

Indirect Taxes

Indirect taxes are levied on goods and services and are ultimately borne by consumers. India's indirect tax system was significantly reformed with the introduction of the **Goods and Services Tax (GST)** in 2017.

These taxes are administered by the Central Board of Indirect Taxes and Customs (CBIC) under the Ministry of Finance.

Goods and Services Tax (GST)

GST is a unified national tax on the supply of goods and services. It replaced multiple indirect taxes and created a common market across India.

Key features include:

- taxation at different rates depending on the type of goods or services
- input tax credit mechanism to avoid cascading taxes
- digital registration and filing system
- tax structure shared between the central and state governments

Businesses supplying goods or services in India may be required to register for GST depending on turnover thresholds and nature of operations. GST also applies to imports and certain cross-border service transactions.

As part of the tax reforms, GST structure has been simplified with primarily two rates- standard rate of 18% and reduced rate of 5% for essentials.

Customs Duty

Customs duty is levied on goods imported into or exported from India. It is governed by customs legislation and tariff schedules based on product classification. Import duties may include Basic Customs Duty, Integrated GST on imports, and applicable surcharges. Preferential rates may apply under trade agreements.

Central Excise Duty

Central excise duty currently applies mainly to specific products such as petroleum products and tobacco. Most other manufactured goods are covered under the GST framework.

Useful links:

- Indirect Taxes and Customs: <https://www.cbic.gov.in>