



# A study on Impact of Revised Goods and Service Tax Rates of 2022 in Indian Economy

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## Introduction

GST rate refers to the percentage rate of tax imposed on the sale of goods or services under the CGST, SGST and IGST Acts. A business registered under the GST law must issue invoices with GST amounts charged on the value of supply. The GST rates in CGST and SGST (For intra-state transactions) are approximately the same. Whereas, the GST rate in the case of IGST (For inter-state transactions) is approximately the sum total of CGST and SGST rate.

The last five years of the GST have comprehended many changes in terms of policy, tax rates, and procedural and technological services, which have entirely changed the appearance of the indirect tax system in India. The GST rate slabs are decided by the GST Council. The GST Council revises the rate slab of goods and services periodically. The GST rates are usually high for luxury supplies and low for essential needs. In India GST rate for various goods and services is divided into four slabs: they are 5% GST, 12% GST, 18% GST, & 28% GST.

The GST rates for various products have been revised several times by the GST council from the origin of the Goods and Services Tax (GST). The latest GST rate revision was brought into effect in the 47<sup>th</sup> GST Council Meeting which was held on 28<sup>th</sup> and 29<sup>th</sup> June 2022. Earlier there have been several GST Council Meetings in that certain rate revisions were introduced.

## Objectives of the Study

- To understand the concept of GST
- To study the impact of GST on different sectors in India
- To know the benefits and challenges of GST

## Research Methodology

The study is based on exploratory research and based on secondary data of journals, articles newspapers and magazines. Secondary data was extensively used for the study.

**GST Rates Structure for Goods and services under 5%, 12%, 18% & 28%**

<b>GST RATES 2022</b>	<b>PRODUCTS AND SERVICES</b>	
<b>0%</b>	Milk	Kajal
	Eggs	Educational Services
	Curd	Health services
	Lassi	Children's Drawing & colouring Books
	Unpacked food grains	Unbranded Atta
	Unpacked Paneer	Unbranded Maida
	Gur	Besan
	Unbranded Natural Honey	Prasad
	Fresh Vegetables	Palmyra Jaggery
	Salt	Phool Bhari Jhadoo
	Sugar	Packed Paneer
	Tea	Coal
	Edible Oils	Raisin
	Domestic LPG	Roasted Coffee Beans
<b>5 %</b>	PDS Kerosene	Skimmed Milk Powder
	Cashew Nuts	Footwear (< Rs.500)
	Milk Food for Babies	Apparels (< Rs.1000)
	Fabric	Coir Mats, Matting & Floor Covering
	Spices	Agarbatti
	Coal	Mishti/Mithai (Indian Sweets)
	Life-saving drugs	Coffee (except instant
<b>12 %</b>	Butter	Computers
	Ghee	Processed food
	Almonds	Mobiles
	Fruit Juice	Preparations of Vegetables, Fruits, Nuts or other parts of Plants including Pickle Murabba, Chutney, Jam, Jelly
<b>18%</b>	Packed Coconut Water	Umbrella
	Hair Oil	Capital goods
	Toothpaste	Industrial Intermediaries
	Soap	Ice-cream

	Pasta	Toiletries
	Corn Flakes	Computers
	Soups	Printers
	Small cars (+1% or 3% cess)	High-end motorcycles (+15% cess)
28%	Consumer durables such as AC and fridge	Beedis are NOT included here
	Luxury & sin items like BMWs, cigarettes and aerated drinks (+15% cess)	

GST Rate revision in 47th GST Council Meeting the following were made regarding GST rates, including pruning of the exemption list and correction of the inverted tax structure.

Description of goods or services	Old Rate	New Rate
Cut and Polished diamonds	0.25%	1.50%
Tetra Pack (Aseptic Packaging Paper)	12%	18%
Tar (From coal, or coal gasification plants, or producer gas plants and coke oven plants)	5 %	18%
Import of tablets called Diethylcarbamazine (DEC) free of cost for National Filariasis Elimination Programme (IGST)	5%	Nil
Import of particular defence items by private businesses or suppliers for end-consumption of Defence (IGST)	Applicable rates	Nil
Ostomy Appliances	12%	5%
Orthopaedic appliances such as intraocular lens, artificial parts of the body, splints and other fracture appliances, other appliances which are worn or carried, or body implants, to compensate for a defect or disability	12%	5%
Transport of goods and passengers by ropeways (with ITC of services)	18%	5%
Renting of truck or goods carriage including the fuel cost	18%	12%

#### Pruning of GST exemptions

Description of goods or services	Old Rate	New Rate
Maps and hydro graphic or similar charts of all kinds, including atlases, wall maps, topographical plans and globes, printed	Nil	12%
Cheques, lose or in book form	Nil	18%
Parts of goods of heading 8801	Nil	18%

Air transportation of passengers to and from north-eastern states and Bagdogra now restricted to economy class	Nil	Condition added%
Transportation by rail or a vessel of railway equipment and material, storage or warehousing of commodities attracting tax such as copra, nuts, spices, jaggery, cotton, etc, fumigation in a warehouse of agri produce, services by RBI, IRDA, SEBI, FSSAI, and GSTN, renting of residential dwelling to GST-registered businesses, and services by the cord blood banks for preserving stem cells	Nil	Applicable Rate%
Room rent (excluding ICU) exceeding Rs.5,000 per patient day taxed without ITC	Nil	12%
Common bio-medical waste treatment facilities for treating or disposing biomedical waste shall be taxed with availability of ITC, like CETPs	Nil	12%
Hotel accommodation priced up to Rs.1,000 per day	Nil	12%
Training or coaching in recreational activities on arts or culture, or sports other than by individuals	Nil	Applicable Rate%
Earlier partially exempted, now withdrawn		
Petroleum/ Coal bed methane	5%	12%
e-Waste	5%	18%
Scientific and technical instruments to public funded research institutes	5%	Applicable Rate

### Correction of Inverted tax Structure

Description of goods or services	Old Rate	New Rate
Solar water heaters and systems	5%	12%
Prepared or finished leather or chamois leather or composition leathers	5%	12%
Job work for processing of hides, skins, leather, making of leather products including footwear, and clay brick manufacturing	5%	12%
Earthwork works contracts and sub-contracts to the Central and state governments, Union Territories and local authorities	5%	12%
Pawan Chakki being air-based atta chakki, wet grinder, cleaning, sorting or grading machines for seeds and grain pulses, and milling machines or cereal making machines, etc;	5%	18%
Ink for drawing, printing, and writing	12%	18%

Knives with paper knives, cutting blades, pencil sharpeners and its blades, skimmers, cake-servers, spoons, forks, ladles, etc	12%	18%
Centrifugal pumps, submersible pumps deep tube-well turbine pumps, bicycle pumps that are power-driven mainly for handling water	12%	18%
Milking machines and dairy machinery, cleaning, sorting or grading machines and its parts for eggs, fruit or other agri produce	12%	18%
Lights and fixture, LED lamps, their metal printed circuits board	12%	18%
Marking out and drawing instruments	12%	18%
Services by foreman to chit fund	12%	18%
Works contract for railways, metro, roads, bridges, effluent treatment plant, crematorium, etc.	12%	18%
Works contract and sub-contract to the Central and state governments, local authorities for canals, dams, pipelines, plants for water supply, historical monuments, educational institutions, hospitals, etc	12%	18%

### Advantages of GST

- GST is a transparent tax and it also reduces the number of indirect taxes.
- GST will be levied only at the final destination of consumption of the product or services, not at various point. This will help in removing economic distortions and bring about the development of common national market.
- GST is receded by the GSTIN, which is a fully integrated tax platform to deal with all aspects of GST.
- GST has earned competitive advantages of exports, in the international market for goods and services produced in the country.
- GST enhances the long term economic growth and efficiency and it has improved India's tax to GDP ratio.

### Disadvantages of GST

- GST has increased the business operational cost.
- Late GST Return filling can result in penalties.
- Without filling GST we cannot generate an E- way bills.
- Businesses in rural and remote areas are very difficult to enrol under GST.

### Conclusion:

Being the Biggest tax reform in India, as per provisional estimates released by the National statistical Office, India's GDP for the 1<sup>st</sup> Quarter (April –June 2022) of the ongoing financial year 2022-23 rose to 13.5

Percent. In 2021-22 estimated a growth rate of 20.1 % but the projected growth rates were 13-16.2 percent. Therefore the analysis of the National Statistical office suggests that the 20.1 percent growth in the corresponding period and last year. And also there is a pick up in service sector, and industrial activity of all supported growth due to the impact of the war in Russia and Ukraine. Therefore Goods and Services Tax enhances the long term economic growth and efficiency and it has improved India's tax to GDP ratio.

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