’s location.

Eligible input tax credit helps reduce tax-on-tax cascading.

- Dual structure**

Intra-state taxable supply generally attracts CGST plus SGST or UTGST.

Inter-state taxable supply generally attracts IGST.

The GST Council makes recommendations under Article 279A.

- Taxes brought together**

Service tax and many central excise levies were subsumed within the specified scope.

State VAT, octroi and entry tax were among the subsumed state/local taxes.

Subsumed means replaced within GST’s scope; it does not mean every old levy disappeared.

- Important boundaries**

Income tax is a direct tax; it was not subsumed into GST.

Alcoholic liquor for human consumption is outside the constitutional GST definition.

Specified petroleum products have a separate constitutional provision for starting GST levy.

REMEMBER GST combines specified indirect taxes and permits eligible input credit; direct income taxes remain separate.