

Q7 Taxes and duties merge under the GST :-

Following are the duties and taxes, which will merge under GST (at central level) :-

(1) Central Excise Duty (including Additional Excise Duty) :-

Central excise duty is basically imposed on manufacturing of goods in India & the collection for this duty is done by central board of excise and customs.

(2) Service Tax →

Service tax is a tax that is levied by the government on the services provided and it actually bears by the customers.

(3) Additional Customs Duty →

Commonly referred to as countervailing duty, equivalent to central excise duty which is imposed on manufacturing.

(4) Special additional duty of customs :-

It is payable 4% on goods imported and this is instead of VAT/sales tax.

* Following are the duties and taxes, which will merge under GST (at state level)

(1) Value Added Tax (VAT):

VAT is an indirect tax on the goods and services that are provided at state level on domestic.

(2) Central Sales Tax \Rightarrow

CST, is levy on sales, which is affected by interstate trade. CST is an indirect tax on consumer.

(3) Octroi & Entry Tax \Rightarrow

Octroi is a tax which is charged by local authority, municipality and entry tax is charged by state.

(4) Purchase Tax \Rightarrow

Purchase tax is a tax that is imposed on the purchase of goods by the state government, and it is applied to wide range of goods.

(5) Luxury Tax \Rightarrow

A Luxury Tax is levy on articles that are either expensive or optional.