

A study on Goods and Service Tax

*A.Thenmozhi M.com., M.A., M.Phil., B.Ed.,
Assistant professor,
Department of commerce,
Theni college of arts and science,
Veerapandi, Theni.*

*P.Sundari M.com(CA)., M.Phil.,
Assistant professor,
Department of commerce,
Theni college of arts and science,
Veerapandi, Theni.*

*A.Pandiyammal., M.com.,M.Phil., B.Ed.,
Assistant professor,
Department of commerce,
Theni college of arts and science,
Veerapandi, Theni.*

Abstract

This paper tries to find out the fact of GST. Whether the GST is useful to the country or it just raise the price of the product. The movements in prices of various products also study in this paper. Through this paper we can be in a site to understand about the benefits, impact and the implications of the Goods and Service Tax in India and to know the overview of the concepts of GST and its impact on the household items in the Indian Economy.

Introduction:

The (GST) Goods and Services Tax was implement on July 1, 2017. Due to political issues GST was not implement in 2010. GST was introduced in France in1954. GST was in performing around 158 countries, India is the 159th country which adopts the GST. The main objective after growth of GST is to include all sorts of indirect taxes in India like Central Excise Tax, VAT/Sales Tax, etc. and implement one taxation system in India. . The GST based taxation system brings more precision in taxation system and increases GDP rate from 1% to 2% and reduces tax theft and dishonesty in countryside. More than 150 countries have implement GST so far. But, the idea of GST in India was mooted by Vajpayee government in 2000 and the legitimate improvement for the same was approved by the Loksabha on 6th May 2015 but is yet to be ratified by the Rajyasabha. Thaivan is the country which was having 5% GST and Kankeri is accomplishing 29% of GST to its citizens. Though, there is a against for GST it was effectively

accomplishment. It would be interesting to understand why this planned GST government may obstruct the growth and development of the country.

Review of literature:

Nitin Kumar (2014) studied “Goods and Service Tax- A Way Forward” and concluded that implementation of GST in India help in removing economic distortion by current indirect tax system and expected to encourage unbiased tax structure which is indifferent to geographical locations.

Nishitha Gupta (2014) in her study stated that implementation of GST in the Indian framework will lead to commercial benefits which were untouched by the VAT system and would essentially lead to economic development. Hence GST may usher in the possibility of a collective gain for industry, trade, agriculture and common consumers as well as for the Central Government and the State Government.

Saravanan Venkadasalam (2014) analyzed the post effect of the goods and service tax (GST) on the national growth on ASEAN States using Least Squares Dummy Variable Model (LSDVM) in his research paper. He stated that seven of the ten ASEAN nations are already implementing the GST. He also suggested that the household final consumption expenditure and general government consumption expenditure are positively significantly related to the gross domestic product as required and support the economic theories. But the effect of the post GST differs in countries. Philippines and Thailand show significant negative relationship with their nation’s development. Meanwhile, Singapore shows a significant positive relationship.

Agogo Mawuli (2014) studied “Goods and Service Tax-An Appraisal” and found that GST is not good for low-income countries and does not provide broad based growth to poor countries. If still these countries want to implement GST then the rate of GST should be less than 10% for growth.

Shefali Dani (2015) has suggested that GST administration is an irresolute endeavor to legitimize backhanded expense structure. Roughly more than 150 nations have executed GST idea. The legislature of India must examination the GST administration set up by different nations and furthermore their aftermaths previously actualizing GST. IT is the need of hour that, the legislature must make an endeavor to protect the huge poor populace of India, against the expansion because of execution of GST. GST will disentangle its current roundabout duty framework and should expel wasteful aspects made by the current heterogeneous expense framework, just if there is a reasonable agreement over issues of edge constrain, income rate, and incorporation of oil based commodities, power, alcohol and land.

Benefits of GST:

- GST will be payable at the absolute point of consumption on the price of goods and services; termed as a “transaction value.”
- Removal of bundle indirect taxes such as VAT, CST, Service tax, CAD, SAD, and Excise.

- Less tax compliance and a easy tax policy compare to current tax structure.
- Elimination of cascading effect of taxes i.e. removes tax on tax.
- Reduction of developed costs due to lower burden of taxes on the manufacturing sector. Thus prices of consumer goods will be likely to come down.
- Lower the encumber on the common man i.e. public will have to shed less money to buy the same harvest that were costly earlier.
- Improved demand and consumption of goods.
- Increased demand will lead to increase supply. Hence, this will at the end of the day lead to rise in the production of goods.
- Control of black money circulation as the system generally followed by traders and shopkeepers will be put to a binding check.
- Boost up to the Indian economy in the long run.
- It would introduce two-tiered One-Country-One-Tax government.
- It would consider about all indirect taxes at the center and the state level.
- It would not only widen the tax institute by covering goods and services but also make it noticeable.
- It would free the industrialized sector from cascading effect of taxes, thus by improve the cost-competitiveness of goods and services.
- It would create business-friendly atmosphere, thus by increase tax-GDP ratio and bring down the prices of goods and services and thus by, increase burning up.
- It would enhance the ease of responsibility business in India.

Impact of GST in Indian Economy:

- Reduces tax load on producers and foster growth through more manufacture. The current taxation structure, pumped with numerous tax clauses, prevents manufacturer from producing to their most favorable capacity and retard growth. GST will take care of this trouble by provided that tax credit to the manufacturers.
- Dissimilar tax barriers, such as check posts and toll plazas, lead to wastage of unpreserved items being transported. This punishment transforms into major outlay due to top needs of bumper stock and warehousing costs. A single duty system will reduce this barrier.
- There will be more precision in the system as the customers will know exactly how many taxes they are being thrilling and on which base. GST will attach to the government revenues by expand the tax.
- GST will give recognition for the taxes paid by producers in the goods or services chain. This is estimated to support producers to buy raw material from various registered dealers and is hoped to bring in more vendors and supplier under the purview of taxation.

- GST will eliminate the custom duty applicable on exports. The nation's competitiveness in foreign markets will increase on account of lower costs of transaction.

Table-1
Comparison of Pre-GST tax Incidence and GST Rate

S.No	Household goods	Pre-GST Tax Incidence	GST Rate
1.	Curry paste	18%	12%
2.	Chutney Powder	18%	5%
3.	Mehendi paste in cones	18%	5%
4.	Cosmetics and perfumes	28%	18%
5.	Detergents and Washing Powders.	28%	18%
6.	Polishes and creams, for footwear, furniture, floors, coachwork, glass or metal	28%	18%
7.	Baths, shower baths, sinks, wash basins, bidets, lavatory pans, seats and covers, flushing cisterns and similar sanitary ware of plastics and other articles of plastic.	28%	18%
8.	Rubber bands	28%	12%
9.	Tableware, kitchenware, other household articles and toilet articles	28%/18%	12%
10.	Idols made of clay, wood or stone	28%	NIL/12%
11.	Statues, statuettes, pedestals and other articles of stone	28%	18%
12.	Doors, windows and their frames and thresholds for doors	28%	18%
13.	Razors and razor blades (including razor blade blanks in strips)	28%	18%
14.	Wet grinder with stone as a grinder	28%	12%
15.	Vacuum flasks and other vacuum vessels	28%	18%
16.	Brooms and brushes	5%	NIL
17.	Kitchen gas lighters	28%	18%
18.	Washing machines.	28%	18%
19.	Vacuum cleaners.	28%	18%
20.	Domestic electrical appliances such as food grinders and mixers & food or vegetable juice extractor, shaver, hair clippers etc	28%	18%
21.	Storage water heaters and immersion heaters, hair dryers, hand dryers, electric smoothing irons etc	28%	18%
22.	Televisions up to the size of 68 cm.	28%	18%

From the above table it was concluded that the tax % was decreased and also increased according to the product. So we cannot simply say that due to GST the price of the product was increased. One tax all

over the India is the main aim of the GST (one tax one country), so that various confusion in the taxation was cleared and paper work of the organization is also decreased. All the in direct taxes will be bring down under the GST so it is easy to understand and easy to calculate.

Suggestion:

- Procedure must be reduced so that only the businesses can be operating efficiently.
- GST rate must be reduced. The highest rate should be kept at 18% and there should be only few items that fall in 28% slab. Daily use items such as soaps, crèmes, movie tickets, electrical goods should not be taxed at 28%.

Conclusion

The government of India should study the GST regime set up by various countries and also their drop outs before implement it. At the same time, the government should make a challenge to insulate the vast poor populace of India against the likely inflation due to accomplishment of GST. No doubt, GST will make simpler existing indirect tax system and will help to remove inefficiencies created by the available current various taxation systems only if there is a clear harmony over issues of access limit, income rate, and adding of real estate, liquor, electricity and petroleum products. Until now India was a union of 29 small tax economies and 7 union territories with diverse levy only one of its kind to each state. It is a much received and respected regime because it does away with many tax rates by Centre and States. And if you are doing any kind of business then you should schedule for GST as it is not only going to help Indian government but will help you also to track your business weekly as in GST you have to build your business activity declaration each week. Possibly, but it may be time to trust local governments to give their citizens the health-care systems they want. National standards could be hot needed reform in the health-care system, and they have little economic rationale, since health-care policies do not create overflow effects for other provinces.

Reference

- Dr. R. Vasanthagopal (2011), "GST in India: A Big Leap in the Indirect Taxation System", International Journal of Trade, Economics and Finance, Vol. 2, No. 2, April 2011.
- Dr. R. Vasanthagopal "GST in India: A Big Leap in the Indirect Taxation System" International Journal of Trade, Economics and Finance, Vol. 2, No. 2, April 2011
- M.S.A. Khan M. Zahin S. Hasan F.M. Husain I. Ahmad-" Inhibition of quorum sensing regulated bacterial functions by plant essential oils with special reference to clove oil First published: 07 August 2009 <https://doi.org/10.1111/j.1472-765X.2009.02666.x>.
- Nishita Gupta (2014), "Goods and Services Tax: Its implementation on Indian economy", CASIRJ Volume 5, Issue 3, Pg. No.126-133.

- Nitin Kumar (2014), “Goods and Service Tax in India-A Way Forward”, Global Journal of Multidisciplinary Studies, Vol 3, Issue6, May 2014.
- Saravanan Venkadasalam (2014), “Implementation of Goods and Service Tax (GST): An Analysis on ASEAN States using Least Squares Dummy Variable Model (LSDVM)”, International Conference on Economics, Education and Humanities (ICEEH'14), Bali (Indonesia), Pg No. 7-9
- Sarma, Jana.V.M and Bhaskar.V, (2012), “A Road Map for Implementation of Goods and Service Tax”, Economic & Political Weekly.
- Syed Mohd Ali Taqvi, (2013), “Challenges and Opportunities of Goods and Service Tax (GST) in India”
- <http://gstcouncil.gov.in/gst-rates>

