

Center had powers to levy tax on the manufacture of goods except alcohol for human consumption, navigation etc. Hence, Central Excise, Customs and Service Tax were the three main components of indirect taxes for the central government.

Understanding Pre-CST Tax through an Example :-

1. Central Excise was levied on manufacture by centre.
2. The Punjab Government levied VAT/CST on the sale of goods.
3. Entry Tax was collected by Maharashtra Government on the entry of goods.
4. Octroi was collected by BMC.

### Disadvantages

1. Increased costs due to software purchase.
2. Being complaint.
3. SMEs will have higher tax burden.