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# GOODS AND SERVICE TAX

Impact of GST on identified types of transactions



**beyond  
the  
obvious**



# GST – INFRASTRUCTURE SECTOR

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## CURRENT SCENARIO

- Issues in valuation of Works Contract
- Double taxation/ multiplicity of taxes

## SCENARIO UNDER GST REGIME

- Retaining Article 366(29A): Deeming certain transaction to be sale of goods.
- ‘Works contract transaction’ to be subject to GST (CGST and SGST)
- Liberalization of input credit pertaining to Civil work.
- Internationally Trunked projects are considered and taxed as construction services.
- The term Goods and Service in bill indicate similar possible tax treatment.
- Stamp Duty may continue to apply



# GST – POWER SECTOR

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## CURRENT SCENARIO

- No Indirect taxes on output, except electricity duty levied by the States
- Truncated structure leads to cascading effect of taxes.

## SCENARIO UNDER GST REGIME

- Electricity is included in the scope of GST
- Bill does not propose any change or amendment in entry no. 53 of State List “Taxes on the consumption or sale of electricity”
  - State’s power to levy electricity duty not subsumed under GST
- If electricity is kept outside the GST regime and procurements are taxed under GST, significant increase in cost of power
- International Experience: Electricity taxed as normal goods and industrial consumer get full credit of GST.



# GST – TELECOMMUNICATION SECTOR

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## CURRENT SCENARIO

- Double taxation/ multiplicity of taxes
- Classification disputes
- Cascading of taxes

## SCENARIO UNDER GST REGIME

- Imperative to levy GST at an appropriate rate on telecom services.
- Place of supply rules for telecom services are distinct in almost all the overseas jurisdictions
- Situs of taxation for telecom services i.e. the place of supply or use or consumption.
- Ensure availability of seamless input tax credits across goods and services for the sector.



# GST – PHARMACEUTICAL SECTOR

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## **CURRENT SCENARIO**

- Inverted duty structure
- Cascading of taxes
- Loan Licensee operations

## **SCENARIO UNDER GST REGIME**

- Notified life saving drugs/Active pharmaceutical Ingredients ( API)
- Inverted duty structure and accumulation of credit.
- Clarity on tax treatment from supplies form and to loan licensee
- Exemption/Incentive schemes by Central and State Government.



# GST – EXEMPTION AND INCENTIVE SCHEME

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Exemption broadly categorized as:

- **Product/Service specific or sector specific exemptions**
  - Unlikely to continue, providing for concessional rate of duty or no duty under GST.
- **End user exemption.**
  - supplies provided to mega power project
  - supplies provided to EOU's and SEZ's
- **Area based exemptions**
  - Outright tax exemption
  - Tax liability deferments; or
  - Refund for paid taxes



**THANK YOU**  
**By- Mr. Nitish Sharma**