

Frequently asked Questions : GST

As you may be aware, the Goods and Services Tax (GST) has replaced all indirect taxes like Service Tax and Cess from July 1, 2017. The introduction of the GST by the Government of India is a significant step in implementing a uniform indirect taxation system in India. Here are some of the frequently asked questions on GST for your reference.

Q1. What is GST?

The Goods and Services Tax (GST) is an integrated tax, merging most of the existing indirect taxes such as Service tax, VAT etc into a single system of taxation. GST works on the concept of "One Nation One Tax". This is one of the biggest tax reforms in India since Independence and has been implemented from July 1, 2017.

Q2. From when will GST be made applicable?

A: GST is proposed to be implemented from July 1, 2017 onwards.

Q3. What are the benefits of GST?

Implementation of GST is expected to substantially reduce costs especially in the manufacturing sector. The benefits of which could cascade into other sectors in the long run. It is also anticipated to bring in more transparency, automation and simplification in tax compliance.

Q5. What are the types of GST?

A: The types of GST are:

CGST: Central Goods & Services Tax - Levied on supply of all goods and/or services within a particular State, by the Central Government.

SGST: State Goods and Services Tax - Levied on supply of all goods and/or services within a particular State, by the respective State Government.

IGST: Integrated Goods and Services Tax - Levied on all interstate supplies of goods and/or services, by the Central Government.

Q6. Which taxes are proposed to be subsumed under GST?

A: GST would replace the following taxes:

(i) Taxes currently levied and collected by the Centre:

- a. Central Excise duty
- b. Duties of Excise (Medicinal and Toilet Preparations)
- c. Additional Duties of Excise (Goods of Special Importance)
- d. Additional Duties of Excise (Textiles and Textile Products)
- e. Additional Duties of Customs (commonly known as CVD)
- f. Special Additional Duty of Customs (SAD)
- g. Service Tax
- h. Central Surcharges and Cesses, if they relate to the supply of goods and services

(ii) State taxes that would be subsumed under GST are:

- a. State VAT
- b. Central Sales Tax
- c. Luxury Tax
- d. Entry Tax (all forms)
- e. Entertainment and Amusement Tax (except when levied by the local bodies)
- f. Taxes on advertisements
- g. Purchase Tax
- h. Taxes on lotteries, betting and gambling

Q7. Will GST be applicable in Jammu & Kashmir?

A: GST will be applicable in Jammu & Kashmir only after the state assembly passes a special law accepting the applicability of CGST & IGST law.

Q8. Will GST be applicable on NRI customers?

A: Yes, GST will be applicable to NRI customers, provided the consideration is not received in foreign exchange. In such a case, IGST will be charged on NRI customers. Rate for NRI customers will be same as the Resident Indian customers.

Q9. Will Swatch Bharat Cess (SBC) & Krishi Kalyan Cess (KKC) continue post GST implementation?

A: The Government through its press release dated 7 June 2017, has clarified that existing cesses such as SBC and KKC will be abolished from the date of GST roll-out.

Q10. What are the proposed GST rates for Life Insurance policies ?

A: The following table defines the existing product (category-wise) GST rates :

Description	GST Rate
Term Plans / Health plans / Riders	18%
ULIP Charges / Other Charges	18%
First Year / Single Premiums	4.50%
Renewal Premiums	2.25%
Single Premium Annuity Plans	1.80%

*Subject to changes in tax laws. These rates will be applicable to Non Resident customers (NRIs) as well.

Q11. Is GST applicable on all premiums of insurance policies?

A: Yes, GST is applicable on all premiums of insurance policies, except the Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) in which the indirect tax exemption is to be continued as per the proposed law.

Q12. Is GST in addition to the existing service tax and other cess, which are applicable currently on Insurance Premium?

A: GST will be a single destination-based consumption tax that will replace existing indirect taxes, including Service tax, VAT, Octroi, Sales Tax, Excise Duty, etc.

Q13. What if a customer has paid his/her premium in advance which is due post July 1, 2017?

A: If policy premium is due for payment on or after the roll-out date of GST, then GST will be applicable on premium.

If the premium is paid in advance, there would be no implications under the GST law. However, for premium not paid or balance amount due, the same would be taxed at the GST rate.

Q14. Will the customer be able to view the GST component paid along with premium?

A: Yes, the details of GST paid by the customer on premiums would be disclosed separately on the premium receipts issued under "Taxes and Levies as applicable".