ROOTS

International Journal of Multidisciplinary Researches

A Peer Reviewed, Refereed & Quarterly Journal with Impact Factor

Vol:4 Special Issue11 March2018 ISSN : 2349-8684

UGC Approved Journal (J.No. 48991)

CENTRE FOR RESOURCE, RESEARCH & PUBLICATION SERVICES (CRRPS)

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MULTIDISCIPLINARY RESEARCHES (RIJMR)
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ISSN: 2349-8684 (UGC approved Journal No.48991)

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EDITOR'S NOTE

With great pleasure and satisfaction I write this Editor's note to the exclusive journal for the National Seminar on ***GST in India: Prospects and Challenges Ahead*** organised by the Department of Economics and Centre for Research in Economics on 11th October 2017.

Our department has been organizing National Level Seminars, Conferences, Workshops and presents valuable publications in reputed journals at the National Level and International level with reference to economics related issues and challenges.

I am glad to note that the department has brought out exclusive International Journal consisting of papers mostly presented in the seminar by the Faculty and Research Scholars.

For more than seven decades, our department continuous a tradition of bringing together the Academics, Professionals and the Researchers from various parts of our country. The National Seminar focused on the introduction of GST and its impact on the people have been discussed by the participants and the presenters.

Knowing well the paramount significance of this seminar, a team faculty carefully analysed and synthesized all the papers presented in the seminar and meticulously planned this Journal. So that, it would help the readers to go through and understand the articles and derive pleasure and benefit out of them.

I am confident that the collection of galaxy of research papers will pave the way for further research in the field of economics of taxation.

Best wishes

Special Issue Editor
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Vol: 4 Special Issue: 11 March 2018 ISSN: 2349 - 8684

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Academic Excellence in research is a continual process. The Roots motivates researchers in all aspects of encounters across disciplines and research fields, by assembling research groups and their projects, supporting publications and organizing programmes. Internationalisation of research work is what the journal seeks to develop through enhancement of quality in publications, visibility of research by creating sustainable platforms for research and publication, and through motivating dissemination of research findings.

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GOODS AND SERVICES TAX (GST) – IMPACT ON COMMON PEOPLE

Dr.K.Sadasivam
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Abstract
GST is the huge reform in indirect tax structure in Indian financial scenario since the introduction of New Economic Policy in 1991. This is a consumption based tax and is based on the ***"Destination principle."*** *It is imposed on goods and services at the place where final consumption takes place. It is accumulated on value added goods and services at each stage of sale or buying in the supply chain. It includes all indirect taxes which will help in the growth of economy and proves to be more beneficial than the existing tax system and help the country to accelerate the overall Gross Domestic Product (GDP). It is stated as one of the biggest tax reforms in India, which would not only impact the businesses but also the common man. The common people of India regularly pay taxes and GST adds as a heavy burden. Even then tax for some goods has been exempted from GST, some rates were reduced; the advantages to the common man may take longer to be apparent. It is expected that the consumer would also reap the benefits of the new tax regime, once the corporates have adapted completely to the new tax structure and start to pass on the benefits to the end user.*
Keywords: *Goods and Service Tax, Common man, Exemption, Impact*

Introduction

India is the hub of taxes where people pay many taxes which are in confused forms. Presently common men pay two types of taxes, that is, direct and indirect taxes. GST is a blanket of indirect tax that subsumes several indirect state and federal taxes such as Value Added Tax (VAT) and Excise Duty and different State Taxes, Central Surcharges, Entertainment Tax, Luxury Tax and many more. GST is a tax that people need to pay on supply of goods and services. Any person, who provides or supplies goods and services, is responsible to charge GST. GST is the huge reform in indirect tax structure in Indian financial scenario since the inception of economic reforms in 1991.GST is a consumption based tax. It is based on the "Destination principle." Goods and Services Tax is imposed on goods and services at the place where actual consumption takes place. GST is accumulated on value added goods and services at each stage of sale or buying in the supply chain. GST paid on the obtaining goods and services can be set off against that payable on the supply of goods or services. The producer or wholesaler or retailer will pay the applicable GST rate but will claim back through tax credit mechanism. The various indirect taxes like entertainment tax, central excise duty, service tax, and Value Added Tax (VAT), Central Sales Tax (CST), etc. would be replaced by the single tax system-GST. In keeping the ongoing points in mind, the present paper is based on the following objectives.

- To study the features, advantages and disadvantages of GST
- To understand the impact of GST on common people

Features of GST

The following are some important features of GST.

- GST is applicable on the supply of goods or services, as against the present concept of tax on the manufacture and sale of goods or provision of services
- GST is a destination based consumption tax, that is, tax would accrue to the taxing authority which has jurisdiction on place of consumption.
- GST is applied to both goods and services barring a few exceptions.
- GST is levied concurrently by both Centre and State.
- GST levied by the Centre on intra-State supply of goods and / or services would be called the Central GST (CGST) and that to be levied by the States would be called the State GST (SGST).

But it is contemplated that the base and other essential design features would be common between CGST and SGST, across SGSTs for the individual States. Inter-State supplies within India would attract an Integrated GST (aggregate of CGST and the SGST of the Destination State).

Advantages of GST

The advantages of GST may be listed as:

- There are various definitional issues related to manufacturing, sale, service, valuation etc arise. These need to be rationalized.
- Several transactions take the character of sales as well as services, thus there is complexity in determining the nature of transaction.
- The mechanism of imposing taxes, exemptions, abatements, other benefits are different in state and centre.
- Existing law has resulted in significant number of issues related to interpretation or various provisions and the category of the products and the nature of services. India needs comprehensive levy and collection on both goods and services at the same rate with the benefit of input credit.
- A simple tax structure can bring greater compliance, thus increasing number of tax payers and in turn tax revenues of Government.

Disadvantages of GST

There are some disadvantages in GST. They are given as under.

- Small traders may not have access to internet or computers and may be left out.
- GSTN or IT network for GST, can have privacy and security related issue
- GSTN or IT network for GST, can be a single point of failure affecting every one across India, if any failure occurs
- Local dealers have to pay CGST in addition to SGST (earlier they had to pay just VAT).
- There shall be no differentiation between "goods & services" under GST model, services supply within the state would attract SGST at each stage in the supply chain, but in the mean-time assesse have to pay CGST also.

Tax Rates under GST

The government announced that GST would be applicable in four taxes rates – 5 per cent, 12 per cent, 18 per cent, and 28 per cent. Few items have been kept out of GST. The states are interested in keeping few things out of the field of GST which are sensitive to their states like UP wants puja material out of tax net while few want cotton and silk yarn out. All the Goods and Services would be charged with any of the mentioned rates as decided by the GST council. Nearly 81 per cent of items have been kept under 18 per cent tax slab and only 19 per cent of the goods will be taxed above 18 per cent.

Impact of GST on Common Man

GST is stated to be one of the biggest tax reforms in India, which would not only impact the businesses but also the common man. The primary impact to be felt by the consumers would change in prices of goods and services on account of GST rates. In terms of impact in prices, while services would mostly be more expensive in the initial phases, impact on prices of goods could be a mixed bag. In the long run, once the benefits of GST are expected to kick in terms of higher input credits and reduction in cascading effect, it is anticipated that the inflationary effect will come down and prices, in general, would come down and stabilize. In services, the tax rate has increased from 15 per cent to 18 per cent. The 3 per cent increase could potentially mean an increase in the price of services by 3 per cent for the common man, in the short run.

The following are the rates of few items used by common man. Sugar, tea, coffee (not instant) and edible oil to fall under 5 per cent slab. Cereals and milk have been exempted from GST. Capital and intermediate goods would be taxed at 18 per cent, which is expected to be a good boon for the industrial growth. Coal is kept in 5 per cent tax slab which is currently 11.69 per cent Toothpaste, hair oil and soaps will be taxed at 18 per cent instead of 28 per cent current rate. Common man items have been kept under 12 per cent and 18 per cent slab. Indian sweets and mithai fall in 5 per cent slab. All raw food items including food grains are exempted from GST. Processed foods of daily needs are brought under 5 per cent slab.

Consumer Goods Become Cheaper

Implementation of GST makes some consumer goods cheaper.

- Fans, air coolers, lighting, water heaters, computer monitors, printers and other entry-level electronic items
- FMCG goods such as soaps, hair oil, toothpastes, over-the-counter drugs etc
- Pharma products, Insulin
- Processed food items, Biscuits

- Ready-made clothes, including branded apparel (up to Rs.1,000)
- Footwear (those priced below Rs.500 will attract 5 per cent and those priced above Rs.500 will be taxed at 18 per cent)

Things Become Costlier

Some goods and services become costlier after the levy of GST.

- High-end hotels with Rs.5,000 plus tariff and restaurants that serve liquor
- Appliances like air conditioners, television, fridge, vacuum cleaner, dishwasher and washing machines
- Mobile bills and internet packs
- Jewelry and high-end accessories
- Rail transportation, air travel and rent-a-cab services
- DTH, Wi-Fi, cable TV and courier services
- Small and mid-sized cars (diesel as well as petrol)
- Tobacco/Cigarettes, Pan Masala, Aerated drinks
- Luxury personal care products like deodorants, perfumes, shampoos, shaving creams, hair dyes

Goods Exempted form GST

The items that are exempted from GST / Zero GST tax are like Jute, fresh meat, fish, chicken, eggs, milk, butter milk, curd, natural honey, fresh fruits and vegetables, flour, besan, bread, prasad, salt, bindi, Sindoor, stamps, judicial papers, printed books, newspapers, bangles, handloom, Bones and horn cores, bone grist, bone meal, etc.; hoof meal, horn meal, Cereal grains hulled, Palmyra jaggery, Salt – all types, Kajal, Children's' picture, drawing or colouring books, Hotels and lodges with tariff below Rs.1,000 service has been exempted under GST.

Reduction and Exemption in GST in 22nd GST Council

In the 22nd GST council held on 6th October 2017 under the chairmanship of Union Finance Minister Mr.Arun Jaitley recommended to reduce the tax rates for 27categories under GST and exempt the tax rate for some imported goods.

The goods and their tax rates are as follows:

Reduction in GST

S.No	Product	Present GST Rate (in Percent)	Recommended GST rate (in Percent)
1	Mangoes sliced dried	12	5
2	Khakra and plain chapati / roti	12	5
3	Food preparations put up in unit containers and intended for free distribution to economically weaker sections of the society under a programme dulyapproved by the Central Government or any State Government, subject to specified conditions	18	5
4	Namkeens other than those put up in unit container and, – (a) bearing a registered brand name; or (b) bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily	12	5
5	Imposing GST only on the net quantity of superior kerosene oil [SKO] retained for the manufacture of Linear Alkyl Benzene [LAB]	18	18 [Clarification to be issued]
6	Ayurvedic, Unani, Siddha, Homeopathy medicines, other than those bearing a brand name	12	5
7	Poster Colour	28	18
8	Modelling paste for children amusement	28	18
9	Plastic waste, parings or scrap	18	5
10	Rubber waste, parings or scrap	18	5
11	Hard Rubber waste or scrap	28	5
12	Paper waste or scrap	12	5
13	Duty credit scrips	5	Nil
14	Sewing thread of manmade filaments, whether or not put up for retail sale	18	12
15	All synthetic filament yarn, such as nylon, polyester, acrylic, etc.	18	12

Conclusion

With the implementation of GST, it is argued that, India would eliminate all the taxes levied by different states and would come under the category of "One nation, one tax" although there is lot of confusion in its application. The banks, finance professionals, traders and the industries seems to be not fully prepared to accept the changes of implementing the GST.GST is expected to bring greater transparency, improve compliance levels and create a common playing field for businesses by amalgamating a host of central and local taxes. It would change the current tax regime of production based taxation to a consumption - based system. There is no doubt that the corporates would benefit once they settle in under GST and assess the impact on their respective businesses. However, the advantages to the common man may take longer to be apparent. It is expected that the consumer would also reap the benefits of the new tax regime, once the corporates have transitioned completely to the new tax structure and start to pass on the benefits to the end user. But the tax slap is set in such a manner that the common man should bear more tax burden. In view of this, the GST should be withdrawn and the tax system must be a protection to both to the middle class and poor common masses.

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A STUDY ON FEATURESOF GOODS AND SERVICES TAX (GST) IN INDIA: PROSPECTS AND CHALLENGES

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Abstract
Modern world needs more perfect and advanced plan policy for economic growth. Developing country like India will reform their economic policy and planning. Taxation is the major source of revenue that influences the country's economy. So Indian government was introduced goods and service tax. Now a day's GST facing so many issues and few prospects. GST is just introduce in India, therefore can't be judge its effect on different sectors of Indian economy. This paper will study about the features of GST and also discuses about prospects and challenges of GST.

Introduction
GST is an indirect tax that will be levied on goods as well as services. All the existing state and central indirect taxes will be subsumed under these apart from Customs Duties. It will be applicable in throughout the country (except JAMMU and KASHMIR). Under this system, a single product will be taxed at the same rate in every corner of the country meaning that an air conditioner will be taxed the same in Himachal Pradesh as well as Tamil Nadu thus we also refer GST as **ONE NATION ONE TAX.** However, it does not mean that every item will be charged at the same rate as we cannot charge the same price for AC and salt, food powder. Apparently, the necessities will be levied at a lower rate than the luxuries, but a single luxury product or an individual necessity good will be charged the same rate throughout the country.

Constitutional Amendment act for GST
The One Hundred and First Amendment of the Constitution of India, officially known as The Constitution (One Hundred and First Amendment) Act, 2016, introduced a national Goods and Services Tax in India from 1 April 2017. The GST is a Value added Tax (VAT) and is proposed to be a comprehensive indirect tax levy on manufacture, sale and consumption of goods as well as services at the national level. It will replace all indirect taxes levied on goods and services by the IGST are a single tax on the supply of goods and services, right from the manufacturer to the consumer.

Need for GST in India
India's recent progress towards economic growth stems from reforms undertaken after the 1991 fiscal crisis, which lifted India from decades of slow growth under socialist rule and offered an opportunity to improve living conditions in the immense, poor country. At the same time much had changed in India after the balance of payments crisis of 1991. Indian policies became more positive about promoting export and allowing foreign capital to participate in the process of India's growth.

Features of GST in India
GST belongs to the VAT family as tax revenues are collected on the basis of value added. Unlike in the case of a pure commodity based VAT system, GST includes services tax also. Similarly, input credit is given while calculating the tax burden. Following are the main features of the GST as per the final agreement.

1. Taxes Covered

Most of the important indirect taxes of the centre and states are integrated under the GST. The most important tax of the central government (in terms of tax revenue collection) -the Central Value Added Tax (or Union Excise Duty), Additional Customs Duty (CVD), Special Additional Duty of Customs (SAD), Central Sales Tax (levied by the Centre and collected by the States, the fastest growing tax revenue of the centre – Service Tax, the most important tax revenue of the states – the state VAT (Sales tax) are now merged into a single tax under the Goods and Service Tax.

A. The following taxes levied and collected by the Centre are merged with the GST:

- Union Excise duties
- Services tax
- Duties of Excise (Medicinal and Toilet Preparations)
- Additional Duties of Excise (Textiles and Textile Products)
- Additional Duties of Excise (Goods of Special Importance)
- Additional Duties of Customs (commonly known as CVD)
- Special Additional Duty of Customs (SAD)
- Ceases and surchargesB. State taxes that are subsumed under the GST are:

State VAT

- Central Sales Tax
- Entertainment Tax (not levied by the local bodies)
- Entry Tax (other than those in lieu of octroi)
- Luxury Tax
- Taxes on advertisements
- Taxes on lotteries, betting and gambling
- State ceases and surcharges insofar as they relate to supply of goods or services.

Notable exclusions from GST: Some notable taxes are not covered under GST and these include: levies on petroleum products, tax on alcoholic products, electricity duties/taxes, stamp duties on immovable properties and vehicle taxes.

2. Unified tax Regime

The GST integrates Goods and Service Taxes into one unified tax regime. Previously, the goods and services were imposed and administered differently.

3. The Four-tier Rate Structure

The GST proposes a four-tier rate structure. The tax slabs are fixed at 5%, 12%, 18% and 28% besides the 0% tax on essentials. Gold is taxed at 3%. The centre has strictly demanded and got an additional cess on demerit luxury goods that comes under the high 28% tax. Essential commodities like food items are exempted from taxes under GST. Other consumer goods which are common items will be taxed at 5%.4. The new GST seems to have two standard rates – 12% and 18%. GST rate structure for the goods and services are fixed by considering different factors including luxury/necessity nature.

4. Service Tax Rate Under GST

Under the GST, there is a differential tax structure. A low tax rate of 5% is imposed on essential services. Common services are charged at 12% and some commercial services at 18%. A tax rate of 28% on luxury services is also made. Several services like education provided by an educational institution, Post Offices, RBI etc. are exempted from service taxation. The standard GST rate on services seems to be 18%. Services are taxed at a common rate of 15% previously.

5. Turnover Limit Under GST and Tax Right Over Low Turnover Entities

GST is applied when turnover of the business exceeds Rs 20lakhs per year (Limit is Rs 10lakhs for the North-Eastern States). Traders who would like to get input tax credit should make a voluntary registration even if their sales are below Rs 20 lakh per year. Traders supplying goods to other states have to register under GST, even if their sales is less than Rs 20 lakh. There is a composition scheme for selected group of tax payers whose turnover is up to Rs 75 lakhs a year.

6. Central and State GST

There is sharing of GST by the centre and the tax accruing state at 50:50 ratio. For example, if a good is taxed at 18%, out of this, 9% will go to the centre and the remaining 9% will go to the state where the good is consumed. The GST going to the Centre is called as Central GST (CGST) and that toes to the States is known as State GST (SGST). Here, the centre and the concerned state will equally share GST on goods and services.

7. Integrated GST (IGST)

The IGST comes to play when the commodity is produced in one state and is traded to another state (interstate trade). In this case, the share of SGST should go to the consuming state (as the GST is a destination based tax). As a consumption based tax i.e the tax SGST share should be received by the state in which the goods or service are consumed and not by the state in which such goods are manufactured.

8. Composition Scheme Under GST

The composition levy is an alternative method of levy of tax designed for small taxpayers with turnover is up to Rs. 75 lakhs. The scheme can be availed by manufacturers and restaurants. Other service providers can't opt for the scheme. It enables taxpayers to make payments at a flat rate under GST, without input credits. An alternate upper limit of Rs. 50 lakhs is applicable in a few states - Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Tripura, Sikkim and

Himachal Pradesh. Exports are exempted from GST as in the case of the previous regime. Administrative coordination between the centre and states, improvement of the tax administration machinery, awareness to the tax payers and the launch of the IT interface of GSTN are some of the preparatory efforts made by the government. Several benefits like creation of a unified tax regime in the country for indirect taxes, better centre state coordination and elimination of reducing tax on tax or cost cascading effect of tax are the positive outcome of the GST regime. Similarly, the system may raise compliance (revealing of taxable activity and paying taxes) among assesses.

9. Right to Tax on Territorial Waters

Right to impose tax on economic activities that are done on territorial waters: Here, the both centre and states have decided that states can impose and collect tax on those falls within 12 nautical miles.

Benefits of GST to the Indian Economy

- Removal of bundled indirect taxes such as VAT, CST, Service tax, CAD, SAD, and Excise.
- Less tax compliance and a simplified tax policy compared to current tax structure.
- Removal of cascading effect of taxes i.e. removes tax on tax.
- Reduction of manufacturing costs due to lower burden of taxes on the manufacturing sector. Hence prices of consumer goods will be likely to come down.
- Lower the burden on the common man i.e. public will have to shed less money to buy the same products that were costly earlier.

Impact of GST in Indian Economy

- Reduces tax burden on producers and fosters growth through more production. The current taxation structure, pumped with myriad tax clauses, prevents manufacturers from producing to their optimum capacity and retards growth. GST will take care of this problem by providing tax credit to the manufacturers.
- Different tax barriers, such as check posts and toll plazas, lead to wastage of unpreserved items being transported. This penalty transforms into major costs due to higher needs of buffer stock and warehousing costs. A single taxation system will eliminate this roadblock.

Conclusion

It can be concluded from the above discussion that GST will bring One Nation and One Tax market. Provide relief to producers and consumers by providing wide and comprehensive coverage of input tax credit set-off, service tax set off and subsuming the several taxes. Efficient formulation of GST will lead to resource and revenue gain for both Centre and States majorly through widening of tax base and improvement in tax compliance.

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GOODS AND SERVICES TAX (GST): IT'S IMPACT ON AGRICULTURE SECTOR

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Abstract

Agriculture is the most vital sector contributing to the growth of our economy. The implementation of GST on agriculture and food industry would certainly have its repercussion on all the sections of the society. The primary produce from agriculture, including dairy, served fresh without any processing have been exempted from GST. Farm inputs like fertilizer, seeds, pesticides and farm machinery including tractor, tillers are charged high which is of great concern in GST taxation. The implementation of GST though is expected to bring uniformity across states and centre may have both positive and negative impact on the agriculture sector. There may be short term obstacles in implementation of GST creating inflation and hike in input costs but, in the long run it is expected to have a positive impact for the farmers through a single unified national agriculture market, enhanced supply-chain, easy interstate movement of commodities, integrated national market and better prices for produce.

Introduction

Agriculture, being the most important sector of the Indian economy not only affects directly the well-being of people, rural prosperity and employment; but also provides the resource base for a number of agro-based industries and services. The Indian agriculture sector of 1990-91 which contributed 30 per cent to the country's GDP has undergone sea-change with its share of GDP going down to 17.4 per cent in 2015-16 (Annual Report, 2015-2016, MoA & FW). However, about 52 percent of the total workforce still depends on the farm sector for their livelihood. Good and Services Tax (GST) which came into effect from 1st July, 2017 envisaged to have a simple harmonized tax structure with operational ease provides transparency and certainty in the tax system. All the indirect taxes levied on goods and services both by the central and state government is substituted by Goods and services tax. GST taxation is appropriate only on value addition i.e., all persons who pays tax on his outputs is entitled to get input tax credit on tax paid and hence it is tagged as "One Nation, One Tax, One Market". It is a simple and efficient way to help in improving the economic growth of the country by eliminating various central and state levies like excise, service, and VAT. The implementation of GST on agriculture and food industry would certainly have its repercussion on all the sections of the society. What would be its impact?

Applicability of GST for Agriculture

As per the GST Act, only an agriculturist, whose supply of produce is out of cultivation of land, is exempted from GST registration requirement. The Act defines an agriculturist as an individual or a Hindu Undivided Family who undertakes cultivation of land:

- By own labour, or
- By the labour of family, or
- By servants whose wages are payable in cash or kind or
- By hired labour under personal supervision or the personal supervision of any member of the family.

Hence, only small agriculturists would be exempted from GST. Any person who operates a company or any other type of entity for the purpose of undertaking agriculture would be required to obtain GST registration if the aggregate turnover criteria or other GST registration criteria is satisfied and they sell goods that attract GST.

Except for the definition of agriculturist given by GST, people involved in formal agriculture or agricultural businesses are liable for registration, collection and compliance under GST. Since GST is a consumption based tax, any person involved in agricultural businesses and having GST registration would also be able to take input tax credit on GST paid and it is to the end consumer, the ultimate GST liability is passed on.

GST Rates on Agriculture Sector

Since GST is a consumption based tax, any person involved in agricultural businesses and having GST registration would also be able to take input tax credit on GST paid and pass on the ultimate GST liability to the end consumer. On the other hand, an agriculturist as per GST Act not having GST registration would not be required to comply with GST requirements. However, for purchases of such goods or services which attract GST tax, an agriculturist would still have to pay GST.

Table 1: GST Rates on Agriculture Sector

Goods	Old Rate	GST	Diff (%)
Cheaper			
Seed, Organic compost without brand	0	0	0
Head pump and its parts	12.5	5	-7.5
Tractor	12.5	12	-.5
Chemical fertilizers	12	5	-7
Expensive			
Tractor Tyre & Rim	12.5	18	+5.5
Other tractor parts	12.5	18	+5.5
Harvester, Earth, Grader, Parts	0	12	+12
Insecticides	5.5	18	+11.5

Source: News18.com

Vegetables and products from agriculture, including dairy, served fresh without any processing have been exempted from GST. Farm inputs like fertilizer, seeds, pesticides and farm machinery including tractor, tillers are things of concern in GST taxation. 18 per cent tax rate on pesticides; 15 per cent on drip and sprinkler irrigation equipment (earlier 5 per cent under VAT) created panic among farmers and also manufacturers. Similarly electric motors are taxed at 12 per cent from 7 per cent and pesticide sprayers at 18 per cent from 6 per cent. Though GST rate for fertilizer was fixed at 12 per cent and that on tractor parts as 28 per cent were reduced to 5 per cent and 18 per cent respectively by GST council hours before launch of it.

Impact of GST on Agriculture

The implementation of GST though is expected to bring uniformity across states and centre may have both positive and negative impact on the agriculture sector.

Positive Impact

- The perishable nature of agricultural goods and the amount of time taken in its transportation created hindrance in trading of products across the country. The single tax rate would make the movement of agricultural commodities hassle free as the products would be able to reach places via trucks in a better way thereby increasing interstate trading. Cost of agricultural produce and wastage of commodities and time can be avoided with enhanced supply chain.
- Good quality products produced in one part of the country can easily find a market place at economical cost in any part of the country in the absence of multiple tax burden.
- It would stimulate value addition in agricultural products.
- The agri- machineries are made affordable to the small and marginal farmers in India which was beyond their reach due to high excise duty on the machinery.
- The establishment of unified agricultural market at national level would encourage smooth flow of goods across states leading to competitive and transparent prices with probability of increased share to the farmer in the value created in agricultural commodities. The farmers could easily sell their products and also receive the best price for it.
- Tax related to trading in oilseeds, cereals etc which were previously outside the tax structure would also be included under GST and thus will benefit the consumers and processors by eliminating the negative impact of price on the trade of such products.
- GST will strengthen the online portal for electronic trading of farm produce to different 'mandis' across India.
- As the primary produce in agriculture sector are taxed zero under GST, setting up processing units in areas where there is abundant raw material available is induced. This would expand the state's GDP and revenue base.
- The benefit to the farmers by way of increased price will contribute to economic growth and open new job opportunities for many in the agricultural as well as nonagricultural sector and thus bringing down inflation.
- There would be a large savings on commission.
- Cost-effective production leading to increase in agricultural exports.
- An agriculturist would come under non-taxable person.

- All basic agriculture goods - not processed, which are not chargeable under current VAT Laws, would not be charged to tax in GST.

Negative Impact

- Certain products like tea, the most consumed product around the country is costlier.
- The rates on fruit and vegetable juices, jam, sauces, purees, mixes, concentrates and a host of processed foods set at 12 to 18 per cent makes it dearer.
- Increase in prices of farm inputs like fertilizers, seeds, pesticides and farm machinery including tractor, tillers, drip and sprinkler irrigation equipments are things of concern in GST taxation as it would result in increasing the cost of production for farmers.
- Custom duty, not listed under GST will continue to be imposed on agricultural imports.
- The unified tax system across the nation will not allow farmers any more to take advantage of inter-state price variations. Similarly finding cheaper inputs is difficult due to constant pricing across states.
- The tax rates on bio-inputs and bio-fertilisers set to a flat GST rate of 18 per cent would adversely affect organic produce leading to uncompetitive prices in the international market. This may push the farmers to prefer chemical products.

Conclusion

India, a nation of farmers contributes a large chunk to the growth of the economy. The implementation of GST by subsuming all kinds of taxes/cess on marketing of agricultural produce is expected to ease interstate movement of agricultural commodities which would improve marketing efficiency, facilitate development of virtual markets through warehouses and reduce overhead marketing cost (Irina Garg and Shalendra, 2015). GST is considered to be a game-changer, but subject to glitches.

However, Indian agriculture and farmers just like any other economic agents should be given the same freedom, else, 50 percent of the country will still be legally discriminated in the GST regime. There may be short term obstacles in implementation of GST creating inflation and hike in input costs but, in the long run it is expected to have a positive impact for the farmers through a single unified national agriculture market, enhanced supply-chain, easy interstate movement of commodities, integrated national market and better prices for produce.

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GST ON INDIAN HOSPITALITY SECTOR

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Abstract
GST and businesses are still trying to understand the changes required in their current systems to accommodate the new compliance model. According to the National Restaurant Association of India's 2013 India Food Service Report, the current size of the Indian food service industry is 2,47,680 crores and is projected to grow to ₹ 4,08,040 crores by 2018 at the rate of 11%. This growth is further fueled by the growth of the great Indian middle class. Rapid urbanization, growing awareness of western lifestyles, more women joining the workforce, and higher disposable income were some of the factors that contributed to the growth of the restaurant industry. As a result, we find ourselves waiting in queues in most of the restaurants during the weekend.This present article discusses the impact of GST on Hotel, Restaurant and Hospitality Industry.
Keywords:*GST, VAT, Service Tax and hotel sector*

Introduction

GST the biggest tax reform in India founded on the notion of "one nation, one market, one tax" is finally here. The single biggest indirect tax regime has kicked into force, dismantling all the inter-state barriers with respect to trade. The GST rollout, with a single stroke, has converted India into a unified market of 1.3 billion citizens. The rollout has renewed the hope of India's fiscal reform program regaining momentum and widening the economy. Then again, there are fears of disruption, embedded in what's perceived as a rushed transition which may not assist the interests of the country. The idea behind implementing GST across the country in 29 states and 7 Union Territories is that it would offer a win-win situation for everyone. Manufacturers and traders would benefit from fewer tax filings, transparent rules, and easy bookkeeping; consumers would be paying less for the goods and services, and the government would generate more revenues as revenue leaks would be persevered.

Objective of the Study

- To analyse the impact of GST on Hotel, Restaurant and Hospitality Industry.

Goods and Services Tax (GST) as a tax reform

Migrating to Goods and Services Tax (GST) is a time to revenant the taxation and remove the anomalies. Hotel industry (includes tourism) contributes to 6.23percent to the National GDP and 8.78 percent of the total employment in the country.

Goods and Service Tax (GST) is a destination based consumption tax which is a levy of tax on all goods and services with the objective of expanding the tax base through wide coverage of economic activities , mitigating the cascading effect ,reduction of exemptions , enable better compliances etc. thereby resulting into formation of common national market for goods and services .

Present Scenario

Hotel Sector in India is presently covered as one of the priorities of the Government and as such is allowed tax relief in the form of abatements vides N.No. 26/2012-ST dated 20.06.2012.

Presently, the hotel industry is plagued by multiple of taxes i.e., Service tax, luxury tax and VAT which ultimately results into cascading effect. The three taxes that are levied are the VAT and luxury tax by the States and service tax by the Centre. The VAT rate varies from state to state (generally levied between 12% to 14.5%), luxury tax depends on the room tariff and the state.

- **VAT:** This is the tax charged on the food portion of your bill.
- **Service tax:** This is the tax charged on the services provided by the restaurant. To avoid unnecessary complications government had already bifurcated the service portion and food portion and charge taxes accordingly.
- **Service Charge:** This is a charge applied by the restaurants and not by the government. THIS IS NOT A TAX. It should not be confused with service tax as this is an income to the hotels. Service tax is not an income and merely a tax collected from you and submitted to the government.

GST Rates for the Hospitality Industry

Type of Restaurants	GST Rate
AC Restaurants	12%
Non-AC Restaurants	18%
Eatery with liquor licence	18%
Hotels with room rental less than Rs.1000 / day	0%
Hotels with room rental between Rs.1000 and 2500	12%
Hotels with room rental between Rs.2500 and 5000	18%
Hotels with room rental above Rs.5000	28%

Non-air conditioned establishments

The establishments that don't serve alcohol will charge GST at 12% (Central GST at 6% and State GST at 6%) while the ones that do serve alcohol will charge 18% GST (9% CGST and 9% SGST).

Air conditioned, partly air-conditioned, five-star

These establishments will charge GST at 18% (9% CGST and 9% SGST) regardless of the alcohol availability for patrons. So this brings the tax on restaurant outings down from 20.5% to 18%.

Latest Update

As per 22nd GST Council meeting of 6th October 2017, GST rates on ACrestaurants has come down to 12% (from earlier 18%)

Goods and Services Tax, or GST. This seems to be the word everyone is treating with complete trepidation. There is still a lot of uncertainty and wariness in what the next few months will bring, and what all changes need to be made. Just a few days back, the GST council provided a slight sigh of relief to mid- market and luxury hotels by stating that only rooms with a tariff of Rs.7,500 and more, and not Rs.5,000 as declared earlier, would have a GST of 28%. Hotel rooms with a tariff between Rs. 2,500 to Rs. 7,500 would have a GST of 18%.

Room Tariff (INR)	GST Applicable
Less than 1000	0%
1000-2499	12%
2500-7499	18%
More than 500	28%

The GST on room tariffs proves to be a double-edged sword; before GST a hotel room with a tariff of Rs. 5000 would attract about taxes amounting to about 20%, therefore, the same room would be priced at Rs. 6000 before GST and Rs. 5900 after GST. On the flip side a room with a tariff of Rs. 7500 with taxes would be priced at Rs. 9000 before GST and Rs. 9600 after GST. It will only be logical if the hotelier fixes the price at Rs. 7499 so that the final amount to the customer will be around Rs. 8850 as it falls under the 18% tax slab.

Impact in GST Regime

Based on the provisions of Model Law, it can be said that hotel sector shall be impacted both positively and negatively under the GST regime.

- The multiple taxes would be replaced by one single tax, the rate of which is likely to be between 16%-18%. The hotel industry would benefit in the form of lower tax rate which should help in attracting more tourists in India.
- There are likely to be concerns in valuation of restaurant services in view of the industry practice of discounts / offers / policies in the form of incentives. The proposed valuation rules are different from the existing ones and as such this sector need to frame an appropriate policy for such discounts in advance making it a part of documentation.
- Service providers having centralized registration will have to get registered in each state whether providing hotel services on own account or through agent (franchise).
- Service providers will have an option to take different registration or separate business verticals which needs to be examined on case to case basis.
- The procedure for all the invoices / receipts towards inward and outward supplies will become cumbersome as each one of them will have to be uploaded in the system.
- The frequency and number of returns to be filed will go up.
- There is a provision for GST audit if the turnover is more than the prescribed limit.
- The hotel industry spends a lot of money on construction and renovation. They have to move with the times in order to remain competitive and attract customers. The money paid as taxes on the construction activities cannot be used as input credit to set off the taxes paid on the services offered by the hotels and restaurants. The R&D cess which is applicable on technical know- how fees and franchise agreements in the industry is likely to become a part and parcel of GST.

The Pros of GST

- **Administrative Ease**

GST will abolish several other taxes, leading to a reduction in procedural steps and more chances to streamline the taxation process.

- **Clarity for Consumers**

It was sometimes difficult to differentiate between a Value Added Tax and an entertainment tax for the common man. However, under the GST regime customers will see only a single charge on their bill and it would give them a clear picture of the tax they are paying.

- **Improved Quality of Service**

With just one tax to compute, the checking-out process at hotels and restaurants will now become easier – another perk that the hospitality industry can brag about.

- **Availability of Input Tax**

The tourism and hospitality industry will find it easier to claim and avail input tax credit (ITC) and will get full ITC on their inputs. Before GST, the tax paid on inputs (raw edibles for food, cleaning supplies etc.) could not be adjusted against the output without any complications. However, this will become easier in the GST regime.

Conclusion

GST is a mixed bag of better and easier rules and regulations, and increased costs and compliances. The Hotel and Restaurant Association of Western India had been lobbying for a GST rate of 5% as it believed that a lower rate will bring in more tourists and allow Indian businesses to compete with global chains. However, the GST Council deemed it fit to set the rate at 18%. The Tourism and Hospitality industry in India is expected to grow to US$ 280.5 billion by 2026, and the initial hiccups after GST implementation are highly unlikely to impede this growth. However, it remains to be seen whether the cons outweigh the pros for this sector.

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GOODS AND SERVICES TAX IN INDIA – AN OPPORTUNITY AND CHALLENGES

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Abstract

This paper is an analysis of what the impact of GST (Goods and Services Tax) will be on Indian Tax Scenario. Here stated with a brief description of the historical scenario of Indian taxation and its tax structure. Then the need arose for the change in tax structure from traditional to GST model. GST has be detailed discuss in this paper as the background, silent features and the impact of GST in the present tax scenario in India. Therefore, we all need to learn it whether willingly or as compulsion. The goods and services tax (GST) is aimed at creating a single, unified market that will benefit both corporate and the economy. The changed indirect tax system GST-Goods and service tax is planned to execute in India. Several countries implemented this tax system followed by France, the first country introduced GST. Goods and service tax is a new story of VAT which gives a widespread setoff for input tax credit and subsuming many indirect taxes from state and national level. The article starts with the introduction, and have tried to highlight the objectives the proposed GST is trying to achieve. Thereafter, it highlights the possible challenges and opportunities that GST brings before us to strengthen our free market economy.

Keywords: *GST, CGST, SGST, VAT, INPUT CREDIT*

Introduction

The word tax is derived from the Latin word '*tax are*' meaning to estimate. A tax is not a Voluntary payment or donation, but an enforced contribution, exacted pursuant to legislative authority" and is any contribution imposed by government whether under the name of toll, Tribute, impost, duty, custom, excise, subsidy, aid, supply, or other name."1 The first known system of taxation was in Ancient Egypt around 3000 BC - 2800 BC in the first dynasty of the Old Kingdom. Records from that time show that the pharaoh would conduct a biennial tour of the kingdom, collecting tax revenues from the people.

Introduction of the Value Added Tax (VAT) at the Central and the State level has been considered to be a major step – an important step forward – in the globe of indirect tax reforms in India. If the VAT is a major improvement over the pre-existing Central excise duty at the national level and the sales tax system at the State level, then the Goods and Services Tax (GST) will indeed be an additional important perfection – the next logical step – towards a widespread indirect tax reforms in the country. Initially, it was conceptualized that there would be a national level goods and services tax, however, with the release of First Discussion Paper by the Empowered Committee of the State Finance Ministers on 10.11.2009, it has been made clear that there would be a "Dual GST" in India, taxation power – both by the Centre and the State to levy the taxes on the Goods and Services.

Objectives of GST

- One of the main objectives of GST would be to eliminate the cascading impact of taxes on production and distribution cost of goods and services.
- The exclusion of cascading effects i.e.
- tax on tax will significantly improve the competitiveness of original goods and services which leads to beneficial impact to the GDP growth.
- It is felt that the GST would serve a superior reason to achieve the objective of streamlining indirect tax regime in India which can remove cascading effects in supply chain till the level of final consumers only when all such above mentioned indirect taxes are completely included in GST.

Challenges

- **With respect to Tax Threshold**

The threshold limit for turnover above which GST would be levied will be one area which would have to be strictly looked at. First of all, the threshold limit should not be so low to bother small scale traders and service providers. It also increases the allocation of government resources for such a petty amount of revenue which may be much more costly than the amount of revenue collected. The first impact of setting higher tax threshold would naturally lead to less revenue to the government as the margin of tax base shrinks; second it may have on such small and not so developed states which have set low threshold limit under current VAT regime.

- **With respect to nature of taxes**

The taxes that are generally included in GST would be excise duty, countervailing duty, cess, service tax, and state level VATs among others. Interestingly, there are numerous other states and union taxes that would be still out of GST.

- **With respect to number of enactments of Statutes**

There will two types of GST laws, one at a centre level called 'Central GST (CGST)' and the other one at the state level - 'State GST (SGST)'. As there seems to have different tax rates for goods and services at the Central Level and at the State Level, and further division based on necessary and other property based on the need, location, geography and resources of each state.

- **With respect to Rates of taxation**

It is true that a tax rate should be devised in accordance with the state's necessity of funds. Whenever states feel that they need to raise greater revenues to fund the increased expenditure, then, ideally, they should have power to decide how to increase the revenue.

Opportunities

- **An end to cascading effects**

This will be the major contribution of GST for the business and commerce. At present, there are different state level and centre level indirect tax levies that are compulsory one after another on the supply chain till the time of its utilization.

- **Growth of Revenue in States and Union**

It is expected that the introduction of GST will increase the tax base but lowers down the tax rates and also removes the multiple point This, will lead to higher amount of revenue to both the states and the union.

- **Reduces transaction costs and unnecessary wastages**

If government works in an efficient mode, it may be also possible that a single registration and single compliance will suffice for both SGST and CGST provided government produces effective IT infrastructure and integration of such infrastructure of states level with the union.

- **Eliminates the multiplicity of taxation**

One of the great advantages that a taxpayer can expect from GST is elimination of multiplicity of taxation. The reduction in the number of taxation applicable in a chain of transaction will help to clean up the current mess that is brought by existing indirect tax laws.

Justification of GST

The introduction of GST at the Central level will not only include comprehensively more indirect Central taxes and integrate goods and service taxes for the purpose of set-off relief, but may also lead to revenue gain for the Centre through widening of the dealer base by capturing value addition in the distributive trade and increased compliance. In the GST, both the cascading effects of CENVAT and service tax are removed with set-off, and a constant chain of set-off from the original producer's point and service provider's point up to the retailer's level is. The GST at the State-level is, therefore, justified for-

- Additional power of levy of taxation of services for the States
- System of comprehensive set-off relief,
- Subsuming of several taxes in the GST
- Removal of burden of CST.

Dual GST

Dual GST means, the proposed model will have two part called

- **CGST – Central goods and service tax for levied by central Govt.**
- **SGST – State goods and service tax levied by state Govt.**

There would have multiple statute one CGST statute and SGST statute for every state.

Benefits of GST

- GST provide comprehensive and wider coverage of input credit setoff, you can use service tax credit for the payment of tax on sale of goods etc.
- CST will be removed and need not pay. At present there is no input tax credit available for CST.
- Many indirect taxes in state and central level included by GST, You need to pay a single GST instead of all.

- Uniformity of tax rates across the states

Indirect taxes included under GST

The following indirect taxes from state and central level is going to integrated with GST

State Taxes

- VAT/Sales tax
- Entertainment Tax (unless it is levied by local bodies)
- Luxury tax
- Taxes on lottery, betting and gambling.
- State cusses and surcharges in so far as they relate to supply of goods and services.
- Entry tax not on in lieu of octopi.
- Purchase tax (This is not sure still under discussion)

Central Taxes

- Central Excise Duty.
- Additional Excise Duty.
- The Excise Duty levied under the medical and Toiletries Preparation Act
- Service Tax.
- Additional Customs Duty, commonly known as countervailing Duty (CVD)
- Special Additional duty of customs- (SAD)
- Surcharges
- Cresses The above taxes dissolve under GST; instead only CGST & SGST exists.

Applicability of CGST and SGST

The applicability of taxes is as usual there would be a prescribed limit of annual turnover, also some goods and services are exempted under GST. Threshold for annual turnover for goods and services would be 10 lakh for SGST and threshold of CGST for goods may be 1.5 crore and service would have a separate threshold that too will be appropriately high. It is assumed that aggregate total of CGST & SGST would be 20%.

Conclusion

GST is the most logical steps towards the comprehensive indirect tax reform in our country since independence. One of the biggest taxation reforms in India – the Goods and Service Tax (GST) -- is all set to integrate State economies and boost overall growth. GST will create a single, unified Indian market to make the economy stronger. Under GST, the taxation burden will be divided equitably between manufacturing and services, through a lower tax rate by increasing the tax base and minimizing exemptions.

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IMPACT OF GST IN GENERAL AND ON SERVICE SECTOR IN PARTICULAR: A VISION

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Introduction

Indirect taxes have always been contributing more than direct taxes to the Governments revenue. Services solely contribute a major part of the whole GDP, subsequently is shows the major contribution of services in taxes also. As their enterprises are valuable to any major changes in economy due to a new policy implementation, founders and employees of these companies are extremely concerned about the impact of the four tax slabs of 5%, 12%, 18% and 28% that have been specified in GST. Along with these concerned parties, millions of customers are wondering about the impact of this new tax system on the amount of money they will need to shell out to avail of their preferred goods and services. In this paper an attempt to study the general impact from the GST and particular on Service Sector in India.

Constitution Bill Defines

Clause 366(12A) of the Constitution Bill defines GST as "goods and services tax" means any tax on supply of goods, or services or both except taxes on the supply of the alcoholic liquor for human consumption. Further the clause 366(26A) of the Bill defines "Services" means anything other than Goods. Thus it can be said that GST is a comprehensive tax levy on manufacture, sale and consumption of goods and services at a national level. The proposed tax will be levied on all transactions involving supply of goods and services, except those which are kept out of its purview. India's services sector covers a wide variety of activities such as trade, hotel and restaurants, transport, storage and communication, financing, insurance, real estate, business services, community, social and personal services, and services associated with construction.

Basic Challenges in the Implementation of GST

- Uniformity
- Increase in compliance cost for business
- Avoidance of cascading effect cornerstone of GST– Seamless Credit– But I 'See less credit"
- RCM pressure
- legal restrictions
- Discretionary disallowance
- Exemption/ threshold may distort RNR & GST
- Effectiveness of GST Council and adherence to its recommendations
- Efficacy of GSTN

The Need of GST

- There are various definitional issues related to manufacturing, sale, service, valuation etc. arises. These needs to be rationalized.
- Several transactions take the character of sales as well as services, thus there is complexity in determining the nature of transaction.
- The mechanism of imposing taxes, exemptions, abatements, other benefits are different in state and centre
- Existing law has resulted in significant number of issues related to interpretation or various provisions and the category of the products and the nature of services.
- Administration mechanics of the centre and state and even in different states is different.
- India needs comprehensive levy and collection on both goods and services at the same rate with the benefit of input credit

Features of GST

- **Dual Goods and Service Tax:** CGST and SGST **Inter-State Transactions and the IGST Mechanism:** The Centre would levy and collect the Integrated Goods and Services Tax (IGST) on all inter-State supply of goods and services. The IGST mechanism has been designed to ensure seamless flow of input tax credit from one State to another. The inter-State seller would pay IGST on the sale of his goods to the Central Government after adjusting credit of IGST, CGST and SGST on his purchases (in that order). The exporting State will transfer to the Centre the credit of SGST used in payment of IGST. The importing dealer will claim credit of IGST while discharging his output tax liability (both CGST and SGST) in his own State. The Centre will transfer to the importing State the credit of IGST used in payment of SGST.

- **Destination-Based Consumption Tax:** GST will be a destination-based tax. This implies that all SGST collected will ordinarily accrue to the State where the consumer of the goods or services sold resides.
- **Computation of GST on the basis of invoice credit method:** The liability under the GST will be invoice credit method i.e. cenvat credit will be allowed on the basis of invoice issued by the suppliers.
- **Payment of GST:** The CGST and SGST are to be paid to the accounts of the central and states respectively.
- **Goods and Services Tax Network (GSTN):** A not-for-profit, Non-Government Company called Goods and Services Tax Network (GSTN), jointly set up by the Central and State Governments will provide shared IT infrastructure and services to the Central and State Governments, tax payers and other stakeholders.
- **Input Tax Credit (Itc) Set Off:** ITC for CGST & SGST will be taken for taxes allowed against central and state respectively.

Benefits of GST

GST will bring numerous benefits to all stakeholders viz industries, government and citizens. Some of these benefits are listed below:

- **Seamless Flow of Credit:** GST will facilitate seamless credit across the entire supply chain and across all States under a common tax base.
- **Elimination of Cascading effect:** Goods & Service Tax would eliminate the cascading effects of taxes on production and distribution cost of goods and services. The exclusion of cascading effects i.e. tax on tax will significantly improve the competitiveness of original goods and services in market will lead to beneficial impact to the GDP growth of the country. It is felt that GST would serve a superior reason to achieve the objective of streamlining indirect tax regime in India which can remove cascading effects in supply chain till the level of final consumers.

  GST will boost Indian exports, thereby improving the balance of payments position. Exporters will be facilitated by grant of provisional refund of 90% of their claims within seven days of issue of acknowledgement of their application, thereby resulting in the easing of position with respect to cash flows.
- **Increased Uniformity:** Uniform GST rates will reduce the incentive for evasion by eliminating rate arbitrage between neighboring States and that between intra and inter-State sales. Harmonization of laws, procedures and rates of tax will make compliance easier and simple.

  There would be common definitions, common forms/formats, and common interface through GST portal, resulting in efficiencies and synergies across the board. This will also remove multiple taxation of same transactions and inter-State disputes like the ones on entry tax and e-commerce taxation existing today.

General Impact of GST

- All the taxes (viz. excise duty, service tax, octroi, luxury tax, etc) will be consolidated resulting in one tax.
- A new classification of producing states and consuming states will be emerged – resulting producing state will get compensation whereas consuming states will earn revenue.
- Expensive goods may become inexpensive because of reduction of taxes and duties like VAT, Excise duty etc.
- Essential food items which are currently out of the tax regime, may continue to be available at cheaper rates and hence, essential goods supply prices may not change.
- Processed food will continue to be taxed and available at cheaper rates, as the applicable GST is likely to be lower than the current combined tax on such products
- Petroleum products are proposed to be kept out of the GST for first two years, as a result prices likely to change and resulting variant in the prices across the states.

Positive Effects of GST on Service Sector

No double taxation: This is one thing that was affecting many service providers. In the previous system of taxation, the works contract was complex, and this took a toll on many people. Here, the transfer of goods is a part of the service contract. This means that every invoice has the value of the goods used as well as the services supplied. These two attract a tax rate of 70% each bringing the total to 140% which is very high. With the implementation of GST, these two are considered to be one and thus taxed as 'supply of service.'

More Clarity for Software Industry: For companies like Profit Books, that sell online software, its was not clear whether to apply VAT or Service Tax on the product. In GST regime, there is a clear distinction between products and services which will remove the confusion for service industry.

Repairs and maintenance: The service providers that provide repair and maintenance services to companies will be able to claim both the credit of input and credit of input services as provided by the GST system. The current regime only offers the credit of input services which is a bit limiting. Now that they can claim both of the credit of input and credit of input services, they can offer their repair and maintenance services at lower prices and thereby attracting more clients.

Negative Impacts of GST on Service Sector

Lack of a centralized registration: With the previous taxation system, many service providers rejoiced over being able to register all their businesses in different areas from a central place. However, this privilege has been taken away. Now, they have to register their businesses in the respective state and pay the CGST tax.

Taxation for free services: If a business is going to supply services for free, they will still get taxed for it. Every supply that is made without consideration is taxed. This means you have to prepare yourself before you offer any free services.

Increased cost of service to end consumer: Because the rate of taxation will go higher in the GST system, the end consumer will also feel a pinch of extra expenditure. The taxation is between 18% and 20%. Because this rate is high, the cost of service will be higher.

Important Areas where the GST Impact is Visible

Government's Revenue

Previously, Service tax provisions apply to all over India except Jammu & Kashmir because of that Central Govt. has no right to collect service tax on the services rendered in that part of India but as per the Model Goods and Services Tax Law, GST extends to all over India including Jammu & Kashmir and also allows Central Govt. to collect the service taxes on rendered services in the state of Jammu and Kashmir which will eventually increase the Govt. Revenue.

Costlier Services

In previous tax regime, service tax was applicable at the rate of 15% on Services rendered which includes 0.5% for Swachh Bharat Cess and 0.5% for Krishi Kalyan Cess but in the goods and service tax regime, it has been extended at 18% making the services and works contracts costlier. Revenue secretary also mentioned the level of taxation which has been increased in the latest implemented GST structure as the minister was sure and told that, the service sector is under the higher taxation of 18 percent from the previous 15 percent in the Goods and services tax framework.

Impact on Software Service Industry

There are numerous software service companies who are now tackling with the goods and service tax scheme now. Among them, there some industrial companies who state a different point of view regarding the regime. Nikhil Rungta, Managing Director of Intuit India, mentioned that "In the GST regime, it is imperative for every stakeholder in the ecosystem to upload tax. If one does not, the party that has sold the goods forces the receiving party to do so immediately or else faces the burden of not getting input tax credit." There is lesser if not fully impact on the software industry with tax scenario being lower than previous.

Benefits to Healthcare Services

Finance minister while drafting GST, ensured to make healthcare services affordable for all the people. There are no taxes on health care services to make them cheap and easily available to all. Healthcare services include care and treatment for illness, injury, deformity, pregnancy, and abnormality along with diagnosis service, patient transportation services, also clinical establishment by the hospital, nursing, clinic, and sanatorium.

Conclusion

It is found that in countries where GST has been implemented had positive impact on theireconomies. It can be looked as simplification of Taxes in country and avoiding unnecessary complexities. Researcher's observation is in support of GST system, experience of other countries strengthen the belief that it will be a milestone in the development of Taxation in India. As for challenges are concern it is between State and Central Government proportion in Taxes majorly, but directly or indirectly it is adding wealth to nation only. It has great prospects in favor of the nation.

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A STUDY ON GOODS AND SERVICES TAX AND ITS IMPACT ON INDIAN ECONOMY

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Introduction

The Goods and Services Tax levied by the Government in a move to replace all of the indirect taxes. In India, the idea of GST was contemplated in 2004 by the Task Force on implementation of the Fiscal Responsibility and Budget Management Act, 2003, named Kelkar Committee. The Kelkar Committee was convinced that a dual goods and services system shall be able to tax almost all the goods and services and the Indian economy shall be able to have wider market of tax base, improve revenue collection through levying and collection of indirect tax and more pragmatic approach of efficient resource allocation. The Goods and Service Tax mechanism, every person is be liable to pay tax on output and shall be entitled to enjoy credit on input tax paid and tax shall be only on the amount of value added.

The principal aim of Goods and service tax is to eliminate cascading effect i.e. tax on tax and it will lead to bringing about cost competitiveness of the products and services both at the national and international market. Goods and service tax System is built on integration of different taxes and is likely to give full credit for input taxes. Goods and services tax is a comprehensive model of levying and collection of indirect tax in India and it has replace taxes levied both by the Central and State Governments. Goods Services Tax be levied and collected at each stage of sale or purchase of goods or services based on input tax credit method. The system, Goods Services Tax -registered commercial houses shall be entitled to claim credit of the tax they paid on purchase of goods and services as a part of their day to day businesses.

Importance of the Study

- The study will highlight the effect of Goods Services Tax on Indian Economy.
- It will prove to be of great help to a common man to understand the concept the Goods Services Tax.
- To remove the morbid fear of Goods Services Tax from among the business community members.

Objectives of Study

- The highlight the impact of Goods Services Tax on Indian Economy.
- The working mechanism of Goods Services Tax in India.

Methodology

The present study is exclusively based on the secondary data collected from different books, news-paper articles and research journals etc.

Need for GST

- The main reason behind introducing GST is to improve the economy of the nation.
- VAT rates and regulations differ from state to state. And it has been observed that states often resort to slashing these rates for attracting investors. This results in loss of revenue for both the Central as well as State government.
- On the other hand, GST brings in uniform tax laws across all the states spanning across diverse industries. Here, the taxes would be divided between the Central and State government based on a predefined and pre-approved formula. In addition, it would become much easier to offer services and goods uniformly across the nation, since there won't be any additional state-levied tax.
- GST rollout missed several deadlines due to disagreement among many states over certain important issues on the new tax reform. However GST is scheduled for a nation-wide rollout on July 1st, 2017.

Features of Goods Services Tax

- Goods and Services Tax is one indirect tax for the entire nation, which will make India "one unified common market".
- It will replace multiple taxes like VAT, CST, Excise Duty, Entry Tax, Octroi, LBT, Luxury Tax ect.
- There are four types of GST namely:
  - SGST – State GST, collected by the State Govt.
  - CGST – Central GST, collected by the Central Govt.
  - IGST – Integrated GST, collected by the Central Govt.
  - UTGST – Union Territory GST, collected by the Union Territory
- Tax Payers with an aggregate turnover in a financial year up [Rs. 20 Lakhs & Rs. 10 Lakhs for North Eastern Sates and Special Category States] would be exempted from tax.
- GST slabs are pegged at 5%, 12%, 18% & 28%.

Impact of Goods Services Tax in India

Positive Impact of GST in India

- GST is a single taxation system that will reduce the number of indirect taxes. From now, a single taxation term would cover all of those indirect taxes.
- The prices of products and services would reduce, thus this system would prove to be beneficial for the people who are fed up of paying high prices.
- This would reduce the burden from the state and the central government. With the introduction of GST, all indirect taxes would come under a single roof.
- GST would not be charged at every point of sale like other indirect taxes so in this way, market would be developed.
- Corruption-free taxation system. GST would introduce corruption-free taxation system.

Negative Impact of Goods and Service Tax in India:

- The Goods and Service Tax in the country will impact real estate market. This would increase new home buying price by 8% and reduce buyersmarket by 12%.
- GST is a mystifying term where double tax is charged in the name of a single tax.
- Most of the dealers don't pay central excise tax and cheat the government by simply giving the VAT. But all of those dealers would now be forced to pay GST.
- The short-term impact of GST is expected to be neutral-to negative for the broader economy.
- Production processes are likely to take some time to align with the new framework as firms adjust to the input tax credit system and better manage working capital requirements.

GST – Analysis and Opinions

GST is purported to bring in the „one nation one tax system, but its effect on various industries will be slightly different. The first level of differentiation will come in depending on whether the industry deals with manufacturing, distributing and retailing or is providing a service.

Impact of GST on Manufacturers, Distributor and Retailers

GST is expected to boost competitiveness and performance in India's manufacturing sector. Declining exports and high infrastructure spending are just some of the concerns of this sector. Multiple indirect taxes have also increased the administrative costs for manufacturers and distributors and it is being hoped that with GST in place, the compliance burden will ease and this sector will grow more strongly.

Impact of GST on Service Providers

The March 2014, there were 12, 76,861 service tax assesses in the country out of which only the top 50 paid more than 50% of the tax collected nationwide. Most of the tax burden is borne by domains such as IT services, telecommunication services, Insurance industry, business support services, Banking and Financial services etc. These pan-India businesses already work in a unified market, and while they will see compliance burden becoming lesser there will apparently not be much change in the way they function even after GST implementation.

Sector-wise Impact Analysis

Logistics

In a vast country like India, the logistics sector forms the backbone of the economy. We can fairly assume that a well organized and mature logistics industry has the potential to leapfrog the "Make in India" initiative of the Government of India to its desired position.

E-com

The e-com sector in India has been growing by leaps and bounds. In many ways, GST will help the e-com sectors continued growth but the long-term effects will be particularly interesting because the model GST law specifically proposes a tax collection at source (TCS) mechanism, which e-com companies are not too happy with. The current rate of TCS is at 1% and its' remain to be seen if it dilutes the rapid boom in this sector in any way in the future

Telecommunications

In the telecom sector, prices are expected to come down after GST. Manufacturers will save on costs through efficient management of inventory and by consolidating their warehouses. Handset manufacturers will find it easier to sell their equipment as GST will negate the need to set up state-specific entities, and transfer stocks. The will also save up on logistics costs.

Agriculture

Agricultural sector is the largest contributing sector the overall Indian GDP. It covers around 16% of Indian GDP. One of the major issues faced by the agricultural sector is transportation of agricultural products across state lines all over India. It is highly probable that GST will resolve the issue of transportation. GST may provide India with its first National Market for the agricultural goods. However, there are a lot of clarifications which need to be provided for rates for agricultural products.

FMCG

The FMCG sector could see significant savings in logistics and distribution costs as the GST will eliminate the need for multiple sales depots. The GST rate for this sector is around 17% which is way lesser than the 24-25% tax rate paid currently by FMCG companies. This includes excise duty, VAT and entry tax – all of which will be subsumed by GST

Automobiles

The automobile industry in India is a vast business producing a large number of cars annually, fueled mostly by the huge population of the country. Under the current tax system, there are several taxes applicable on this sector like excise, VAT, sales tax, road tax, motor vehicle tax, registration duty which will be subsumed by GST. Though there is still some ambiguity due to tax rates and incentives/exemptions provided by different states to the manufacturers/dealers for manufacturing car/bus/bike, the future of the industry looks rosy.

Startups

With increased limits for registration, a DIY compliance model, tax credit on purchases, and a free flow of goods and services, the GST regime truly augurs well for the Indian startup scene. Currently, many Indian states have very different VAT laws which can be confusing for companies that have a pan-India presence, specially the e-com sector. All of this is expected to change under GST with the only sore point being the reduction in the excise limit.

Conclusion

Goods and Services Tax is at the infant stage in Indian economy. It will take some time to experience its effects on Indian economy. Goods and Services Tax mechanism is designed in such a way that it is expected to generate good amount of revenue for both central and state government. Regarding corporate, businessmen and service providers it will be beneficial in long run. It will bring transparency in collection of indirect taxes benefiting both the Government and the people of India.

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IMPACT OF GST ON VARIOUS SECTORS

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Abstract
India's looming the new regime of Goods & Services Tax ("GST"), a modern tax reform which will usher in growth and opportunities for business in India. It is a tax trigger, which will lead to business transformation for the industry. It will have a far – reaching impact on business avenues, compelling organizations to realign bottlenecks such as production cost, production time, supply chain, compliance, logistics etc., with changing indirect tax structure. GST is a value added tax where tax is imposed only on the value added at each stage in the supply chain. It is levied at all points in the supply chain. Credit is paid for acquiring inputs used in maing the supply. In India GST is defined as "tax on supply of goods or services other than alcohol for human consumption" . In Simple language, GST is a single tax on all goods and services in the entire economy. GST can make the indirect tax system very efficient and will benefit all stakeholders including manufactures, sellers, the ultimate consumers and the tax collective governments apart from giving a substantial boost to GDP growth. GST will turn India into one common market, leading to greater ease of doing business and big savings in logistics costs from companies across all sectors. GST may not have a uniform impact on all sectors, given their varying taxation structures. Some companies will gain more as the GST rate will be lower than the current tax rates they pay, others will lose as the rate will be higher than the present effective rate. The GST council has approved the rates of taxes on goods and services in its 14th council meet held on May 18, 2017. The rates of individual commodities were taken up for consideration in the four approved slab rates i.e., 5%, 12%, 18% and 28% with additional cess for demerit and luxury goods. In the 14th meeting of the Council, about 60% of the items will be in either the 12% or 18% tax brackets. Only 19% of the items will be in the 28% slab, the highest rate.

Introduction
GST Stands for Good and Services Tax that is a vital regime of India, It is the biggest indirect tax reform since independence. It would be levied when a consumer will buy a good and service. GST is a single indirect tax that combines several indirect tax that combines several indirect taxes as Service tax, Central Excise tax, customs tax, VAT tax etc., The GST Bill will create a single market for more than a dozen state levies. GST works in a very simple process as it is an indirect tax of nation, that combines several indirect taxes including vat tax, services tax, central Excise tax, customs tax etc., It means that removing other indirect taxes the government is collecting a single tax on the sale of all goods and services.

Previously the government had fixed the deadline for rolling out the GST Bill on April 1, 2016. But by some reasons, GST bill could miss out its deadline. Main opposition party, Congress wanted to reduce the GST rate by 18 percent and also wanted to scrap the additional tax of 1% levy for manufacturing states.

Government's Revenue
GST extends to all over India including Jammu & Kashmir and also allows Central Govt. to collect the service taxes on rendered services in the state of Jammu and Kashmir which will eventually increase the Govt. Revenue. In previous tax regime, service tax was applicable at the rate of 15% on Services rendered, which includes 0.5% for Swachh Bharat Cess and 0.5% for Krishi Kalyan Cess but in the goods and service tax regime, it has been extended at 18% making the services and works contracts costlier. Revenue secretary also mentioned the level of taxation which has been increased in the latest implemented GST structure as the minister was sure and told that, the service sector is under the higher taxation of 18 percent from the previous 15 percent in the Goods and services tax frame work.

Notices from Taxation Authorities
In the previous tax system, both Central and State Govt. had the right to collect the tax according to the rights given in list I, II and III in the Constitution and because of that sometimes it became so confusing to find out to pay taxes to which departments in regards to goods and services like software, works contract etc., having disputes between Central and State Government and what happened was that the person paying tax to service tax department getting notices from the VAT / CST department and the

person paying the VAT / CST liability gets the notifications from the Services tax department.

Benefits to Healthcare Services

Finance minister while drafting GST, ensured to make healthcare service affordable for all the people. There are no taxes on health care services to make them cheap and easily available to all. Healthcare services include care and treatment for illness, injury, deformity, pregnancy, and abnormally along with diagnosis service, patient transportation services, also clinical establishment by the hospital, nursing, clinic and sanatorium. Due to healthcare services are exempted from GST, the input tax credits are not available for healthcare services provider. This increased the input tax cost and affected the burden of tax on healthcare services on end-users or patients.

Goods and Service Tax (GST) is a new indirect tax scheme which is a consumption based tax. It will replace all the indirect taxes. It is biggest tax reform that will bring India in competition with other countries in respect to the indirect taxation platform.

This unified indirect tax structure will attract the new investors in India because of its

What will be the Influence of GST on the Economy?

Every kind of person wants to know about the GST's impacts on the economy. Some people think that it will be negative and some say that GST will have the positive effect. As it has been only 2 months to roll-out, it is still not clear whether the future impacts will be the positive or negative on the economy. According to the sources, there will be a good impact on the economy due to the following

- The Business cost might be lower.
- Gross Domestic Product will be increased.
- We will gain of competitive pricing.
- Prices of fixed goods and services might be less.

The finance Minister Mr.Arun Jaitley said that Gross Domestic Product will be increased by 2 percent. All companies are paying a single tax instead of the multiple indirect taxes.

What are the Advantage from Coming GST?

There are several advantage of GST. The benefits are mentioned below:

- As we all know that the production and distribution of goods and services are rapidly used and consumed. Therefore, the government levied separate taxes for goods and services previously. The GST intergrates all the tax as service and vat tax thereafter you will not have to pay different 2 taxes. GST reduces the extra burden of taxation by splitting tax between manufactures of services.
- There is not any cost to registered retailers and there are no extra taxes, therefore any type of business could start at low cost.
- By successfully implementing GST, India will gain around 15Million Dollars per year. So GST is going to increase India's expected indirect Tax.
- GST has created a transparent and corruption free tax system. At past time, the manufacturer used to pay a tax when the products move outside from his workplace, and a tax also levied when the retailer used to sell the products.
- It helped the Indian economy to promote the exports.
- It has also raised the employment and certainly will boost the growth of India.

Disadvantages of GST

As we already know that everything has two sides – good and bad. Therefore, now we are going to highlight the GST's faults after two months of implementations, we can clearly judge some bad impressions of GST in India that is mentioned below.

- Some economists assume that components of GST – CGST, SGST, IGST are nonsense. All these components are renamed from Central Excise / Service Tax, VAT, and CST.
- Online mode of form filling has created hurdles in business and common person.
- GST is very new for all. So proper implementation and guidance is necessary to fill the forms which are not provided by the government.
- The benefits of reduction in prices of goods and services are not reached to consumers and the big marketer has taken the advantage out of it.
- Most of the merchants and small businessman are not so much educated. For them keeping track of invoices and filling 37 return in a year is not that easy.

Implementation of GST has increased the revenue and in the month of July total 92,000 crore tax is collected by the government. The total tax payers number increased and now it is 64% of the total registered tax

GST Impact on Gross Domestic Product (GDP) in India

The biggest tax reform is on its way and very soon Goods and Services Tax will be the part of Indian Economy. A new and unified tax structure will be followed for indirect taxation on the place of various existing tax laws like Excise duty, Service Tax, VAT, CST etc., and for sure the new tax regime will eliminate the cascading effect of tax on transaction of products and services. And it will result in availability of product and services to consumers at lower price. It is expected that it will be helpful in increasing production and the purchasing power of the buyer which may increase the GDP by 1% to 3%. Recently, India accounted 7.1 percent growth for the financial year of 2016-17. While for the march quarter, it was behind the china at 6.1 percent in front of 6.9 percent of china's statistics.

GST Positive Impact of GDP

There will be one tax rate for all which will create a unified market in terms of tax implementation and the transaction of goods and services will be seamless across the states. The same will reduce the cost of transaction. In a survey, it was found that 10-11 types of taxes levied on the road transport business. So the GST will be helpful to reduce transportation cost by eliminating other taxes. After GST implementation the expert of goods and services will become competitive because of nill effect of cascading effect of taxes on goods and products. In a research done by NCAER it was suggested that GST would be the key revolution in Indian Economy and it could increase the GDP by 0.9 to 1.7 percent. As speculated earlier, the tax exports can now assume that the growth will be around 1 to 2 percent after the implementation of the GST.

GST Negative Impact on GDP

As the GST rates are 5% , 12%, 18% and 28% and if the GST rate on service will be finalized at 5% or 12% then cost of services will get reduced while in else case if the rate will be 18% or 28% on services then services will become costlier and it will lead to inflation for a short period. In a report, DBS bank noted that initially GST will lead to rise in inflation rate which will remain for a year but after the GST will affect positively on the economy. As we know Real Estate also plays an important role in Indian economy but some expert thinks that GST will impact the Real Estate business negatively as it will add up the additional 8 to 10 percent to the cost and reduce the demand about 12 percent.

GST will applicable in the form the IGST, CGST AND SGST on the Center and State Government, but some economists say that there is nothing new in the form of GST although these are the new names of Central Excise, VAT, CST and Service TAX etc.,

As every coin has two faces in the same way we tried here to familiarize the things related to GST with both perspective i.e., positively and negatively in this article. Despite having some factor which is being expected to affect the Economy adversely there are so many other things which are expected with a positive impact on GDP.

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IMPACT OF GST ON SERVICE SECTOR

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Abstract
GST the biggest tax reform in India founded on the notion of "one nation, one market, one tax" is implemented. Will the hopes triumph over uncertainty would be determined by how our government works towards making GST a "good and simple tax". The idea behind implementing GST across the country in 29 states and 7 Union Territories is that it would offer a win-win situation for everyone. Manufacturers and traders would benefit from fewer tax filings, transparent rules, and easy bookkeeping; consumers would be paying less for the goods and services, and the government would generate more revenues as revenue leaks would be plugged. Ground realities, as we all know, vary. India's services sector covers a wide variety of activities such as trade, hotel and restaurants, transport, storage and communication, financing, insurance, real estate, business services, community, social and personal services, and services associated with construction.

Introduction
India is a strong services-led economy with the sector generating a significant chunk of employment opportunities and contributing to the GDP. It contributed around 66.1% of India's Gross Value Added (GVA) growth in 2015-16, is the biggest magnet for Foreign Direct Investment (FDI) and an important net foreign exchange earner. Some of the core areas of service are IT and ITES, banking and financial services, outsourcing, research and development, transportation, telecommunications, real estate and professional services. The new Goods and Services Tax (GST) is a unified tax structure that was implemented by the Government of India on 1 July 2017.

Indirect taxes have always been contributing more than direct taxes to the Government's Revenue. Services solely contribute a major part of the whole Gross Domestic Product (GDP), subsequently; it shows the major contribution of Services in taxes also. Service sector does not only dominate the GDP contribution but attracts the foreign investment towards the Indian Economy. Service Sector contributes significantly in export as well as provides a large scale employment. India's services sector covers a wide variety of activities such as trade, hotel and restaurants, transport, storage and communication, financing, insurance, real estate, business services, community, social and personal services, and services associated with construction.

Impact of GST on some of the important areas
Government's Revenue
Previously, Service tax provisions apply to all over India except Jammu & Kashmir because of that Central Govt. has no right to collect service tax on the services rendered in that part of India but as per the Model Goods and Services Tax Law, GST extends to all over India including Jammu & Kashmir and also allows Central Govt. to collect the service taxes on rendered services in the state of Jammu and Kashmir which will eventually increase the Govt. Revenue.

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In the previous tax system, both Central and State Govt. had the right to collect the tax according to the rights given in list I, II and III in the Constitution and because of that sometimes it became so confusing to find out to pay taxes to which department in regards to goods and services like software, works contract etc. having disputes between Central and State Government and what happened was that the person paying tax to service tax department getting notices from the VAT/CST department and the

person paying the VAT/CST liability gets the notifications from the Services tax department.

GST vs VAT

Simple Way to Describe the Differences But with the introduction of single tax GST regime, the double taxation effect due to disputed goods and services in the previous tax system has been eliminated. In GST tax structure both supplies of goods and services is treated once with the unique rate of tax respectively.

Registration of Place of Business

GST registration rules are rather simple for the service providers with operations in one state. They are actually liable to get more input tax credits (ITC) with less GST compliance burden. But the service provider with operations in more than one state has some major GST compliance rules to go through. Most of the service providers with operations in multiple states will now have to register in different states to be assessed separately in each state. There are, however, certain conditions and rules that need to be fulfilled for a service provider to register across multiple states. If you are also wondering when and how do you get a multi-state GST registration, this article is to provide information regarding that.

Challenges as Explained by Chairperson of SBI

Arundhati Bhattacharya, Chairman of SBI mentioned that "In respect of GST, the fact of the matter is, we are dealing in services, to that extent there are certain challenges. First of all, there is no centralized registration. If you look at the other jurisdictions where GST has been rolled out, services always have centralized registration. Here we will need to have 36 registrations for all the 36 states (including Union Territories)."

Impact on Software Service Industry

There are numerous software service companies who are now tackling with the goods and service tax scheme now. Among them, there some industrial companies who state a different point of view regarding the regime. Nikhil Rungta, Managing Director of Intuit India, mentioned that "In the GST regime, it is imperative for every stakeholder in the ecosystem to upload tax. If one does not, the party that has sold the goods forces the receiving party to do so immediately or else faces the burden of not getting input tax credit." There is lesser if not fully impact on the software industry with tax scenario being lower than previous.

GST Impacts on CBLO (Collateralized Borrowing and Lending Obligation)

Under model GST, Services are defined that everything other than Goods. So CBLO also comes under services and all the rules and regulations are applied to it. CBLO benefits from two factors fee-based activities and fund-based activities. Fee-based activities include transaction fees, processing fees, and locker charges are liable to be considered in service tax under GST. The fund-based services such as interest, investment, asset financing, and proprietary trading are exempted from the service tax.

Benefits to Healthcare Services

Finance minister while drafting GST, ensured to make healthcare services affordable for all the people. There are no taxes on health care services to make them cheap and easily available to all. Healthcare services include care and treatment for illness, injury, deformity, pregnancy, and abnormality along with diagnosis service, patient transportation services, also clinical establishment by the hospital, nursing, clinic, and sanatorium. The GST is being criticized for being hard on the service sector. The detailed evaluation of GST on various service sectors is given below.

Power sector

Power generation has grown rapidly in recent years. There has been a considerable shift from fossil fuel-based energy to clean and renewable sources of power generation. For the power sector in India, which currently enjoys a multitude of tax concessions and exemptions, the GST is going to bring about an unfamiliar change. It will also bring about a shift in the trajectory of the sector and its growth. The success of the transition to a new tax regime will inadvertently depend upon how well the industry prepares to adapt to this change.

DTH

Taxes on cable and DTH services are now at 18% from the previous rate of 25-40% that constituted a total of the entertainment and service tax. Moreover, since the service providers are eligible to claim input tax credit, the tax incidence could be even smaller. Currently, DTH and cable service providers are not eligible for VAT input credits paid on domestically-procured capital goods and inputs of special additional duty (SAD) paid on imported capital goods and inputs. In addition to the benefit of lower headline rates of GST, the service providers shall be eligible for full input tax credits of GST paid with respect of inputs and input services.

Banking and Finance

The GST marks a substantial shift from the current tax regime. Owing to the nature and volume of operations provided by banks and NBFCs viz-a-viz lease transactions, hire purchase, related to actionable claims, fund and non-fund based services etc., GST compliance will be quite difficult to implement in these sectors. Currently, NBFCs and banks with pan-India operations can discharge their service tax compliances through a single registration. However, under the GST, they would need to obtain a separate registration for each state where they operate. Under GST, 50% of the CENVAT credit availed against inputs, input services, and capital goods is to be reversed which leaves them with a position of reduced credit of 50% on capital goods, thereby increasing the cost of capital. The impact of GST on banks and NBFCs will be such that operations, transactions, accounting and compliance will need to be reconsidered in its entirety.

ATM services

The newly implemented tax regime has not just impacted various business industries but has also affected the financial transactions costs. According to a report by the DNA, the service tax for the banking transaction, which is currently at 15% will now go up to 18%. The revised rates would be applicable for servicing charges and annual maintenance contracts, which will have to be borne by the banks eventually. According to Arundhati Bhattacharya, the Chairperson of the SBI, “For all our services, we have to put the cost of the service plus the service tax. Under the GST regime, this will get converted into the cost of the service plus the GST, which will go up from the existing service tax rate of 15% to 18%.”

Conclusion

By subsuming all these to provide the country with a single taxation level, we can say it is a great move that will propel the economy even further. In as much as there will be some challenges, it is a great thing to have a single taxation system for the service providers. For service industry, GST system has definitely increased the compliance burden. The Government has unveiled a four-tier GST rate structure for the sector 5 percent, 12 percent, 18 percent and 28 percent. The bulk of the services will however, be taxed at 18 percent. The sector is currently taxed at 15 percent, so the GST regime wills likely increase tax incidence for this sector. The main challenges for the sector in the GST era are multiple registrations. Service tax will be collected by the centre under a system of centralized registration. States have been reluctant to agree to centralized registration, the government is now exploring an arrangement for centralized compliance verification. There is provision to grant centralized registration, but it has to be seen if the centre can persuade the states through the GST council. Besides this, there is the technological challenge of helping small enterprises in the services sector to electronically file their return. This would require technical support through tax return helpers. They will also have to be assisted in the area of maintaining documentary discipline.

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GST AND ITS IMPACT ON AGRICULTURE

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Abstract
Goods and Service Tax is a comprehensive tax levy on manufacture, sale and consumption of goods and services. GST is termed as biggest tax reform In Indian Tax Structure. It will not be an additional tax, it will include central excise duty, service tax additional duties of customers at the central level, VAT, central sales tax, entertainment tax, octroi, state surcharge, luxury tax, lottery tax and other surcharge on supply of goods and services. The purpose is to eliminate tax on tax. This paper will throw light on GST its features and also effect of GST on agriculture.

Introduction

The Rajya Sabha unanimously passed the constitution (22nd amendment) bill 2014, on 3rd August 2016 with 203 votes in favour. GST would be a comprehensive indirect tax on manufacture consumption and sale of goods and services throughout India, to replace taxes levied by central Govt. and state Govt. GST would be levied and collected at each stage of sale or purchase of goods and services. Taxable goods and services are not distinguished from one another and are taxed at single rate in supply chain till goods and services reach the consumer.

Goods and Services Tax

Goods and Service Tax is a comprehensive tax levy on manufacture, sale and consumption of goods and services. GST is termed as biggest tax reform In Indian Tax Structure. It will not be an additional tax. It will include central excise duty, service tax additional duties of customers at the central level, VAT, central sales tax, entertainment tax, octroi, state surcharge, luxury tax, lottery tax and other surcharge on supply of goods and services. The purpose is to eliminate tax on tax.

Some taxes are levied by the state Government and some are levied by central Government.GST is applied on goods and services at the place where actual consumption happens. It is based on the Destination Principle. GST would be levied and collected at each stage of sale or purchase of goods and services.

Objective of the Study

The objective of the study is to understand the features of Goods and services Tax (GST) and its impact on agriculture.

Characteristics of GST

- GST will subsume central indirect taxes like excise duty, services tax etc and also state levies like VAT, Octroi, entry tax, luxury tax etc.
- It will have two components, central GST levied by Centre and State GST levied by the States.
- Only Centre may levy and collect GST on supplies in case of inter-state trade and collection of tax will be divided between centre and state.
- A two-rate structure will be adopted. It means lower rate for necessary items and goods of basic importance and a standard rate for goods in general. There will also be a special rate for precious metals and a list of exempted items.
- Over-lapping of tax, tax on tax will be eliminated with GST.

- Both Goods and Services are taxed in same manner in chain of supply till they are reached to consumer. They are not distinguished under GST.

The current tax structure does not allow business person to take tax credit. There are many chances of overlapping or doubling of taxation at every step of supply chain. This will be eliminated with the mplementation of GST. Indian Govt. is opting for dual system of GST. This system will have two components which will be known as: -

- Central Goods and Service Tax (CGST)
- State Goods and Service Tax (SGST)

The current taxes like excise duties, service tax, custom duty etc. will be merged under GST. The taxes like sales tax, entertainment tax, VAT, and other state taxes will be included in GST.

GST will be levied on the place of consumption of goods and services. It can be levied on following states.

- Intra-state supply and consumption of goods and services.
- Inter-state movement of goods.
- Import of goods and services.

Experts have enlisted the benefits of GST as under:

- It would introduce two-tiered One-Country-One-Tax regime.
- It would subsume all indirect taxes at the center and the state level.
- It would not only widen the tax regime by covering goods and services but also make it transparent.
- It would free the manufacturing sector from cascading effect of taxes, thus by improve the cost-competitiveness of goods and services.

Chief Economic Advisor Arvind Subramanian on 4 December 2015 suggested GST rates of 12% for concessional goods, 17-18% for standard goods and 40% for luxury goods which is much higher than the present maximum service tax rate of 14%. Such initiative is likely to push inflation.

Impact of GST on Agriculture

The impact of GST on agricultural sector is foreseen to be positive. The agricultural sector is the largest contributing sector the overall Indian GDP. It covers around 16% of Indian GDP. The implementation of GST would have an impact on many sections of the society. One of the major issues faced by the agricultural sector is the transportation of agriculture products across state lines all over India. It is highly probable that GST shall resolve the issue of transportation. GST may provide India with its first National Market for the agricultural goods. There are a lot of clarifications which need to be provided for rates for agricultural products. Special reduced rates should be declared for items like tea, coffee, milk under the GST.

Present agriculture tax laws

There are certain food items like rice, sugar, salt, wheat, flour which are exempted from CENVAT. Under the state VAT, cereals and grains are taxed at the rate of 4%. Agricultural products go through a lot of licensing and a number of indirect taxes(VAT, excise duty, service tax) under the current tax laws.

State VAT is currently applicable to all the agricultural goods at each state; it passes through prior to final consumption. Although there are certain exemptions available from state VAT for certain unprocessed food products like meat, eggs, fruits, vegetables etc.

GST is essential to improve the transparency, reliability, timeline of supply chain mechanism. A better supply chain mechanism would ensure a reduction in wastage and cost for the farmers/retailers. GST would also help in reducing the cost of heavy machinery required for producing agricultural commodities. Under the model GST law, dairy farming, poultry farming, and stock breeding are kept out of the definition of agriculture. Therefore these will be taxable under the GST.

Fertilisers an important element of agriculture was previously taxed at 6% (1% Excise + 5% VAT). In the GST regime, the tax on fertilisers has been increased to 12%. The same impact is on Tractors. Wavier on the manufacture of Tractors is removed and GST of 12% has been imposed. This is beneficial as now the manufacturers will be able to claim Input Tax Credit

India's milk production in 2015-16 was 160.35 million ton, increased from 146.31mt in 2014-15.Currently, only 2% VAT is charged on milk and certain milk products but under GST the rate of fresh milk is NIL and skimmed milk is kept under 5% bracket and condensed milk is going to be taxed at the rate of 18%. Tea is probably one of the most crucial items in an Indian household. The price of tea might also increase due to the tax rate of 5% under GST rate from the current average VAT rate of 4-5% with Assam and West Bengal with the exception of 0.5 and 1%.

An increase in the cost of few agricultural products is anticipated due to the rise in inflation index for a brief period. Though, implementation of GST is going to benefit a lot, the farmers/ distributors in the long run as there will a single unified national agriculture market. GST would ensure that farmers in India who contribute the most to

GDP, will be able to sell their produce for the best available price.

Conclusion

It is the biggest ever change in tax structure of India. There will be fall in prices of some commodities but on the other hand price of some other goods and services will rise. There is threat of inflation too and states may face reduction in their financial resources. But overall it will be a great change. The proposed GST regime is a half-hearted attempt to rationalize indirect tax structure. More than 150 countries have implemented GST. The government of India should study the GST regime set up by various countries and also their fallouts before implementing it. At the same time, the government should make an attempt to insulate the vast poor population of India against the likely inflation due to implementation of GST. No doubt, GST will simplify existing indirect tax system and will help to remove inefficiencies created by the existing current heterogeneous taxation system.

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POSITIVE AND NEGATIVE IMPACT OF GST ON INDIAN ECONOMY

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Abstract
Goods and Services Tax popularly known as GST a single tax on the supply of goods and services, right from the manufacturer to the consumer. Credits of input taxes paid at each stage will be available in the subsequent stage of value addition, which makes GST essentially a tax only on value addition at each stage. This research paper highlights the positive and negative impact of the GST in the Indian Tax System.
Keywords: *GST in India, Impact of GST, Tax system in India, India, Mechanism of GST, feature, impact, prices, Indian Economy*

Introduction
Goods & Services Tax is a comprehensive, multistage, destination-based tax that will be levied on every value addition. Goods and Service Tax (GST) implemented in India to bring in the 'one nation one tax' system, but its effect on various industries will be slightly different. The first level of differentiation will come in depending on whether the industry deals with manufacturing, distributing and retailing or is providing a service.

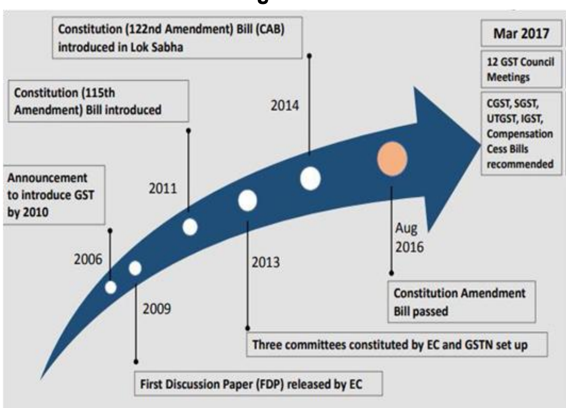
Objective of Study
The study has following objectives:
- To cognize the concept of GST
- To study the features of GST
- To evaluate the advantages and challenges of GST
- To furnish information for further research work on GST

It is a single indirect tax for the whole nation, one which will make India a unified common market. It is a single tax on the supply of goods and services, right from the manufacturer to the consumer. The GST Bill was introduced in Lok Saba in 2009 by UPA government but they failed to get it passed. The NDA government introduced a 'slightly modified' version of the GST Bill in the Parliament and both the Houses passed it. Through GST, the government aims to create a single comprehensive tax structure that will subsume all the other smaller indirect taxes on consumption like service tax, etc. Touted to be a major game changer, in the words of Union Finance Minister Arun Jaitley 'it will lead to the financial integration of India'. Currently, tax rates differ from state to state. GST will ensure a comprehensive tax base with minimum exemptions, will help industry, which will be able to reap benefits of common procedures and claim credit for taxes paid.

Existing Indirect Tax Structure in India
A. Central Taxes
- Central Excise duty
- Additional duties of excise
- Excise duty levied under Medicinal & Toiletries Preparation Act
- Additional duties of customs (CVD & SAD)
- Service Tax Surcharges & Cesses

B. State Taxes
- State VAT / Sales Tax
- Central Sales Tax
- Purchase Tax
- Entertainment Tax (other than those levied by local bodies)
- Luxury Tax
- Entry Tax (All forms)
- Taxes on lottery, betting & gambling
- Surcharges & Cesses

Figure: 1



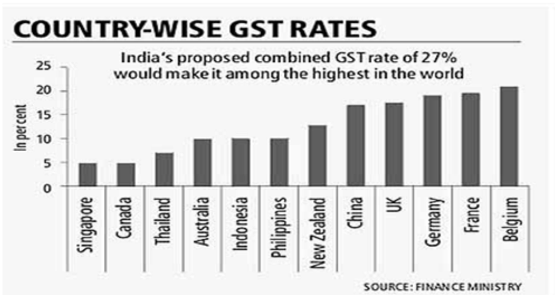
Sources: Times of India

Benefits of GST

- Overall reduction in Prices for Consumers
- Reduction in Multiplicity of Taxes, Cascading and Double Taxation
- Uniform Rate of Tax and Common National Market
- Broader Tax Base and decrease in “Black” transactions
- Free Flow of Goods and Services – No Checkpoints 6
- Non-Intrusive Electronic Tax Compliance System

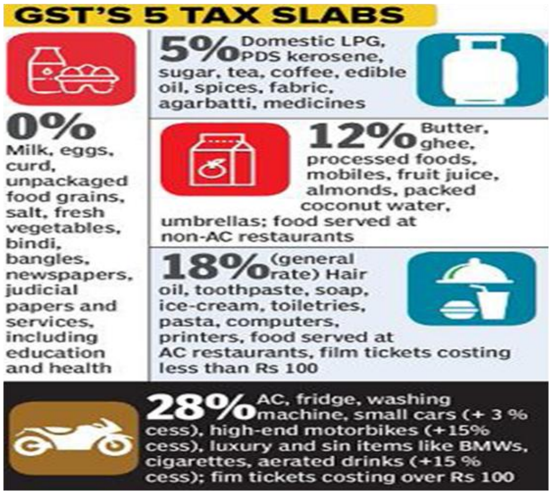
It will boost export and manufacturing activity, generate more employment and thus increase GDP with gainful employment leading to substantive economic growth. Ultimately it will help in poverty eradication by generating more employment and more financial resources. GST Will prevent cascading of taxes as Input Tax Credit will be available across goods and services at every stage of supply.

Figure: 2



Sources: The Hindu Newspapers.

Figure: 3



Sources: Times of India

Goods and Services Tax Network

Goods and Services Tax Network (GSTN) has been set up by the Government as a private company under erstwhile Section 25 of the Companies Act, 1956. GSTN would provide three front end services, namely registration, payment and return to taxpayers. Besides providing these services to the taxpayers, GSTN would be developing back-end IT modules for 25 States who have opted for the same. The migration of existing taxpayers has already started from November, 2016. The Revenue departments of both Centre and States are pursuing the presently registered taxpayers to complete the necessary formalities on the IT system operated by Goods and Services Tax Network (GSTN) for successful migration. About 60 percent of existing registrants have already migrated to the GST systems. GSTN has already appointed M/s Infosys as Managed Service Provider (MSP) at a total project cost of around Rs 1380 crores for a period of five years.

Example of GST Calculation

Let us assume that the GST is set at 5% Suppose that the manufacturing cost of a Product A is 100 and assuming a GST of 5% the total amount is Rs. 105 The next step of taxation would be when the Product is sold to consumers, let’s say at a price of 150. So the GST will charge another 5% on just the difference of Rs. 150 and Rs. 105 i.e. only 5% on Rs. 45 which is equal to Rs. 2.25. So the final price is Rs. 150 + Rs. 2.25. Unlike the case of petrol pricing there is no tax on a tax now. This eliminates the cascading effect of taxes which is very prevalent in our economy and has been simplified to an elemental level in the example. Since the GST will be applied at every step of value creation it will be very difficult for black money owners to participate anywhere in the value chain with the GST without accounting for all other transactions.

Positive Impact of GST

All most every industry body are "fully prepared" for implementation of the new indirect tax regime, while commending the government's efforts towards its rollout. The nationwide GST will overhaul India's convoluted indirect taxation system and unify the over $2 trillion economy with 1.3 billion people into a single market.

The medium-term impact of GST on macroeconomic indicators is expected to be extremely positive. Inflation will be reduced as cascading of taxes will be eliminated. Assoc ham president Sandeep Jajodia said India would move many notches up the global ease of doing ladder by this single, but the most important tax reform in the country.

Negative Impact of GST

India has adopted dual GST instead of national GST. It has made the entire structure of GST fairly complicated in India. The centre will have to Coordinate with 29 states and 7 union territories to implement such tax regime. Such regime is likely to create economic as well as political issues. The states are likely to lose the say in determining rates once GST is implemented. The sharing of revenues between the states and the centre is still a matter of contention with no consensus arrived regarding revenue neutral rate. Pre GST service tax of 15%, which would increase to 18-20% in post GST? Hence, although prices of goods and products can come down, service industry will bear the brunt of higher taxes. Air travel, hotels would become more expensive. Currently, economy class tickets are taxed 6% and non-economy class tickets are charged 9%. Once GST is implemented, it would increase to 18%, thereby leading to direct increase of 9-12% tax on the tickets. Unless the airlines absorb this increase, the additional tax has to be paid by the consumer.

1. Proposed GST Rate Is Higher Than VAT

The rate of GST is proposed to be higher than the current VAT rate in India, which although reducing the price in the longer run, will be of no help in cutting down prices of commodities.

2. Dual Control

A business will be indirectly controlled by both the Centre and the State in all tax related matters. TheState will lose autonomy to change the tax rate which will be regulated by the GST Council.

3. Loss Incurred By the Manufacturing States

Since GST is mostly related to the manufacturing segment, most manufacturing states may incur losses But the government has proposed to compensate for those losses for a period of 5 years.

Conclusion

There are approx. 140 countries where GST has already been implemented. Some of the popular countries being Australia, Canada, Germany, Japan, and Pakistan, to name a few. Implementation of GST impacts a nation both ways, positively and negatively. Ignoring negative aspects, positive aspects can be taken into consideration, in order to improve the economy of the country. In order to measure the Impact the GST we need to wait for the time and the Government needs to communicate more and more about the systems. It could be a good way to reduce the black money and good effort by the Government of India after the Demonetization of the money in 2016.

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THE IMPACT OF GOODS AND SERVICE TAX A STUDY

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Abstract
GST means Goods and Service Tax. Goods and Service Tax is a complete tax imposed on manufacture, sale and utilization of goods and service. It is mostly a substitute of all indirect taxes which imposed on goods and services by the Central and State government of India. Goods and Services Tax would be levied and collected at each stage of sale or purchase of goods or services based on the input tax credit process. The main objective of GST is One Nation, One Tax and One Market. Merging several Central and State taxes into a single tax would moderate pouring or double taxation, facilitating a common national market. Goods and Service Tax is a comprehensive tax levy on manufacture, sale and consumption of goods and services. GST is termed as biggest tax reform In Indian Tax Structure. The biggest benefit of GST is that it will unique tax evasion. With the execution of GST in India, the procedure for GST registration would be centralized and uniformed similar to service tax registration. The procedure for obtaining GST registration would be uniformed, thereby improving the easiness of starting a new business in India. Once GST is implemented in India, businesses with revenue of less than Rs.10 lakhs per annum would not have to index for GST nor collect GST.
Keywords: *GST, GDP, Service Tax, Input Tax, Indirect Tax, Goods.*

Introduction

The Rajya Sabha unanimously passed the constitution (22nd amendment) bill 2014, on 3rd August 2016 with 203 votes in favor. All parties, except the AIADMK, backed the bill. GST would be a comprehensive indirect tax on manufacture consumption and sale of goods and services throughout India, to replace taxes levied by central Govt. and state Govt. Administrative responsibility would be generally rest with single authority to buy tax on goods and services. Under the current system, levies are charged at multiple points and by different authorities, for example at the police at check points, by state Govt. agencies at inter-state borders. This encourages corruption, that a common nationwide tax is expected to eliminate. It is believed that it would make the tax procedure more fair, transparent and efficient. This system will have two components which will be known as: -

- Central Goods and Service Tax (CGST)
- State Goods and Service Tax (SGST)

The current taxes like excise duties, service tax, custom duty etc. will be merged under GST. The taxes like sales tax, entertainment tax, VAT, and other state taxes will be included in GST.

Definition of GST

GST means Goods and Service Tax

G – Goods, S – Service, T – Tax

"The Goods and Service Tax (GST) is a Value-Added Tax levied on most goods and services sold for domestic Consumption. The GST is paid by consumers, but it is remitted to the government by the businesses selling the goods and services. In effect, GST provides for the government".

Leaving of GST

GST will be levied on the place of consumption of goods and services. It can be levied on following states.

- Intra-state supply and consumption of goods and services.
- Inter-state movement of goods.
- Import of goods and services.

GST Bill?

Goods and services tax (GST) is defined as the tax levied when a consumer buys a good or service. It is proposed to be a comprehensive indirect tax levy on manufacture, sale and consumption of goods as well as service. GST aims to replace all indirect levied on goods and services by the

Indian Central and State governments. GST would subsume tith a single comprehensive tax, bringing it all under a single umbrella, eliminating the cascading effect of taxes on the production and distribution process of goods and services.

Challenges in the Implementation?

India is adopting a dual GST, namely the Central GDT (CGST) and state (SGST). The main hurdle in the implementation will be the coordination among different states. The Centre and States will have to come to consensus on the uniform GST rates, interstate transaction of goods and services, infrastructural requirements to implement the new tax reform, all of which needs to be worked upon for the smooth transition into GST pattern.

Function of GST

- The main function of GST is One Nation, One Tax and One Market.
- Merging several Central and State taxes into a single tax would lessen pouring or double taxation, facilitating a common national market.
- It is such type of tax till the final consumers will improve competitiveness oforiginal goods and services in the market which directly impact on GDP extension of the country.
- GST is a target based consumption tax based on VAT rule.
- GST will have two components namely Central GST levied by the Centre and State GST levied by the states.
- Petroleum products, alcohol for human consumption and tobacco have been kept out of the purview of the GST.
- The final consumer will have to bear only the GST charged by the last dealer in the supply chain.

Advantages and Disadvantages

1. GST Vs Non - GST

Table: 1GST Vs Non - GST

1. Manufacturing,2.Wholesale,3.Retail

(Amount in Rupees)

Particulars	In GST regime	In Non-GST regime
Manufacturer		
Purchase of Raw materials	100	100
Tax paid @10% of Raw materials	10	10
Value added to the materials	30	30
Gross Value of goods	130	130
Tax on output @10%	13	13
GST incidence on Manufacturer (13-10)	3	___
Wholesaler		
Purchase value of goods from manufacturer	130	143
value added(say 'margin')	20	20
Gross Value of goods	150	163
Tax @ 10%	15	16.3
GST incidence on Wholesaler (15-13)	2	___
Retailer		
Purchase price of goods from wholesaler	150	179.3
value added(say 'margin')	10	10
Gross Value of goods	160	189.3
Tax @ 10%	16	18.93
GST incidence on retailer(16-15)	1	___
Total GST on entire value chain(10+3+2+1)	16	___
Total Tax on entire value chain in full non-GST regime(10+13+16 .3+18.93)	___	58.23
Price of goods for the final consumer	166	208.23

Source: International Journal of Commerce, Business and Management (IJCBM), 2017.

2. Rate of GST

The most important thing for its impact and worth is the GST tax rate. The tax-rate under the proposed GST would fall, but the number of assesses would rise by 5-6 times. Although tax rate would come down, tax collection should go up due to increased tax elasticity. The government is working prolong on a special IT plat form for smooth execution of the proposed Goods and Service Tax (GST). The Arvind Subramanian committee expected revenue impartial rate of 15- 15.5% and suggested a standard rate should be in the range of 16.9 - 18.9% with a lower band of 16.9- 17.7% being the chosen option

Table: 2Current GST Rates of World Countries

Country	GST Rate
Australia	10%
France	19.6%
Canada	5%
New Zealand	15%
Singapore	7%
Japan	5%
Germany	19%

Source: International Journal of Commerce, Business and Management (IJCBM), 2017

3. Goods and Services covered under GST

All goods and services are likely to be covered under GST except the following

- Petroleum products – Five products namely Petroleum crude, high speed diesel, motor spirit (petrol), natural gas and aviation turbine fuel –Central Sales Tax
- Real Estate- Stamp Duty plus Property Taxes would be payable
- Electricity- Electricity Duty

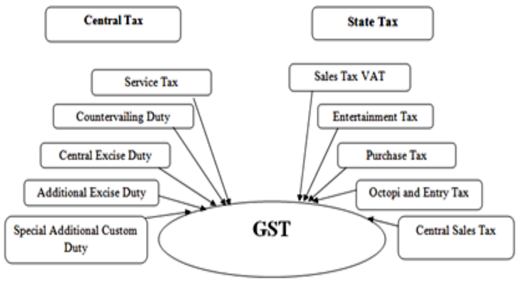
4. General Benefits of GST

The biggest benefit of GST is that it wills distinctive tax elusion. If you don't pay tax on sell, you don't get credit for taxes on your inputs. Also, you will buy only from those who have already registered and paid taxes on what they are supplying. As a result, a lot of currently dissident transactions will come over ground. Goods and services will cover lower tax rate on value totaling and set-off against taxes on inputs. At present we have more tax on lesser items of goods and services. But with GST, there will be less tax on more items. However the general benefits of GST are as follows:

- Understanding and maintaining easily
- Elimination of cross cascading
- Competitive development
- Optimization of GST rate and infrastructure
- Implementation of one and only sparkling tax system
- Reduction of overall tax burden

5. Integration of Multiple Taxes in GST

The proposed GST would include various central (Excise Duty, Additional Excise Duty, service tax, Countervailing or Additional Customs Duty, Special Additional Duty of Customs, etc.), as well as state-level indirect taxes (VAT/sales tax, purchase tax, entertainment tax, luxury tax, octopi, entry tax, etc). Once the Bill is passed in Parliament, there will only be a national-level central GST and a state-level GST straddling the entire value chain for all goods and services, with some exemptions.



Conclusion

GST, the biggest modification in India's indirect tax structure since the economy began to opened up 25 years ago, at last looks set to become truth. We, the Indian expect lot of hopes from government regarding introduction and execution of GST in India. GST will instantaneously spur economic growth after accomplishment in India.

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AN EMPIRICAL STUDY OF GST ON PHARMACEUTICAL SECTOR IN INDIA: CURRENT ECONOMICAL SCENARIO

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Introduction

Environmental Degradation on Human Health

The Millennium Ecosystem Assessment synthesis report notifies that the erosion of ecosystems could cause an increase in existing diseases like malaria and cholera, as well as a rising risk of new diseases emerging. The environmental factor affects our health in so many ways. The interaction between human health and the environment had been extensively premeditated and environmental risks have been verified to significantly impact human health, either directly by exposing people to harmful agents, and by disrupting life-sustaining ecosystems indirectly. For countries in the early stages of development the main environmental hazards to health are coupled with widespread poverty and severe lack of public infrastructure, such as access to drinking water, sanitation, and lack of health care as well as emerging problems of industrial pollutions are still ongoing after independence of 70 years.

Revenue Up Gradation on Goods and Services Tax (GST)

In India, the economic tool should provide the essential incentives to all different stakeholders to act in a sustainable way. To halt environmental dreadful conditions and associated health effects, economic instruments should aim to provide incentives for adopting preventive measures and refraining from polluting activities. Instruments for natural resources administration include standards and quotas, abstraction and contamination taxes, subsidies and tradable permits. Taxes, subsidies and quotas are all said to be fiscal policy instruments that can internalize the external costs created by natural resources apply and if set at the social optimal level can ensure full cost pricing of the environmental goods and services, a necessary condition for sustainability.

The manufacturing sector in India is not only overwhelmed with concerns ranging from turn down in exports and infrastructure spending but also with the load of complying with a complex indirect taxation system. Multiple indirect tax legislations have led to major compliance and administrative costs, categorization and valuation disputes and normally impaired the ease of doing trade in this sector. The execution of Goods and Services Tax (GST) is therefore critical and also required to give a boost to an already flagging pharma sector.

Some of GST key anticipated advantages are streamlining of tax payments, reduction in tax frauds, and ease of doing business. Merely 16% of the overall GDP have been contributed by the manufacturing sector in India. The implementation of nationwide GST replacing the plethora of taxes under the existing regime is a historic and transformational restructuring. The remunerations of GST are immense for the industrial manufacturing sector and some of the significant changes are pharmaceutical industry.

Understanding of Goods and Services Tax (GST):

Goods and Services Tax (GST) means *"an evolution of the current tax regime, trans-forming the complex and cascading structure into a unified value added system of taxation. Under this, a value added tax would be levied at every point of the supply chain providing for credit for any / all taxes paid previously."*

Keeping in line with the governance composition of the country GST would be levied simultaneously by the Centre and State (CGST and SGST respectively). GST is expected to replace most of the recent applicable indirect taxes, etc.

There are some general objectives which are expected by GST

- Making the Value chain tougher to ensure availability of input credit.
- To put control over additional taxation schemes.

- Making simple process of tax administration and compliance.
- Putting administration actions, tax base, laws into a line.
- Cutting extra numbers of tax slabs for avoiding classification complication.
- Putting all the states into an equality proportion.
- Increasing the tax base for strictly adherence.

GST in Indian Pharma Industry

In India, organizations in the pharmaceutical industry often rely upon third-party entities to manufacture finished formulations for and on their behalf. This planning is commonly referred to as a “job work” model or “loan licensee” model. Under the existing regime, tax obligations of parties under a job work model are comparatively clear and simple, namely:

- The principal supplies input material to the job worker’s locations with no tax implication and limited documentation.
- The job worker puts together the payment of excise duty on the manufactured formulations based on the MRP of said goods as declared by the principal.

This condition of obtaining permission could be time consuming, especially during the transition phase, and may generate operational and financial challenges for companies. The pharmaceutical trade has represented to the Government that present benefits should be grandfathered under the GST regime. One of the forms of the Government could consider if amenable to grandfathering such benefits is to require companies to pay GST on their finished goods, and then permit them to claim refund of benefits otherwise available in the applicable regime.

Impact of GST on Pharma Sector

With the implementation of GST, Medical Tourism is also estimated to grow manifold. India has a definite spirited advantage over the First world countries. Several studies have verified that the cost of health care package including accommodation and travel to India is about 30-40 percent of the similar medical management and procedures in First World countries. India brags of having one of the largest healthcare workforces with 50,000 or more doctors and nurses produced every year. As of today, there is a big hike in the country’s medical tourism

- If we compare the rates, now maximum applicable GST rate is 12% which is earlier 9.5% (including VAT that generates extra returns for Healthcare Industry. The revenue from medical tourism in the country has increased merely from $334 million in 2004 to $2 billion this year.

GST Rate Schedule for Pharma Goods

Like various other industries, the pharma industry was coming up with bated breath for the rates at which pharmaceutical products would be taxed under the GST regime which is going to rollout from July 1, 2017.As per considerations in the GST Council Meeting held on 18th May, 2017.The Council has largely agreed the GST rates for goods at nil rate, 5%, 12%, 18% and 28% to be levied on certain goods. The information is being uploaded instantly after the GST Council’s decision and it will be subject to further vetting during which the list may undergo some modifications. In summing up, this is the broad structure of rates for the pharmaceutical industry:

1. Glands and other organs for organo-therapeutic uses, dried, whether or not powdered; extracts of glands or other organs or of their secretions for organo-therapeutic uses; heparin and its salts; other human or animal substances prepared for therapeutic or prophylactic uses, not elsewhere specified or included.

2. Medicaments (excluding goods of heading 30.02, 30.05 or 30.06) consisting of two or more constituents which have been mixed together for therapeutic or prophylactic uses, not put up in measured doses or in forms or packings for retail sale, including Ayurvaedic, Unani, Siddha, homoeopathic or Bio-chemic systems medicaments.

4. Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses, put up in measured doses (including those in the form of trans dermal administration systems) or in forms or packings for retail sale, including Ayurvaedic, Unani, homoeopathic siddha or Biochemic systems medicaments, put up for retail sale. 1.Nicotine polacrilex gum

Pharma Sector - Before and After GST

- Previously, the tax rates depended on VAT and Excise duty; in which excise duty was 6% of 65% of the MRP. On few medicines such as ORS, Insulin and Vaccines (excise duty was applicable and it was 5%) GST is unchangeable. The medicines capped 5% tax rate need not change the price tags.

+ Excise duty). It hiked the rate by 2.30%. Over pre-GST prices, which created the more burdens on patients buying medicines.

- No clarification has been provided by the government on the subject of manufacturers operating in excise-free manufacturing zones paying extra tax under GST. Most of these manufacturers are competitive in the pharmaceutical industry is due to the excise profit as they are situated in remote places.
- Earlier, Ayurvedic drugs or medicines were charged an average VAT of 4% and excise of 1.5% due to the excise free manufacturing zone benefit. Under GST, Ayurvedic medicines could get costlier as they would be taxed at the rate of 12%.

Some examples of Health-care Products in the List of Expensive Category:

Items	Pre-GST	Post-GST
Surgical Item	5.5%	12%
Wing Scale	5%	28%
Hot Water Bag	5.5%	28%
Wheel Chair	5%	18%

There are two important things that have changed are the manufacturing price - many raw materials for API and products have jumped from 5% VAT bracket to 12% GST bracket and a lot of medicine salts/compounds have changed from 5% to 12% GST bracket. Also there are a lot of additional food and medicine supplements which have moved from 12.5%-15% to 18 and 28% brackets, marking a record hike in price. For this, we need exact understanding of the margins at which the supply chain operates. The C&F agent operates at 4-6% margin on MRP, distributor wholesaler operates at 7-8% margin on MRP and retailers at 20% margin on medicines.

As the GST sets in, pharmaceutical companies have to pay additional in manufacturing cost as raw material cost, which goes up by 7% and hence the MRP of the product need to be changed to absorb that impact. While discussing about the overall impact of GST to end consumer, as manufacturing cost is between 10-15% of product MRP, the GST impact to the end

Conclusion

The Indian government has taken many remedies to reduce costs and bring down healthcare expenses. Speedy introduction of generic drugs into the market has remained in focus and is expected to benefit the Indian pharmaceutical companies. In addition, the thrust on rural health programmes, lifesaving drugs and preventive vaccines also largely augurs well for the pharmaceutical companies.

On the whole, GST is broadly benefiting the pharma industries. It will generate a level playing field for generic drug makers, boost medical tourism and modifying to simplify the tax structure. If there is any concern whatsoever, then it relates to the pricing structure. The pharma sector is hoping for a tax respite as it will create affordable healthcare easier to access by all.

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A STUDY ON THE ARGUMENTS AGAINST GOODS AND SERVICES TAX

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Abstract
Goods and services tax is a global tax system. It is practiced world over. This was initiated as an idea in the fading decades of the twentieth century. It is the logical conclusion of simplification and rationalization process initiated at the behest of corporate monopoly capitalism. In the Indian context, the timing of its introduction combined with the demonetization measure. It shows the unflinching support of the Indian ruling class for the consolidation of gains the national and international capital made in the foregone decades. With curtailing of taxes, burgeoning concessions in the finance, laws and procedures, and concentration of government power in central government, even curious onlookers might be baffled at the unfolding of events. This paper pieces together various arguments at different levels against the Goods & Services tax. And these arguments are from the angles of Economics and Politics.

Introduction

The business world over are subjected to various types of taxes at various levels and by various authorities. There are a lot of representation from the business world for the simplification and reduction of tax burden. It is widely held that a major reason for the temptation for black money comes from higher rates of taxation. A cut in the tax rates is perceived to hike the tax revenue of the authorities. India, pursuing the globalization policies since the mid-1980s has undergone many steps in the simplification and rationalization process. The introduction of Value Added Tax (VAT) was a step towards this. This taxation method wanted to do away with multiple levying of the same tax by different authorities for the full value of the product. The VAT was a progressive step in the tax rationalization, since tax was levied on the value added at subsequent levels. Freight equalization scheme was yet another move for the rationalization as well as the equality in market competition. Final step in the rationalization and simplification of taxation was the introduction of GST.

Wilhelm von Siemens, a German businessman conceptualized the GST in 1920s. France was the first country to introduce the GST in 1954. The GST or VAT is used in 160 countries in 40 models. Under this method, there are two types of beneficiaries, Central government and State governments. Their shares are known as Central GST and State GST. The tax rate is common for the same good or service all over the country. However, different rates for different goods and services do exist. And more-over, large tax paying goods and services are exempted from the purview of GST. More importantly petroleum products, gems and jewellery and hospital services are in the excluded list.

GST in India

The Goods and Sales tax was accepted as a concept during the 2004. And it was put in cold storage for some time. And it is approved by the Indi an parliament through a constitutional amendment. Now the government is implementing the tax through the 'GST state council'.

In India, GST is not a single taxation system. Most of the goods and services come under the net of GST, while certain goods like petroleum, gems and jewellery have the old multiple taxes and certain local taxes like entertainment taxes remain on cinema and others.

The GST subsumes the following 16 taxes.

Central government taxes

1. Central Excise duty
2. Duties of Excise (Medicinal and Toilet Preparations)
3. Additional Duties of Excise (Goods of Special Importance)
4. Additional Duties of Excise (Textiles and Textile Products)
5. Additional Duties of Customs (commonly known as CVD)
6. Special Additional Duty of Customs (SAD)
7. Service Tax
8. Central Surcharges and Cesses so far as they relate to supply of goods and services

State level taxes

1. State VAT
2. Central Sales Tax

3. Luxury Tax
4. Entry Tax (all forms)
5. Entertainment and Amusement Tax (except when levied by the local bodies)
6. Taxes on advertisements

Taxes on lotteries, betting and gamblingm State Surcharges and Cesses so far as they relate to supply of goods and services.

Arguements against GST

This paper attempts to study these arguments on their merit. And it also studies the spread of GST in other countries, GST as it implemented in India, perceived merits and hitherto results of tax mobilization.

Theoretically there are arguments against GST leveled at different angles.

1. Politics: this move is against the spirit of federalism & berefts the state governments of their right to levy taxes.
2. Economics: the share of the state governments are not guaranteed forever : the state governments have no right to alter the tax rates: : there will be a growth of 'under-ground economy' and 'de-growth of over-the- board economy' ; there will be hike the price levels and subsequent hike in inflation in a healthy economy: the business will indulge in black money creation & almost non-existent border check posts will foster tax evasion

Arguments from the angle of Politics

India is a federalism with different levels of administration or government. There is a Union or central government at the all india level. And the there are 26 state level governments. And under the state governments, there are thousands of local self governments. Each level of the governments, have their own powers and responsibilities. After the adoption of the Indian constitution, there were concerted to snatch away the powers of the state governments.

The AIADMK objected to the GST, among other political parties. Mr. Navaneethakrishnan submitted his dissenting note at the Select committee report at the parliament. The section of note is as follows:

1. "GST Council as a constitutional body impinges on the legislative sovereignty of both Parliament and the State Legislatures. It also completely jeopardizes the autonomy of the States in fiscal matters. In spite of our repeated objections, the present Bill also envisages the formation of the GST Council. We strongly object to the provision for the GST Council".
2. "Furthermore, the decision making rule and voting weightage in the proposed Council are completely unacceptable. They give the Government of India an effective veto in the GST Council and no distinction is sought to be made amongst the States in weightage."
3. For the last few decades, the central government goes on to usurp the powers of the state governments. "State legislature has exclusive powers over subjects enumerated in List II of the Seventh Schedule of the Constitution and concurrent powers over those enumerated in List III. Financial powers of legislature include authorisation of all expenditure, taxation and borrowing by the state government. Legislative assembly alone has power to originate money bills. Legislative council can make only recommendations in respect of changes it considers necessary within a period of fourteen days of the receipt of money bills from Assembly. Assembly can accept or reject these recommendations."
4. Further, the central government continues to usurp the powers of the state governments. This has been rightly pointed out in the CPIM document. It says as follows: "Not only have the earlier transfer of State subjects, such as education, to the Concurrent List been left unreversed, but further intrusions have also been made into the State List in terms of proliferation of the so-called Centrally Sponsored Schemes".

Arguments from the angle of Economics

An economic perceptive of GST should take into account the current state of the economy. And the state of economy is not promising as brought out by the Indian government itself. Compared to the last year, there is at least 2 % drop in the GDP growth rate. It has been reported in the media thus, GDP growth in the "First quarter of the current fiscal ended June to 5.7 per cent, as compared to 7.9 per cent in the same period a year ago". And this was the result of the bad manufacturing growth at 1.2%. this was contributed largely by the poor performance of the private corporate sector. Again the growth rate is largely exaggerated with new base series. More importantly the Trump administration pursues a 'be American, buy American ' polcy. This would create concerns for our exports. The slump in the economy was not just because of the general global slow down, but accentuated by the demonetization move.

1. GST has hiked the prices of goods and services over the board. And it is annoying that india is charging the highest tax rate in the whole world. While most of the countries have an average of 15%, Indian rate is on an average of 20%, and it has the peak rate of 28%.
2. The exclusion of petroleum products from the GST is a clear sign that the government has no inclination to curtail the price hike and inflation. After a lull in the consumer price, there is quickening in prices. An economist says, "The August numbers signify a supply shock caused not just by floods-related disruptions but also because of an inherent slowdown as indicated by July factory numbers," said Rupa Rege Nitsure, chief economist at L&T Finance Holdings Ltd. "This isn't a signal to RBI to raise rates. Instead it's a clear signal that the slowdown has become more acute."
3. Sudden reduction in the tax returns is a cause of serious worry. And the media reported that the "government said that upto september 25, the total GST revenue collection was RS.90,669 as against Rs.94,063 crore up to august 31". The GST council was convened on the 6th of October,2017 to discuss these. It was expected to cut the rates.

Conclusion

This paper attempted to trace the arguments against the Goods and services taxes. And these arguments are raised at the level of politics and economics. This study proved that there are substantial truth in the arguments against the GST. This taxation is against the very principle of federalism and economic well beings of the majority.

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IMPACT OF GST ON AGRICULTURAL SECTOR

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Abstract
This paper explains the Goods and Services Tax is a single and a broad based tax levied on goods and services consumed in an economy. Agricultural sector has been the root of Indian economy and it contributes to around 16 per cent to GDP. About 52 per cent of the total rural livelihood depends on this sector as their primary means of livelihood, so it is important to study the impact of GST on the Agriculture sector. GST will have both positive and negative effect on Agriculture. GST is expected to create a business friendly environment, as price level and inflation rate go down. Good and Service tax has single tax structure as it leads to unified market at national level for goods and services. The implementation of GST is expected to bring uniformity across states and centre which would make tax support policy of a particular commodity effective. Good and Services Tax (GST) was predicted to have a simple harmonized tax structure with operational ease leading to a single unified market at national level for goods and services while ensuring that there is no negative revenue impact on the states.

Introduction
The agricultural sector is the largest contributing sector the overall Indian GDP. It covers around 16 per cent of Indian GDP. One of the major issues faced by the agricultural sector is the transportation of agri-products across state lines all over India. GST will resolve the issue of transportation. The implementation of GST would have an impact on many sections of the society. One of the major issues faced by the agricultural sector is the transportation of agriculture products across state lines all over. It is highly probable that GST shall resolve the issue of transportation. GST may provide India with its first National Market for the agricultural goods. There are a lot of clarifications which need to be provided for rates for agricultural products. Special reduced rates should be declared for items like tea, coffee, and milk under the GST.

What is GST
GST stands for “Goods and Services Tax” and is proposed to be a comprehensive indirect tax levy on manufacture, sale and consumption of goods as well as services at the national level. GST is an idea on which allthe indirect taxes (by central government, state government and custom duties) will be subsumed into a common single GST. The proposed GST is expected to

Streamline the indirect tax regime. It contains all indirect taxes levied on goods, including central and state-level taxes. Act as an improvement on the VAT system, a uniform GST is expected to create a seamless national market. GST seems to be more comprehensive, compliable, simple, harmonized and development oriented tax system. Main aim of GST is “one nation, one tax”. From the consumer point of view, the biggest advantage would be in terms of a reduction in the overall tax burden on goods, which is currently estimated to be around 25-30 per cent (Central Board of Excise and Custom). Introduction of GST would also make Indian products competitive in the domestic and international markets. After GST, when a single taxation procedure will roll out we can say that inflation will come down. We can expect that the rate of taxation on necessary materials like agriculture product, medicines will be low or must be exempted. It will spread the positive energy to the people of the nation.

Current Tax Laws
There are certain food items like rice, sugar, salt, wheat, flour which are exempted from CENVAT. Under the state VAT, cereals and grains are taxed at the rate of 4 per cent. Agricultural products go through a lot of licensing and a number of indirect taxes (VAT, excise duty, service tax) under the current tax laws. State VAT is currently applicable to all the agricultural goods at each state; it passes through prior to final consumption. Although there are certain exemptions available from state VAT for certain unprocessed food products like meat, eggs, fruits, vegetables etc.

National Agricultural Market (NAM)
A scheme for the promotion of National Agricultural Market (NAM) is introduced by the central government. Involving all the farmer and traders in the regulated markets with a

common e-commerce platform for a transparent, impartial trade of agri-commodities can be termed as National Agricultural Market. Due to the different state VAT and APMC (Agricultural produce market committee) laws, implementation of NAM scheme would be challenging. GST is crucial for creating a path regarding the successful implementation of NAM. Most of the indirect taxes levied on agricultural products, would be subsumed under GST. GST would provide each trader, the input credit for the tax paid on every value addition. This will create a transparent, hassle-free supply chain which would lead to free movement of agri-commodities across India.

Most of the agricultural commodities are perishable in nature. An improved supply chain mechanism due to GST would reduce the time taken for inter-state transportation. The benefit of reduction in time would be passed on to the farmers/retailers. Some states in India like Maharashtra, Punjab, Gujarat, Haryana earn more than Rs 1000 crores from charging CST/OCTROI/Purchase Tax. GST would subsume all the above taxes. Hence these states would need to be compensated for the loss of revenue.

Impact of GST on Agricultural Sector

GST is essential to improve the transparency, reliability, timeline of supply chain mechanism. A better supply chain mechanism would ensure a reduction in wastage and cost for the farmers/retailers. GST would also help in reducing the cost of heavy machinery required for producing agricultural commodities. Under the model GST law, dairy farming, poultry farming, and stock breeding are kept out of the definition of agriculture. Therefore these will be taxable under the GST.

Fertilizers an important element of agriculture was previously taxed at 6 per cent (1per cent Excise + 5 per cent VAT). In the GST regime, the tax on fertilizers has been increased to 12 per cent. The same impact is on Tractors. Wavier on the manufacture of Tractors is removed and GST of 12 per cent has been imposed. This is beneficial as now the manufacturers will be able to claim Input Tax Credit India’s milk production in 2015-16 was 160.35 million ton, increased from 146.31mt in 2014-15.Currently, only 2 per cent VAT is charged on milk and certain milk products but under GST the rate of fresh milk is NIL and skimmed milk is kept under 5 per cent bracket and condensed milk is going to be taxed at the rate of 18 per cent. Tea is probably one of the most crucial items in an Indian household. The price of tea might also increase due to the tax rate of 5 per cent under GST rate from the current average VAT rate of 4-5 per cent with Assam and West Bengal with the exception of 0.5 and 1 per cent.

Conclusion

An increase in the cost of few agricultural products is anticipated due to the rise in inflation index for a brief period. Though, implementation of GST is going to benefit a lot, the farmers/ distributors in the long run as there will a single unified national agriculture market. GST would ensure that farmers in India, who contribute the most to GDP, will be able to sell their produce for the best available price.

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GST ON THE HOSPITALITY INDUSTRY AND ITS IMPACT ON CONSUMERS

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Abstract
The hospitality industry was swamped by multiple of taxes i.e., Service tax, luxury tax and VAT which ultimately results into cascading effect. The three taxes that are levied are the VAT and luxury tax by the States and service tax by the Centre. The VAT rate varies from state to state (generally levied between 12% to 14.5%), luxury tax depends on the room tariff and the state.

The GST, once implemented, is expected to rationalise indirect tax structure The GST bill will prove to be beneficial to the government, the producer and the ultimate consumer. To the government, it will benefit, as the increased uniform rates will ensure better returns. To the producer, the work will be easier as there will be lesser paper work and reduction in filing which will allow them to concentrate their time and effort on the business. But, to the consumer, the GST bill will have the effect of a double-edged sword. The consumer benefits because of the elimination of various direct and indirect taxes, and also the additional tax that they would have to pay for the services rendered. As the tax rates increase, the consumers will only reduce dining out, which in turn will bring down the revenues to this sector. Hence this study is aimed to know the expected positive and negative impact of GST on the hospitality industry on consumers.

Keywords: *GST, Hospitality industry, Unified tax, prior and post GST.*

Introduction

Hospitality industry is a versatile field encompassing accommodation and entertainment services, accounting, food and beverage, event management and above all, guest satisfaction. The industry provides for 6.23% to the national GDP and 8.78% of the total employment in the country. With that, there comes an imperative need for this industry to walk hand-in-hand with latest updates of the market, and seek for all-inclusive technology solutions which can help them in governing their hotels and restaurants effectively. Wider the utility, greater their exposure towards taxation and other compulsions from the government authorities. Along these lines, the Indian hospitality industry gives way to heaps of levied taxes and scores of highly paid services. So, as India warms up for GST, the hospitality industry should get ready with GST accommodating hotel software. The impact of GST will go far and wide, enabling everyone, right from a manufacturer and a supplier to distributor and consumer to give their part in improving the country's economy.

The world of tax and tax administration is now seeing some drastic changes that are affecting everybody, be it the producer, retailer, or the ultimate consumer. First time GST was implemented in France in 1954 and about 140 countries have adopted GST. The idea of GST in India was initiated on 1st July 2017. GST is an indirect tax which will be subsumed most of the indirect taxes levied by center & state like center taxes include center excise duty, additional excise duty, service tax, center sales tax, countervailing duty and special additional duty of customs as well as state taxes including value added tax/sales tax, entertainment tax, and entry tax, purchase tax, luxury tax, taxes on lottery, betting and gambling but custom duty will not be subsumed in GST.

GST is an indirect tax levied on goods and services from manufacturer to consumers. Under GST, uniform tax will be levied on manufacture, sale and consumption of goods and services. GST will be paid only on value addition at each stage by deducting taxes already paid at each stage so cost for consumers will be reduced by input tax credit and reduction in cascading effect on taxes. Canadian model of dual GST system will be implemented by Indian government. The two components are: Centre Goods and Service Tax (CGST), State Goods and Service Tax (SGST)

Methodology

The study is purely based on the secondary data for the study which includes the provisions of GST and it's after tax effects on the consumer.

The sources of secondary data are Government reports, news articles, official reports by recognised organizations of the hospitality industry and other sources available on the internet.

Statement of the problem

A country that is filled to the brim with various cultures, traditions and spectacular natural and man-made heritage, India is a major attraction to tourists for various purposes, be it, pilgrimages, vacations or even for the purpose of business. This increase in travel and tourism is a sign of the growth of the hospitality industry which has been witnessing in the recent past. The hospitality industry is a major source to the revenue of the country. The development and maintenance of this sector is necessary for the increase in the national GDP.

Objectives of the Study

- To highlight the impact of the Goods and Service Tax (GST) on the hospitality industry.
- To know the effect of taxes prior and post GST implementation.
- To suggested recommendations based on the effect of GST.

The impact of GST on the Hospitality industry

Hotels and lodges with a tariff less than 1000 INR will be exempted from GST, whereas those having their tariff between1000 to 2500 INR will attract a GST of 12 percent. The hotels having tariffs in the range of 2500 – 7500 INR will be imposed a GST of 18 percent, whereas luxury and 5-star hotels will be imposed a huge GST rate of 28 percent, bringing a dampening effect on the sector.

Table1: Tariff Range

Tariff Range	GST Rate
< INR 1000	No tax
INR 1000 – INR 2499	12%
INR 2500 – INR 7499	18%
> INR 7500	28%

Many hotels, nowadays, have some sort of dynamic pricing (done manually), which fluctuates depending on demand and supply. Now since the GST also varies depending on the tariff, hotels need to ensure that their billing system or PMS is able to alter the tax as per the pricing of the room across all their distribution channels. The first few months may require some double checking, but PMS software, such as Hotelogix is already GST ready to make the transition trouble free for hotels.

A slight relief to the luxury hotel segment is that the GST on their restaurants has been revised. Initially, the council planned to impose a GST of 28% on the restaurants at luxury and five-star hotels, but after a lot of opposition from the Indian hospitality sector they brought it down to 18%. Thus there wouldn't be much of a difference to what customers would be paying, if anything it works in the guest's favor.

Luxury hotels may see a drop in occupancy in the coming months since there would be a significant increase in their pricing, but for the other hotels, it would pretty much be work as usual, apart from just double checking that the GST norms are being followed accurately.

Additionally, the Food and Beverage (F&B) sector is going to have a neutral to marginally positive impact due to GST depending on the restaurant's turnover and services they offer. Owing to the high abatement rate of 60% in the sector, the overall tax comes close to 18.5-20.5% currently. Therein, a major impact will fall on AC restaurants inside 5-star and luxury hotels, which have attracted a GST of a whopping 28%. Here is how the restaurant industry will fall under GST.

Table 2: Turnover & Services

Turnover & Services	GST Rate
< INR 50 Lakh	5% (Optional)
Non-AC Restaurants, Restaurants Without Liquor License	12%
Restaurants with AC or Central Heating	18%
Restaurants Serving Alcohol	18%
AC Restaurants Inside 5-star Hotels & Above	28%

The implementation of GST has more positives than negative, with the elimination of multiple direct and indirect taxes, the consumer will only benefit. As the tax rates are stabilized and made uniform, the hospitality industry will see a rise in revenue.

The GST bill will prove to be beneficial to the government, the producer and the ultimate consumer. To the government, it will benefit, as the increased uniform rates will ensure better returns.

To the producer, in this case the hospitality industry, work will be easier as there will be lesser paper work and reduction in filing which will allow him to concentrate his time and effort on the business. Finally, to the consumer, the GST bill will have the effect of a double-edged sword. As the consumer benefits because of the elimination of various direct and indirect taxes, and also the additional tax that they would have to pay for the services rendered. As the tax rates increase, the consumers will only reduce dining out, which in turn will bring down the revenues to this sector.

The impact of GST on the hospitality industry is positive but not without adverse effects. It is a good step for the government to implement GST for the benefit of the consumer and the country at large.

Effect of taxes prior and post GST

As per the prior tax regime the government has set 5.6% as VAT and 12.5% as service tax on the hospitality sector which is payable by the consumer. It is a generally observed that the consumer is ignorant of the taxes he pays but still criticizes for having to pay a part of their bill in a restaurant on tax. The differential taxes create a cascading effect on the payment of tax for the consumer and thus become a burden for him. The consumer often has to pay many unnecessary taxes, which are billed to him under various heads. He falls prey to the payment of excess taxes under this regime.

Table 3: Prior GST

Sub-total	2000
Service charge @10% (2000*10%=200)	200
VAT@ 12.5% (2200*12.5%=275)	275
Service tax @12.36% (on 40% of bill, excluding VAT) (2200*40%=880) (880*12.36%=108.76)	108
Net amount	2584

Source: Tarini, 2014, March -switchme.com

With the implementation of the GST, the consumer of the hospitality sector will be free from these additional heads of tax. The hospitality industry is positive that the tax regime will helps to reduce multiple taxation and giving a significant boost to the hospitality and tourism industry. It will give him the opportunity to pay only what he is entitled to and reduce the burden of the cascading effect of tax. Conversely, if the GST rate is set at the assumed rate of 16%-20%, the consumer will face a heavy tax burden, as he will be paying a major portion of the invoice as tax. This will in turn reduce the revenue of the producer, which will ultimately affect the government.

Table 4: Post GST

Sub-total	2000
Service charge @10%(2000*10%=200)	200
VAT (assumed 18% under GST)(2200*18%=396)	396
Net amount	2596

Assumption: tax rate is assumed to be 18%

From the above two tables the effect that the tax rates will have prior and post GST. Even after subsuming the various tax heads under one there is no much difference. This example assumes the GST rate to be at the lower limit of 16% but if it is set higher than the consumer will have to bear a heavy tax burden.

Suggestions

- It is a matter of importance that setting a limit to the increase in tax rates, the government could charge a nominal tax, which will help the consumer by reducing the tax burden and at the same time provide a source of revenue for the country.
- The government takes into consideration the views of the consumers and the Owners Association of the hospitality industry while setting the tax rates.
- The government could take the necessary steps to minimise the technological burden and cost
- for compliance.
- the GST rate may be exempted for the units to be set up within Special Tourism Zones

Conclusion

Hospitality industry is one of the prominent sources of revenue to the country; the government must take steps in order to help the hospitality industry in keeping their revenues. It will be beneficial for all the parties involved in tax regime i.e. the government, the producer and the consumer, if the GST rate is standardised for the hospitality industry at a convenient rate.

The lacunas in the present regime of indirect taxation in India demands for the major breakthrough in this field for facilitating the ease of doing business effectively and efficiently. GST is going to be pinnacle which aims at evolving an efficient and harmonized consumption or destination based tax system and will remove the problems faced by the hospitality industry leading to cost optimization and free flow of transactions.

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GOODS & SERVICE TAX IMPACT ANALYSIS ON VARIOUS SECTORS

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Introduction

India's looming the new regime of Goods & Service Tax ("GST"), a modern tax reform which will usher in growth and opportunities for businesses in India. It is a tax trigger, which will lead to business transformation for the industry. It will have a far-reaching impact on business avenues, compelling organizations to realign bottlenecks such as production cost, production time, supply chain, compliance, logistics etc. with changing indirect tax structure.

GST is a value added tax where tax is imposed only on the value added at each stage in the supply chain. It is levied at all points in the supply chain. Credit is paid for acquiring inputs used in making the supply. In India GST is defined as "tax on supply of goods or services other than alcohol for human consumption". In simple language, GST is a single tax on all goods and services in the entire economy.

The GST council has approved the rates of taxes on goods and services in its 14th council meet held on May 18, 2017. The rates of individual commodities were taken up for consideration in the four approved slab rates i.e. 5%, 12%, 18% and 28% with additional cess for demerit and luxury goods.

In the 14th meeting of the Council, about 60% of the items will be in either the 12% or 18% tax brackets. Only 19% of the items will be in the 28% slab, the highest rate.

Among all, the logistics sector, comprising inbound and outbound segments of manufacturing and services supply chains, is likely to get the much-needed boost. However, all major business dynamics will have to be thoroughly analyzed to assess the impact of GST on businesses.

Manufacturing

The manufacturing sector in India is not only plagued with concerns ranging from decline in exports and infrastructure spending but also with the burden of complying with a complex indirect taxation system. Multiple indirect tax legislations have led to significant compliance and administrative costs, classification and valuation disputes and generally impaired the ease of doing business in this sector.

The implementation of GST will significantly improve the competitiveness and performance of India's manufacturing sector.

For most industrial products, GST rates have been slated at 18%. Today a manufacturer pays about 28-30% as taxes, so this means an average saving of around 10%.

State Incentives & Area based incent

- Increased working capital
- Free supplies & Discounts
- Supply chain restructuring

E-Commerce

Currently, the federal indirect tax structure with different tax regimes in various states has led to confusion and uncertainty on the tax treatment of online marketplaces and aggregators. GST will help remove the ambiguity that currently exists in this sector and insulate such operators from ad hoc laws and arbitrary levies imposed by state governments. However, it may result in higher compliance challenges for the e-commerce sector. Under the new regime, every electronic commerce operator would need to collect tax at source and deposit applicable GST when payments are to be made to the supplier.

In the current regime, e-commerce players are treated only as service providers and are therefore required to comply with only one central service tax legislation. Under GST, with the burden of TCS @ 1%, such electronic commerce operators will also be required to undertake additional compliances in states where the supplier is located.

However, it has been kept at 1%, which is the lowest. Thus, E-commerce consumers are likely to remain unaffected once GST sets even as players like Flipkart and Amazon prepare to deduct 1% of the payment it makes to sellers under the new tax regime. This will not significantly increase the onus and compliance burden on electronic commerce operators.

- Compliance costs
- Stock transfers to be taxed
- Credit available only when tax is paid

Real Estate

Indian real estate sector is estimated to account for about 5% of India's gross domestic product and is considered the second-largest employer in the country. Real estate sector is already subject to multiple taxation, the implementation of GST is theoretically expected to help the consumers and builders. The GST regime will be a game changer for real estate sector and the 12% GST on construction projects meant for sale to buyers will boost the sector.

Banking

Banks have always been a huge pillar of the Indian economy and taxpayers are literally banking on them for financial needs. In India, most of the banking and financial services are exposed to service tax, at the rate of 15%. Under the new tax regime, GST rate for financial services transactions, such as banking, mutual funds, insurance and stock broking has been increased to 18% from 15% earlier. Thus, financial services transactions to become marginally costlier.

GST applies to all services wherein there is a supply of services for consideration. So, in banking transactions such as credit card payments, fund transfer, ATM transactions, processing fees on loans etc., where the banks are levying charges, increased tax rates would apply. This would have a slight inflationary impact.

Automobiles

Buyers of passenger vehicles in the premium segment will be key beneficiaries of GST, which will reduce the effective duty on such models. Prices of small cars will more or less remain the same as their will only be a minor hike in the duty under the GST.

Cars will be taxed at the top rate of 28% plus a cess in the range of 1% to 15%. Small cars will be charged 1% cess on top of 28% tax; mid-sized cars will attract 3% cess and luxury cars 15% cess on top of the peak rate. A current levy of Indirect taxes on cars varies from 30% to 45%. The rates of GST are as per the expectations of the industry and almost all segments of the industry have benefitted by way of a reduced overall tax burden in varying degree.value chain will reduce the cost. By and large, the impact of GST may be positive for car segment of automobile sector. There will be several key beneficiaries of GST including some really giant companies.

Industry experts opine that GST will lead to the dropping of on road price of vehicles by 8%. Lower prices can be construed as indirect stimulus to boost volumes. Key beneficiaries would be Maruti Suzuki, M&M and Either Motors.

Agriculture

The implementation of GST would boost the economic growth by the means of wider tax base, compliance in tax payment and by pushing balance of trade on favorable side. One of the most radical decisions taken at the GST council meet was to fix the applicable GST rate at zero per cent for most of the primary farm produce. The central government currently taxes neither production/sale of farm produce nor agricultural incomes. Under GST also, there will be no VAT and the cesses too are supposed to be subsumed within the zero per cent GST. Thus, there will be no impact of GST on the farming community.

Pharmaceuticals

The Indian pharmaceutical industry is the principal supplier of generic drugs all over the world, with 80% of all AIDS drugs produced in India. The UN has provided licenses to six Indian pharmaceutical labs to make generic anti-AIDS medicine for all the developing nations. Indian pharmaceutical companies manufacture 20% of all generic drugs used around the world.

GST in India is likely to have a far-reaching impact on several aspects of business including pricing of products and services, supply chain, IT systems, accounting, tax compliance framework & re-skilling of talent. The pharmaceutical industry was hoping the GST rate on life-saving drugs would be zero, even as it has been capped at 5% and that of all other formulations at 12%. The rates in the GST regime are slightly higher than what prevail now.

FMCG & Retail

GST would have significant impact on the way businesses operate and one of the sectors which would be significantly impacted by GST is the retail sector. Its impact on FMCG firms will depend on their product mix, given that the tax rates have gone up for some products and have fallen for others.

The tax fitments announced by the GST council has evoked a mixed response from the FMCG sector, with some viewing it as positive, while many others have expressed disappointment.

Beverage companies, for instance, said the effective tax rate of 40% on sweetened aerated water and flavored water under GST was against the stated policy of maintaining parity with the existing weighted average tax, which is significantly below 40%. Aerated beverages have been placed in the highest tax slab of 28% and in addition will attract a cess of 12%. Apart from driving supply chain efficiencies,

Conclusion

The taxation of goods and services in India has, hitherto, been characterized as a cascading and distortionary tax on production resulting in misallocation of resources and lower productivity and economic growth. It also inhibits voluntary compliance. It is well recognized that this problem can be effectively addressed by shifting the tax burden from production and trade to final consumption. Thus, a flawless GST law in the context of the federal structure would optimize the effectiveness. GST is a well-designed destination-based value added tax on all goods and services which is the most elegant method of eliminating distortions and taxing consumption. Under this structure, all different stages of production and distribution can be interpreted as a mere tax pass-through and the tax essentially sticks on final consumption within the taxing jurisdiction. Further, the pattern of consumption will be the criteria for accrual of tax revenues to states. Accordingly, the tax collection will go the states having higher consumption as compared to the present system of collection by manufacturing states.

The GST Council finalized the tax rates for most of the goods and services and has backed the 1 July deadline for rolling out the unified indirect tax that will help create a single national market and ensured that items of mass consumption bear the least tax burden. Thus, based on the current tax rates (central excise and VAT) for key product segments across sectors and the finalized GST rates, we expect most sectors to gain or otherwise in a limited way.

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IMPACT OF GST ON SERVICE SECTOR

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Abstract
This paper reveals that the Goods and Service Tax in India. By subsuming all these to provide the country with a single taxation level, we can say it is a great move that will propel the economy even further. In as much as there will be some challenges, it is a great thing to have a single taxation system for the service providers. For service industry, GST system has definitely increased the compliance burden. GST implementation is bound to face hiccups during initial days but things will be much smoother once the issues are addressed.

Introduction

Indirect taxes have always been contributing more than direct taxes to the Government's Revenue. Services solely contribute a major part of the whole Gross Domestic Product (GDP), subsequently; it shows the major contribution of Services in taxes also. Service sector does not only dominate the GDP contribution but attracts the foreign investment towards the Indian Economy. Service Sector contributes significantly in export as well as provides a large scale employment. India's services sector covers a wide variety of activities such as trade, hotel and restaurants, transport, storage and communication, financing, insurance, real estate, business services, community, social and personal services, and services associated with construction.

What is GST

GST stands for "Goods and Services Tax" and is proposed to be a comprehensive indirect tax levy on manufacture, sale and consumption of goods as well as services at the national level. GST is an idea on which allthe indirect taxes (by central government, state government and custom duties) will be subsumed into a common single GST. The proposed GST is expected to

Streamline the indirect tax regime. It contains all indirect taxes levied on goods, including central and state-level taxes. Act as an improvement on the VAT system, a uniform GST is expected to create a seamless national market. GST seems to be more comprehensive, compliable, simple, harmonized and development oriented tax system. Main aim of GST is "one nation, one tax". From the consumer point of view, the biggest advantage would be in terms of a reduction in the overall tax burden on goods, which is currently estimated to be around 25-30 per cent (Central Board of Excise and Custom). Introduction of GST would also make Indian products competitive in the domestic and international markets. After GST, when a single taxation procedure will roll out we can say that inflation will come down. We can expect that the rate of taxation on necessary materials like agriculture product, medicines will be low or must be exempted. It will spread the positive energy to the people of the nation.

Positive Effects of GST on Service Sector

No Double Taxation

This is one thing that was affecting many service providers. In the previous system of taxation, the works contract was complex, and this took a toll on many people. Here, the transfer of goods is a part of the service contract. This means that every invoice has the value of the goods used as well as the services supplied. These two attract a tax rate of 70 per cent each bringing the total to 140 per cent which is very high. With the implementation of GST, these two are considered to be one and thus taxed as 'Supply of Service.'

More Clarity for Software Industry

For companies like Profit Books, that sell online software, it was not apparent whether to apply VAT or Service Tax on the product. In GST regime, there is a clear distinction between products and services which will remove the confusion for service industry.

Repairs and Maintenance

The service providers that provide repair and maintenance services to companies will be able to claim both the credit of input and credit of input services as provided by the GST system. The current regime only offers the credit of input services which is a bit limiting. Now that they can claim both of the credit of input and credit of input services, they can offer their repair and maintenance services at lower prices and consequently attracting more clients.

Access to Inputs Held in Stock

The service providers will access CENVAT credit of input that is held in stocks. This is best applicable when a person is moving from one category of taxation to the next like the exemption category to the taxable one. Check out this simple example – Earlier, service providers used to charge Service Tax to the clients and used to pay VAT on the goods purchased, like computers. it was not possible to take set off VAT against Service Tax. But in GST regime, you pay GST on both sales and purchases and consequently it's easy to claim input tax credit on that.

Fewer Costs to Service Providers

In the previous system of taxation, the credit of VAT and CST that were paid to the input were billed to the service provider. coincidentally, with the GST system, the CENVAT credit of SGST/CGST, as well as the IGST that are to be paid on inputs and capital goods are all taken care of under the GST system. This is a relief to the service provider.

The Cost of Inputs is likely to Drop

Now that the multiple taxation systems are abolished, the cost of inputs will go down. Inputs taxations like VAT, Excise Duty, and the likes will no longer be an issue to deal with.

It will bring Equality in all States

The previous taxation system did not cover Jammu and Kashmir. This presented a disadvantage to other places in India because taxation provisions did not cover these two places. However, GST now covers the whole land bringing all service sectors under the same taxation laws.

Negative Impacts of GST on Service Sector

Other than the goods, there are also down sides to this system of taxation. These negatives include:

Lack of a Centralized Registration

With the previous taxation system, many service providers rejoiced over being able to register all their businesses in different areas from a central place. However, this privilege has been taken away. Now, they have to register their businesses in the respective state and pay the CGST tax.

Taxation for Free Services

If a business is going to supply services for free, they will still get taxed for it. Every supply that is made without consideration is taxed. This means you have to prepare yourself before you offer any free services.

Increased Cost of Service to End Consumer

Because the rate of taxation will go higher in the GST system, the end consumer will also feel a pinch of extra expenditure. The taxation is between 18 per cent and 20 per cent. Because this rate is high, the cost of service will be higher.

Lack of a Centralized System of Accounting

Every business in every state has to have their accounting records because there is no centralized registration of businesses. Every business in every state is financially accountable to that state for taxation. This means that the accounts of the business will have to be separate.

Burdensome Filling of Returns

As a business owner, you will have to file returns for all the businesses in all the different states separately. This is also because of decentralized registration. This can prove to be burdensome and tiresome as well. You are needed to file as many as 37 returns in just a year.

The Burden of Public Education

The business owner is charged with the responsibility of educating the masses on the benefits of this GST system. Failure of which may lead to unprecedented events.

Conclusion

By subsuming all these to provide the country with a single taxation level, we can say it is a great move that will propel the economy even further. In as much as there will be some challenges, it is a great thing to have a single taxation system for the service providers. For service industry, GST system has definitely increased the compliance burden. GST implementation is bound to face hiccups during initial days but things will be much smoother once the issues are addressed.

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IMPACT OF GST IN SMALL SCALE INDUSTRIES IN INDIA

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Introduction

Small scale industries play a significant role in the overall growth of an economy. This industry is mainly specialized in the production of consumer commodities. SSIs generate huge employment due to the utilization of labour power for the production of goods. In a developing country like India where unemployment is a major problem; these industries pave the way for employment of skilled and non-skilled persons. The implementation of GST is certainly going to affect this sector and the employees associated with it.

Any tax-regime should ensure such an environment in which the proper growth of small scale industries may be assured. The First Discussion Paper (FDP) produced by the Empowered committee of state finance ministers and report of the thirteenth finance commission's Task Force have provided some important suggestions with respect to this sector.

Imposition of CGST and SGST as per above said reports on turnover of goods and services are as under

Central GST

Central GST is the component of GST that will be levied by the central government on all items, both goods and services. It only applies to intra-state trade. A dealer can use input tax credit of CGST against CGST or IGST.

State GST

State GST is the component of GST that will be levied by the state government on all items, both goods and services. It only applies to intra-state trade. A dealer can use input tax credit of SGST against SGST or IGST.

Integrated GST

Integrated GST is the component of GST that will be levied by the central government in case of inter-state trade. It is applicable on all items, both goods and services. A dealer can use input tax credit of IGST against SGST, CGST or IGST.

What is the Exemption Limit?

GST is applicable to all dealers with a turnover of over Rs. 20 lakh (Rs. 10 lakh in North Eastern states) in case they are involved exclusively in intra-state trade (i.e. their supplies and sales are within a single state). In case of any inter-state activity, GST is applicable regardless of turnover.

Composition Scheme

The GST Composition Scheme is applicable only on traders operating in a single state with a supply turnover of less than Rs. 50 lakh. Supply turnover includes any freebies, discounts and even goods and services not liable to be taxed

.

Turnover of goods	Turnover of services	Applicable taxes(according to FDP)
Below 10 lakhs	Below 10 lakhs	Both SGST and CGST are not applicable
Between 10 lakhs and 150 lakhs	Between 10 lakhs and 'Y' figure	Only SGST
Above 150 lakhs	Above 'Y' figure	Both SGST and CGST

GST implementation are smoothed over, it is likely that only inefficient firms will find themselves in trouble.

The goods and services tax (GST) is slated for rollout in less than two months and voices are coming forward on the possible negative impact on small manufacturers. We have heard these stories earlier – when the country did away with quantitative restrictions on imports in 2001 and when it opened up sectors reserved for production by small-scale industries.

Each time, the risk of decimation of small enterprises was vociferously raised – but then quietly buried when the sector remained resilient and, in fact, grew faster than the overall manufacturing sector. The fears regarding GST impact on small enterprises are likely to be similarly misplaced.

With the entire country governed by a common tax rate, India will become a single, unified market. Apart from simplification of taxes, the GST will add efficiency to the system as it is expected to be location-agnostic and reduce logistics costs.

Notably, the GST is to be implemented through an online system, the GST Network (GSTN). Prepared to handle some 3.5 billion transactions every month, the automated system will match invoices and ensure input tax credit. Businesses are supposed to register on the network and interface with the system up to 37 times a year for tax return filing.

Although the overall benefits to the economy from the introduction of the GST are expected to be positive, there are several concerns being expressed about whether small enterprises will have the resources to deal with what could be a somewhat complex system. Would MSMEs have access to computers, software and online connectivity required for regular filing of returns? Would proprietors be able to manage the invoices and input tax credits? What if a supplier was unable to file their tax return on time?

Distribution across Turnover

Turnover	Corporate		Non-Corporate		Total	
	Number of cases	Total Turnover (in Rs. crs)	Number of cases	Total Turnover (in Rs. crs)	Number of cases	Total Turnover (in Rs. crs)
Less than 0	0	0	0	0	0	0
Between 0 and Rs 10 lakh	356036	3186	6077867	81777	6433903	84964
Between Rs 10 lakh and Rs 25 lakh	35152	5898	647707	105854	682859	111751
Between Rs 25 lakh and Rs 40 lakh	21875	7010	304099	96652	325974	103662
Between Rs 40 lakh and Rs 1 crore	51385	34476	616905	412195	668290	446671
Between Rs 1 crore and Rs 2 crore	41455	59682	461638	653155	503093	712837
Between Rs 2 crore and Rs 5 crore	48910	158340	378129	1182874	427039	1341213
Between Rs 5 crore and Rs 10 crore	31696	226691	155235	1081062	186931	1307752
Between Rs 10 crore and Rs 100 crore	60571	1891079	124932	2800947	185503	4692026
Above Rs 100 crore	14130	12579433	4186	1146675	18316	13726108
Total	661210	14965794	8770698	7561190	9431908	22526984

Report on the Revenue Neutral Rate and Structure of Rates for the Goods and Services Tax, Dec 4, 2015

A third factor relates to the frequency of tax interface and its online application. Enterprises must file returns three times every month plus one annual return, in different forms. Finance ministry officials have taken pains to reassure taxpayers that these involve mostly a single detailed filing, followed by a matching exercise for purchases and sales from both players in the transaction.

Major Advantages of GST for Manufacturers in India

Ease of doing business in India.

The forefront of Goods and Service tax has been One India One Tax. Hence ensuring easy registration and ease of doing business among states. A Huge benefit for the SME sector who had to knock many doors before registrations.

Makes it easy to file returns.

Though initially there can be confusion around GST. Since it brings excise, VAT, and other indirect taxes under one domain, it can not be hard for anyone to say that filing and payment of taxes will be easier.

May improve revenue

GST will replace all 17 indirect taxes with a single tax. The increase in product demand will ultimately increase tax revenue for state and central government.

Can generate more employment.

Goods and service tax in India can really increase the demand for products nationwide, hence the production might go up. This can create huge opportunities for new employment and businesses too.

Competitive domestic product.

By abolishing the interstate taxes can give a huge boost to the SME sector. It may lower the cost of interstate tax and logistics. Making the SME compete with the world.

Growth in GDP numbers.

Naturally, if the demand will grow even the production will grow. thus this can increase the GDP of India by 4.2%.

Might reduce tax evasion.

Since GST is a single tax which will include various taxes, will make the tax system more efficient. This might lead to fewer tax evasions and subsequently corruption in the system.

Disadvantages of GST in India

Besides the above listed many advantages the GST structure is also criticized for many reasons so let's discuss disadvantages of GST which are listed below:

1. The GST structure has been marketed well to portray it as a simple concept but in reality, the understanding is complicated and distortionary to fully exploit the expected benefits.
2. Multiple tax rates and many complexities will result into tax disputes and lead to more corruption.
3. Such structure can also increase the business costs because exemptions imply cascading of costs due to lack of input tax credits.
4. Various issues recognized are usage of internet, number of return to be filed monthly, the final tax incidence on goods and services.
5. High confusion regarding the product classification and multiple rates is a major concern.
6. The food industry has criticized the levying of higher rates on value-added manufactured goods and has asked for a simpler regime.

Impact of GST on SSI in India

I have figured out 18 advantages of GST over normal tax system let's discuss them first.

1. The most important benefit is the removal of cascading effect, i.e. removal of tax on tax. Before the

GST implementation, no set off against output VAT was provided on the service tax paid on input services. The GST structure aims to reduce the tax burden on the end-user as the input tax credit can be availed smoothly across the spectrum of goods and services.

2. Higher threshold for registration. Under the GST regime, the threshold is increased to INR 20 Lacs which exempts many small traders, earlier in most states any business with the turnover of more than INR %lacs was liable to pay VAT, which was also different in different states, and similarly, for service tax, the threshold was INR 10 Lacs.
3. Composition scheme for small business. It is optional to register under composition scheme. Any business with a turnover of less than INR 50 Lacs is eligible to opt for this. Only a quarterly return needs to be uploaded under GSTR-4 by 18th of July, October, January, and April. The purpose is to ease the burden of compliance which enables the small businesses to focus more on business and less on compliance.
4. Composition scheme also reduces the tax liability. The rates are minimal 1% for manufacturers, 2.5% for restaurant service providers and 0.5% for other suppliers.
5. Starting from registration to filing returns and payment of GST tax it's an online procedure.

Conclusion

Based on the above discussion, we can say that the different bodies have not reached on any consensus while the DOR seems nearer to the suggestions of the task force. As SSIs absorb surplus amount of labour in the economy and helps the system in scaling down the extent of unemployment as well as poverty; every measure should be taken in the forthcoming GST to protect it.There may be a lot of confusion or doubts regarding Goods and service tax in India. Also there are a lot of private firms and even government of India is trying to create awareness about the new changes and developments. But overall it is a welcome move by the Gov. of India. This will boost the overall productivity of the nation. Make One India One tax and One India One Market. May improve the quality of the product for the end user.

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IMPACT OF GST ON AGRICULTURE SECTOR

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Abstract
Goods and Services Tax is a single and a broad based tax levied on goods and services consumed in an economy. Agricultural sector has been the root of Indian economy and it contributes to around 17.4 per cent to GDP. About 52 percent of the total rural livelihood depends on this sector as their primary means of livelihood, so it is important to study the impact of GST on the Agriculture sector. GST will have both positive and negative effect on Agriculture. Agriculture is principal source of livelihood and 20% contributor of total gross domestic product with flagging of 10% on account of total exports. In current tax regime, agriculture has enjoyed a various exemptions from indirect tax. Sale of agriculture commodities is exempt from VAT. Concessional rates have been imposed on agricultural accessories and supporting machineries. As the GST is being introduced with the unbiased objective of having a unified tax structure for goods and services, this is likely to facilitate and strengthen the Scheme on National Agricultural Market (NAM) aimed at an integrated system of market of agriculture produce at the national level, allowing free flow of agricultural commodities across states. This paper is helpful in bringing out the light on Impact of GST on Agriculture Sector.

Introduction

Agriculture is one of the most critical sectors of the Indian economy. Growth and development of agriculture and allied sector directly affects well-being of people at large, rural prosperity and employment and forms an important resource base for a number of agro-based industries and agro-services. The agriculture sector in India has undergone significant structural changes in the form of decrease in share of GDP from 30 per cent in 1990-91 to 17.4 in 2015-16 (Annual Report, 2015-16 MoA & FW) indicating a shift from the traditional agrarian economy towards a service dominated one. However, this decrease in agriculture's contribution to GDP has not been accompanied by a matching reduction in the share of agriculture in employment. About 52 per cent of the total workforce is still employed by the farm sector which makes more than half of the Indian population dependent on agriculture for sustenance.

Value addition in agriculture, thus, holds huge potential for enhancing the living standard of majority of the people. Improved agriculture marketing offers a major opportunity to achieve this objective. Goods and service tax will have both negative and positive impact on agriculture. The price of agricultural commodities will go down, as previously the agricultural commodities are charged with different prices within the state, inter-state and in overall country. GST is expected to create a business friendly environment, as price level and inflation rate go down. Good and Service tax has single tax structure as it leads to unified market at national level for goods and services. The implementation of GST is expected to bring uniformity across states and centre which would make tax support policy of a particular commodity effective. Good and Services Tax (GST) was predicted to have a simple harmonized tax structure with operational ease leading to a single unified market at national level for goods and services while ensuring that there is no negative revenue impact on the states.

Effect of GST

The impact of GST on agricultural sector is foreseen to be positive. The agricultural sector is the largest contributing sector the overall Indian GDP. It covers around 16% of Indian GDP. The implementation of GST would have an impact on many sections of the society. One of the major issues faced by the agricultural sector is the transportation of agriculture products across state lines all over India. It is highly probable that GST shall resolve the issue of the transportation. GST may provide India with its first National Market for the agricultural goods. There are a lot of clarifications which need to be provided for rates for agricultural products. Special reduced rates should be declared for items like tea, coffee, and milk under the GST.

GST Effect on Agriculture Sector in India

The newly implemented indirect tax regime is influencing the agriculture industry and farmers due to the 5 per cent GST rates on agricultural products. It is expected that in long term the industry is foreseen to be positive. GST was a long awaited tax reform since Independence that was passed by both houses of Parliament including Lok Sabha and Rajya Sabha and came into effect from 1st July 2017 across India. The GST Council has announced the 5 percent GST rates on agricultural products. After the introduction of Goods and Services Tax (GST) is influencing the common people living in all section sections of the society. We have already covered its impact on the lives of common man and oil and gas sector.

Benefits of GST in Agricultural Sector

- The agriculture sector would be exempted from undertaking GST compliances as well.
- All basic agriculture goods (not processed) which are not chargeable under current VAT Laws would not be charged to tax in GST.
- GST implementation will play favourable role for National Agricultural Market on merging all the different taxations on agricultural products. Once transportation facilitated, it will improve the marketing efficiency and create access to virtual world.
- GST is vital to enhance the performance of supply chain mechanism in terms of transparency, reliability and timeliness, which in turn will ensure reduction in waste and cost of agricultural produce.
- Agricultural sector has been kept outside from undertaking GST compliances.
- Will reduce the time taken for inter-state transportation.
- Service tax will also be exempted in various services related to agricultural produce.
- An agriculturist would come under non-taxable person.
- All basic agriculture goods (not processed) which are not chargeable under current VAT Laws would not be charged to tax in GST.

Demerits of GST in Agricultural Sector

- Shortages in agricultural goods which are imported as domestic produce could not fulfill the requirement are charged with custom duty. As custom duty would not be subsumed in GST custom duty would continue. Hence, the exemption from basic duty on basic agricultural produce like pulses would continue.
- The main impact that GST in agriculture would bring is the inflation with currently 4% VAT being increased to 8% on many food items including cereals and grains as the exemption under VAT is limited to unprocessed food. The most affected from the inflation would be the consumers living below the poverty line.
- Because custom duty will not subsume GST, it will continue to impose on agricultural imports.
- GST is all set to increase the prices of most agricultural inputs like seeds, pesticides and farm equipments resulting into increase in cost of production for farmers.
- Also as GST being single source of tax across nation will not allow farmers any more to take advantage of inter-state price variations. Similarly they will find difficult to get cheaper inputs due to constant pricing across states unlike in previous states laws.
- Fertilizers like Urea, DAT, Potash, will bear a spike tax rate in GST.
- Drip and sprinkler irrigation equipment, which currently attracts a VAT rate of 5%, will be taxed at 18% under GST. Similarly, the tax rate on pesticide sprayers has gone up from 6% to 18% and electric motors from 7% to 12%. Tractors will be taxed at a rate of either 12% or 28%, up from the current 5%.

Conclusion

An increase in the cost of few agricultural products is anticipated due to the rise in inflation index for lesser period. Though, implementation of GST is going to benefit a lot, the farmers/distributors in the long run as there will a single unified national agriculture market. GST would certify that farmers in India, who contribute the most to GDP, will be able to sell their produce for the best available price. It can be said from the above that GST is expected to have both positive and negative impact on the farm sector. In case of milk, Tea and Fertilizer it is expected to show a negative impact. These are the most popular commodities in India. In case of milk there is no tax to procure milk from farmer, when GST will be implemented it leads to increase the milk prices and this would not be welcomed by consumers. GST will make tax system more transparent as single tax system is available to whole country. Agricultural products were subjected to diversity of taxation rates; as single rate of goods and service tax would help the farmers and also to traders because they can sell their produce in any part of the country.

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IMPACT OF GOOD AND SERVICE TAX IN INDIA

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Abstract
This paper is an analysis of what the impact of GST (Goods and Services Tax) will be on Indian Tax Scenario. Here stated with a brief description of the historical scenario of Indian taxation and its tax structure. Then the need arose for the change in tax structure from traditional to GST model. GST has be detailed discuss in this paper as the background, silent features and the impact of GST in the present tax scenario in India. The Goods and Services Tax (GST) is a value added tax to be implemented in India, the decision on which is pending. GST is the only indirect tax that directly affects all sectors and sections of our economy. Ignorance of law is no excuse but is liable to panel provisions, hence why not start learning GST and avoid the cost of ignorance. Therefore, we all need to learn it whether willingly or as compulsion. The goods and services tax (GST) is aimed at creating a single, unified market that will benefit both corporate and the economy. The objective will be to maintain a commonality between the basic structure and design of the CGST, SGST and SGST between states .In this article, I have started with the introduction, in general of GST and have tried to highlight the objectives the proposed GST is trying to achieve. Thereafter, I have discussed the possible challenges and threats; and then, opportunities that GST brings before us to strengthen our free market economy
Keywords: GST, CGST, SGST, VAT, INPUT CREDIT.

Introduction

The word tax is derived from the Latin word '*tax are*' meaning to estimate. A tax is not a voluntary payment or donation, but an enforced contribution, exacted pursuant to legislative authority" and is any contribution imposed by government whether under the name of toll, tribute, impost, duty, custom, excise, subsidy, aid, supply, or other name."1 The first known system of taxation was in Ancient Egypt around 3000 BC - 2800 BC in the first dynasty of the Old Kingdom. Records from that time show that the pharaoh would conduct a biennial tour of the kingdom, collecting tax revenues from the people. Other records are granary receipts on limestone flakes and papyrus. Early taxation is also described in the Bible. In Genesis2, it states "But when the crop comes in, gives a fifth of it to Pharaoh. The other four-fifths you may keep as seed for the fields and as food for yourselves and your households and your children." Joseph was telling the people of Egypt how to divide their crop, providing a portion to the Pharaoh. Broadly, there are two types of Taxes viz. Direct7 and Indirect taxes8. Taxes in India are levied by the Central Government and the State Governments. Some minor taxes are also levied by the local authorities such as Municipality or Local Council. The authority to levy tax is derived from the Constitution of India which allocates the power to levy various taxes between Centre and State.

Impact of Goods and Service Tax

Food Industry

The application of GST to food items will have a significant impact on those who are living under subsistence level. But at the same time, a complete exemption for food items would drastically shrink the tax base. Food includes grains and cereals, meat, fish and poultry, milk and dairy products, fruits and vegetables, candy and confectionary, snacks, prepared meals for home consumption, restaurant meals and beverages. Even if the food is within the scope of GST, such sales would largely remain exempt due to small business registration threshold. Given the exemption of food from CENVAT and 4% VAT on food item, the GST under a single rate would lead to a doubling of tax burden on food.

Housing and Construction Industry

In India, construction and Housing sector need to be included in the GST tax base because construction sector is a significant contributor to the national economy.

FMCG Sector

Despite of the economic slowdown, India's Fast Moving Consumer Goods (FMCG) has grown consistently during the past three – four years reaching to $25 billion at retail sales in 2008. Implementation of proposed GST and opening of Foreign Direct Investment (F.D.I.) are expected to fuel the growth and raise industry's size to $95 Billion by 201835.

Rail Sector

There have been suggestions for including the rail sector under the GST umbrella to bring about significant tax gains and widen the tax net so as to keep overall GST rate low. This will have the added benefit of ensuring that all inter – state transportation of goods can be tracked through the proposed Information technology (IT) network.

Financial Services

In most of the countries GST is not charged on the financial services. Example, In New Zealand most of the services covered except financial services as GST. Under the service tax, India has followed the approach of bringing virtually all financial services within the ambit of tax where consideration for them is in the form of an explicit fee. GST also include financial services on the above grounds only.

Information Technology enabled Services

To be in sync with the best International practices, domestic supply of software should also attract G.S.T. on the basis of mode of transaction. Hence if the software is transferred through electronic form, it should be considered as Intellectual Property and regarded as a service. And if the software is transmitted on media or any other tangible property, then it should be treated as goods and subject to G.S.T. 35 According to a FICCI – Technopak Report. Implemtayion of GST will also help in uniform, simplified and single point Taxation and thereby reduced prices.

Indirect taxes included under GST

The following indirect taxes from state and central level is going to integrated with GST

State taxes

- VAT/Sales tax
- Entertainment Tax (unless it is levied by local
- bodies)
- Luxury tax
- Taxes on lottery, betting and gambling.
- State cesses and surcharges in so far as they
- relate to supply of goods and services.
- Entry tax not on in lieu of octroi.
- Purchase tax (This is not sure still under discussion)

Central Taxes

- Central Excise Duty.
- Additional Excise Duty.
- The Excise Duty levied under the medical and
- Toiletries Preparation Act
- Service Tax.
- Additional Customs Duty, commonly known as
- countervailing Duty (CVD)
- Special Additional duty of customs- (SAD) Surcharges
- Cesses The above taxes dissolve under GST;
- instead only CGST & SGST exists.

Applicability of CGST and SGST

The applicability of taxes is as usual there would be a prescribed limit of annual turnover, also some goods and services are exempted under GST. Threshold for annual turnover for goods and services would be 10 lakh for SGST and threshold of CGST for goods may be 1.5 crore and service would have a separate threshold that too will be appropriately high. It is assumed that aggregate total of CGST & SGST would be 20%.

Salient features of the GST model

Salient features of the proposed model are as follows:

- The GST shall have two components: one levied by the Centre (referred to as Central GST), and the other levied by the States (referred to as State GST). Rates for Central GST and State GST would be approved appropriately, reflecting revenue considerations and acceptability.
- The Central GST and the State GST would be applicable to all transactions of goods and services made for a consideration except the exempted goods and services.
- The Central GST and State GST are to be paid to the accounts of the Centre and the States individually.
- Since the Central GST and State GST are to be treated individually, taxes paid against the Central GST shall be allowed to be taken as input tax credit (ITC) for the Central GST and could be utilized only against the payment of Central GST.
- Cross utilization of ITC between the Central GST and the State GST would not be permitted except in the case of inter-State supply of goods and services.
- Ideally, the problem related to credit accumulation on account of refund of GST should be avoided by both the Centre and the States except in the cases such as exports, purchase of capital goods, input tax at higher rate than output tax etc.

Benefits of GST

- GST provide comprehensive and wider coverage of input credit setoff, you can use service tax credit for the payment of tax on sale of goods etc.

- CST will be removed and need not pay. At present there is no input tax credit available for CST.
- Many indirect taxes in state and central level included by GST, You need to pay a single GST instead of all.
- Uniformity of tax rates across the states
- Ensure better compliance due to aggregate tax rate reduces.
- By reducing the tax burden the competitiveness of Indian products in international market is expected to increase and there by development of the nation.
- Prices of goods are expected to reduce in the long run as the benefits of less tax burden would be passed on to the consumer.

Conclusion

GST is the most logical steps towards the comprehensive indirect tax reform in our country since independence. GST is leviable on all supply of goods and provision of services as well combination thereof. All sectors of economy whether the industry, business including Govt. departments and service sector shall have to bear impact of GST. All sections of economy viz., big,medium, small scale units, intermediaries, importers, exporters, traders, professionals and

Consumers shall be directly affected by GST... One of the biggest taxation reforms in India -- the

Goods and Service Tax (GST) -- is all set to integrate State economies and boost overall growth. GST will create a single, unified Indian market to make the economy stronger. Experts say that GST is likely to improve tax collections and Boost India's economic development by breaking tax barriers between States and integrating India through a uniform tax rate. Under GST, the taxation burden will be divided equitably between manufacturing and services, through a lower tax rate by increasing the tax base and minimizing exemptions.

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GST AND ITS IMPACT ON SMALL & MEDIUM ENTERPRISES

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Introduction

Goods and Services Tax (GST) is an indirect tax which was introduced in India on 1 July 2017 and was applicable throughout India which replaced multiple cascading taxes levied by the central and state governments. It was introduced as The Constitution Act 2017 following the passage of Constitution 122nd Amendment Bill. The GST is governed by a GST Council and its Chairman is the Finance Minister of India. Under GST, goods and services are taxed at the following rates, 0%, 5%, 12% ,18% and 28%.There is a special rate of 0.25% on rough precious and semi-precious stones and 3% on gold. In addition a cess of 15% or other rates on top of 28% GST applies on few items like aerated drinks, luxury cars and tobacco products. GST was initially proposed to replace a slew of indirect taxes with a unified tax and was therefore set to dramatically reshape the country's 2 trillion dollar economy. The rate of GST in India is between double to four times that levied in other countries like Singapore. Small and medium industries play a significant role in the overall growth of an economy. This industry is mainly specialized in the production of consumer commodities. SSIs generate huge employment due to the utilization of labour power for the production of goods. In a developing country like India where unemployment is a major problem; these industries pave the way for employment of skilled and non-skilled persons. The implementation of GST is certainly going to affect this sector and the employees associated with it.

Kinds of Goods and Services Tax (GST)

CGST

CGST stands for Central Goods and Services Tax. This tax will be levied on intra-state supply of goods or services by the Central Govt. and will be governed by the CGST Act. On the same intra-state supply of goods, SGST will also be levied but by the State Govt. This implies that both the Central and State Governments will agree on an appropriate proportion for revenue sharing and on imposition of the tax, the proceeds will be divided between in the State and the Centre in the proportion agreed upon. However, according to Section 8, in no case the rate of tax will exceed 14% each.

SGST

SGST stands for State Goods and Services Tax. This tax will be levied on intra state supply of goods or services by the respective State Govt. and the proceeds will go to the exchequer of the State Govt. SGST is governed by the SGST Act. On the same intra state supply, CGST will also be levied as explained above under CGST. Also any tax liability incurring under SGST can be set off against only SGST or IGST input tax credit.

IGST

IGST stands for Integrated Goods and Services Tax and is governed by the provisions of the IGST Act. IGST has replaced the previously levied Central Sales Tax and is levied on all inter-state supply of goods or services within India along with export and import of goods or services. In case of inter-state supply, only IGST will be charged by the Central Government, unlike the levy of CGST and SGST on intra-state supply, however the proceeds will anyway be shared between the 2 Governments.

Imposition of CGST and SGST as per above said reports on turnover of goods and services:

Turnover of goods	Applicable taxes
Below 10 lakhs	Both SGST and CGST are not applicable
Between 10 lakhs and 150 lakhs	Only SGST
Above 150 lakhs	Both SGST and CGST

At present the small scale industries are entitled to exemptions from payment of CENVAT in respect of their turnover up to 1.5 crore. However, there is no such threshold exemption in respect of state level VAT. As per the recommendations of Department of Revenue (DOR), the threshold for goods and services should be common between the Centre and the State, on one hand and between goods and services, on the other. Also the DOR has suggested that the annual turnover threshold could be Rs. 10 lakhs or even more than that. This threshold exemption should not apply to dealers and service providers who undertake inter-state supplies. This would not be in the favour of small dealers, as it will restrict their growth or force them to get registered. Hence a provision of threshold limit should be there to allow the small dealers to indulge in inter-state sale.

Positive Impact of GST on Small & Medium Enterprises

As per industry experts, SMEs and start-ups will be affected the most with the rollout of the GST and the impact will be favourable in ways more than one. Some of the ways GST will benefit SMEs and start-ups are:

- **Ease of starting business:** A business having operations across different state needs VAT registration. Different tax rules in different states only add to the complications and incur high procedural fees. GST enables a centralized registration that will make starting a business easier and the consequent expansion an added advantage for SMEs.
- **Reduction of tax burden on new business:** As per the current tax structure, businesses with a turnover of more than rupees 5 lakh need to pay a VAT registration fee. The government mulls the exemption limit under GST to twenty five lakh giving relief to over 60% of small dealers and traders.
- **Improved logistics and faster delivery of services:** Under the GST bill, no entry tax will be charged for goods manufactured or sold in any part of India. As a result, delivery of goods at interstate points and toll check posts will be expedited. According to an estimate by CRISIL, the logistics cost for manufacturers of bulk goods will get reduced significantly—by about 20%. This is expected to boost ecommerce across the nation.
- **Elimination of distinction between goods and services:** GST ensures that there is no ambiguity between goods and services. This will simplify various legal proceedings related to the packaged products. As a result, there will no longer be a distinction between the material and the service component, which will greatly reduce tax evasion
- **Encourage manufacturing sector:** With the implementation of GST, burden of tax is expected to reduce both for the manufacturer and the end user. Manufacturer will get the benefit of input tax credits and the end user will have to pay only the tax charged by the last dealer or the retailer in the supply chain. This will increase competitiveness and the demand for the 'Made in India' products would also increase immensely.

Negative Impact of GST on Small & Medium Enterprises

While the MSMEs will enjoy the tax neutrality, reduction in duty threshold is one of their main concerns in warming up to the GST bill.

- **The burden of lower threshold:** The GST bill proposes a reduction in threshold to be Rs.9 lakh to increase the tax net, Rs. 41akh for North Eastern states. (However, GST council has increased the threshold limit from 10 lakh to 20 lakh and from 41akh to 10 lakh for North eastern states) Under the reform, any service provider or retailer will be subject to tax levy. In the current central excise law threshold is Rs.1.5 crore. This reduction will significantly impact the MSMEs' working capital. For example, a manufacturer who trades today at Rs. 25 lakhs without any tax levy will be expected to pay GST post implementation. As the threshold is low, most MSMEs are now exempted and will have to pay a chunk of their capital towards tax in future.
- **Selective tax levying:** GST will not be applicable to Alcoholic liquor for human consumption and Petroleum based businesses, which creates further gap and does not support the 'unified market' ideology of GST.
- **The burden of higher tax rate for Service Provider:** Presently Service Tax rate is 15%. GST rate will be around 18%. The scenario in the service sector will further be impacted as the concept of Centralised Registration has been done away with and each unit in different states will have to take separate registration. Thus even if services are supplied by company's one Unit in State A to another Unit in State B , then also taxes will be payable.
- **Excess Working Capital Requirement:** Taxation of stock transfer will primarily impact the working capital requirements. The quantum of impact will vary depending on stock turnaround time at warehouse, credit cycle to customer, quantum of stock transfer, etc. Higher amount of Capital Requirement Jill increase interest cost which ultimately will increase the price of Finished Goods.
- **Realignment of Purchase and Supply Chain:** Under GST credit will be not be available to a compliant company if the vendor from whom MSME is purchasing goods does not show the same in his

- return. Thus sourcing strategies will change on account of GST credit mechanism. Also there will be re-consideration of Supply Chain on account of taxation of Stock Transfers.

Conclusion

Implementation of GST is one of the best decisions taken by the Indian government. For the same reason, July 1 was celebrated as Financial Independence day in India when all the Members of Parliament attended the function in Parliament House. The transition to the GST regime which is accepted by 159 countries would not be easy. Confusions and complexities were expected and will happen. India, at some point, had to comply with such regime. Though the structure might not be a perfect one but once in place, such a tax structure will make India a better economy favourable for foreign investments. As SSIs absorb surplus amount of labour in the economy and helps the system in scaling down the extent of unemployment as well as poverty; every measure should be taken in the forthcoming GST to protect it. Until now India was a union of 29 small tax economies and 7 union territories with different levies unique to each state. It is a much accepted and appreciated regime because it does away with multiple tax rates by Centre and States.

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AN OVERVIEW OF GST IN SERVICE SECTOR

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Abstract
The new Goods and Services Tax (GST) is a unified tax structure that was implemented by the Government of India on 1 July 2017. The new regime has ushered a significant change in taxation levels and rules associated with it. On an average, we see the tax slab increasing from 15% to 18% for most of the services. While this may translate to higher cost of services to the end consumer, GST also presents a whole lot of opportunities, pushing ease of business. In this article highlight the impact of GST in service sector, positive impact of GST in service sector. We'll also see what you need to know if you a service provider.
Keywords: GST, Service Sector, Business, Development, India

Introduction

The nation's services sector accounts for the predominant share of GDP, and its performance is critical. The sector in India is characterized by a plethora of small establishments with low value addition, employing large numbers of unskilled persons. Therefore, even though the contribution of GST to the economy at the aggregate level is significant, the service tax revenue comes predominantly from 2 per cent of the enterprises. The important services sectors from the revenue point of view are banking, insurance, telecom, construction, business support and transportation.

The government has unveiled a four-tier GST rate structure for the sector 5 per cent, 12 percent, 18 per cent and 28 per cent. The bulk of the services will, however, be taxed at 18 per cent. The sector is currently taxed at 15 per cent, so the GST regime will likely increase tax incidence for this sector.

The main challenge for the sector in the GST era is multiple registration. Service tax will be collected by the Centre under a system of centralized registration. States have been reluctant to agree to centralized registration; the government is now exploring an arrangement for centralized compliance verification. There is a provision to grant centralized registration, but it has to be seen if the Centre can persuade the States through the GST Council. Besides this, there is the technological challenge of helping small enterprises in the services sector to electronically file their return. This would require technical support through tax return helpers. They will also have to be assisted in the area of maintaining documentary discipline. The differential rate between the goods and services sectors may distort/influence business by providing arbitrage practice. For example, if a car is taxed at 10 per cent and leasing rates are at 18 per cent, we may have a situation where car sales could be replaced by car leasing. In the area of composite services, a contract may be specially designed to avail the lower rates on services. Therefore, there are implications in the area of dispute management.

Overview

India's decision to go with four rate bands under a new sales tax for services such as telecoms, insurance and restaurants could complicate compliance and leave businesses at the mercy of an intrusive tax bureaucracy, according to experts. The Goods and Services Tax (GST), set to be launched from July 1, will have rates of 5, 12, 18 and 28% for services, in line with those applying to goods. It is a big departure from the current regime, where a single rate of 15% is applied on most services. The biggest argument in favour of the GST, India's biggest tax overhaul since independence in 1947, is that it would make it easier to do business by simplifying the tax structure and compliance. But the political challenges of striking a compromise between Prime Minister Narendra Modi's central government and India's federal states and territories has meant that life will get more, not less, complicated for many.

India is a strong services-led economy with the sector generating a significant chunk of employment opportunities and contributing to the GDP. It contributed around 66.1% of India's Gross Value Added (GVA) growth in 2015-16, is the biggest magnet for Foreign Direct Investment (FDI), and an important net foreign exchange earner. Some of the core areas of service are IT and ITES, banking and financial services, outsourcing, research and development, transportation, telecommunications, real estate and professional services.

Impact

No double taxation

This is one thing that was affecting many service providers. In the previous system of taxation, the works contract was complex, and this took a toll on many people. Here, the transfer of goods is a part of the service contract. This means that every invoice has the value of the goods used as well as the services supplied. These two attract a tax rate of 70% each bringing the total to 140% which is very high. With the implementation of GST, these two are considered to be one and thus taxed as 'supply of service.' More Clarity For Software Industry: For companies like ProfitBooks, that sell online software, its was not clear whether to apply VAT or Service Tax on the product. In GST regime, there is a clear distinction between products and services which will remove the confusion for service industry.

Repairs and Maintenance

The service providers that provide repair and maintenance services to companies will be able to claim both the credit of input and credit of input services as provided by the GST system. The current regime only offers the credit of input services which is a bit limiting. Now that they can claim both of the credit of input and credit of input services, they can offer their repair and maintenance services at lower prices and thereby attracting more clients. Access to inputs held in stock: The service providers will access CENVAT credit of input that is held in stocks.

Fewer costs to service providers

In the previous system of taxation, the credit of VAT and CST that were paid to the input were billed to the service provider. Luckily, with the GST system, the CENVAT credit of SGST/CGST, as well as the IGST that are to be paid on inputs and capital goods are all taken care of under the GST system. This is a relief to the service provider. The cost of inputs is likely to drop: Now that the multiple taxation systems are abolished, the cost of inputs will go down. Inputs taxations like VAT, Excise Duty, and the likes will no longer be an issue to deal with.

It will bring equality in all states

The previous taxation system did not cover Jammu and Kashmir. This presented a disadvantage to other places in India because taxation provisions did not cover these two places. However, GST now covers the whole land bringing all service sectors under the same taxation laws.

Clear distinction between goods and services

The old regime does not clearly distinguish between goods and services, leading to many instances of double taxation. For example, software is often treated as a good and as a service. The new regime clearly distinguishes goods from services, and also defines principal supply, composite supply, and mixed supply separately. For example, when an individual books a Rajdhani train ticket which includes meals, it involves a composite supply wherein the ticket and the meals cannot be sold separately. Since the transportation of the passenger is the principal supply, the rate of tax will only be charged on the ticket. Alternatively, for items that can be sold separately, but are sold together, like a hamper of snacks and aerated drinks, the rate of tax applicable on the higher product will be levied on the composite supply. There are also separate definitions for supply of software, works contracts, and leasing transactions to bring in more clarity and transparency on their taxation rules.

Streamlining of taxation for intra-state service providers

Due to the state level taxes being subsumed, it will become easier for service providers that operate within the state to know their tax obligations better. Such companies can move away from multiple tax calculations. For example, a CD with software incurs Excise, Service Tax, and VAT under the old regime; this is simplified to one unified rate under GST, making tax calculations and administration easier for intra-state service providers.

Input credit facility

VAT payment under the old regime was not eligible for setting off against output liabilities. The input credit facility is now made available to service providers as well, wherein tax paid on any inputs can be claimed and adjusted against tax paid on output. This will result in direct cost savings for service providers and may even offset the expected rise in end pricing. For example, an AC fitter who paid tax on the raw material for AC fittings (pipe, tape, solder etc.) will be able to claim that tax, and end up spending less on the cost of fitting the AC. This cost advantage can spill over to the customer as well.

Conclusion

GST offers clear benefits to the services sector, and while some of these measures entail additional cost and effort in the short term, businesses can look forward to simpler operations with the new taxation laws. Services industries must gear up for better ways to manage business. Now is the time for them to equip themselves with the right people, processes and technologies, and emerge as service providers of the future.

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GST EFFECT ON MANUFACTURING INDUSTRY – INDIA

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Abstract
Every nation will impose various taxes on people and thing in order to undertake developmental work. In India the government of India recently enacted a law namely GST. This paper seeks to explain the positive and negative effects of GST on manufacturing industry in India.
Keywords: *GST Manufacturing industry, Pharmacy, Revenue, Automobile, Consumer*

Introduction

GST means Goods and Services Tax. It had been introduced by p Chidambaram was a Finance minister from 2008 to 2010. Actually it is an indirect tax on the manufacturing goods .the GST was replaced by VAT (value added tax) .The main aim is to collect systematic tax on listed goods. The GST bill was passed by the Indian parliament, The GST effect on share market with positive effect the market which are FMCG, Automobile, Cement, Light electrical, multi flex, Rail and Logistics departments could in future.

Review of Literature

Das and Gupta (2004): They stated that the tax compliance can be improved by implementing simple reforms in personnel policy in Indian income tax .He concluded that the GST will lead to higher tax compliance and lower tax evasion by Indians.

Gang and Ira N (2000): They concluded that the tax structure India, some tax structure changes were implemented to reduce tax evasion.

Thirupathi and Sweta (2011): They examined VAT is a type of indirect tax that is imposed on goods and services, and they advocated the tax impact on budget and revenue

Sijbren (2013): Sijbren and others suggested, A modern goods and services to alleviate the problems of India's current indirect tax system.

Objectives of the Study

The primary objectives of the study are effeteness on different types of manufacturing goods and services. It is a scientific tax system approach .It could be useful to increase the revenue of the country, and enhance the nation's wealth and abolish the absence of tax payment. The concept of GST is "One tax and one Nation".

To reduce the burden of tax between state and the center To enhance of revenue through the GST as one tax To encourage to the manufacturing industry in India To abolish the absence of tax payment in India.

Scope of the Study

Goods and services tax has vast scope. The scope will cover listed number of items under the coverage of tax area only.

Hypothesis: The hypothesis should be to certify whether GST is applicable to manufacturing industry. It is useful / support to popularise the make in India.

Null hypothesis

The goods and services tax is risk based task and the revenue system has been under the control of central government.

Alternative hypothesis

The burden of risk management should bear the central government the revenue should distribute based on state and central government ratios.

Data sources and methodology

The data source is based on secondary data. Basically the secondary data has been collected from the concerned departmental records, magazines, journals and news papers. The primary data information has been gathered from the official of departmental personnel opinions and views. The methodology is based on observation method only.

Analysis of the GST

The Effect of the GST on Manufacturing Industry in India Cement industry: Cement industry is the one of oldest manufacturing industry the industry has the greatest historical background. Where the civilization is there is role of the cement, make in India concept applicable for this industry. The industry has some indirect taxes. By the GST effect the cement industry has indirect tax which might be subsume as 16% to 20% .currently tax burden of indirect taxes from 27% to 32% decrease of tax rate as 16 % to 20% it my create /facilitate as operating expenses such as transportation expenses benefits that the subsume of expenses the industry can claim the above benefits in future. Automobile Industry: At presently automobile industry payment of the tax sum of 30% to 47% the effect of GST the tax rate decrease from 20% to 22% so at least the consumer may get the benefits.

Consumer and Durable Sector

Currently the consumer and durable claiming revenue net tax total tax percent is 7 to30, the sector had been exempted from such taxes so the effect of GST, the industry would have to get the benefits. The defference between organized and un organized Sectors is that the rates gap may sub sum. Warehousing and logistics expenses may reduce C.G.C.E Havel, Voltas, Blue star Bajaj electricalsimfani, Hitachi, etc companies are benefited by the effect of GST.

IT&IT IS: In the India IT sector 50 percent to 70 percent of the graduates depend on the only IT sector. The net tax rate is 14 %. By the implementation of GST the tax may be 18% to20% to increase. In IT sector the revenue is mainly depending on only export of IT products and services revenue of IT export exempted from the GST. So the GST effect is to be Negative.

Telecom sector: The telecom sectors presently the tax rate is 14%.By the causes of GST the tax rate on telecom sector would have to increase as 18%. So the result of GST on telecom sector will be negative. The public sector is to be critical. In future the concept of "one tax and one nation" caption is not suitable for Telecom sector.

Banking and Financial services: Banking is heart of financial India (wealth). In India public and private banking industry is the reflection of mixed economy. The banking sector's net tax rate is 14% by the effect of GST the rate will be increased from 18% to 20. That the differential tax rate causes as Loan fees, debt and credit charges, insurance premium, etc the financial services charges burden on customers will increase. So the GST will also influence on customer purchasing power. In the banking business transactions will have also effect on share market.

Pharmacy industry: The pharmacy sector are getting exemptions regional wise. The excise tax rate is 6%. Till the end of the duration the subsidies will have to continue, then after that they will not available. The new tax pattern the industry could not remain constant it is considerable because the encouragement of pharmacy sector

Textile and garment industry: Emerging industry has playing key role in textile and garments .That the industry has recipient of tax rate is currently from 6% to 7% that tax rate may or may not be continued it is clear in that process the output of tax rate may hick by the effect of GST which is negative .the textile sector enjoy some of few companies like page industry, Aravind, Raymond etc.

DTH/Media company: DTH and media sector's avetax rate is 14% to 15% these two departmental taxes are effect by the GST 18% to 20% .Currently news and print media has been exempted from that taxes, the GST prove to DTH and some Negative to print media and braudcosting. Dish TV may get benefits ZEE sun HT media prakesh jagaran to negative.

Automobile and Batteries industry: The field of Batteries would have face the throat cut competition by the effect of GST Jumbo feasibilities it has the effect on "the transported vehicles may get the benrage tax payment rate presently 19% to 21% apart from that service tax is 14%, entertainment tian business scenario manufacturing industry is the playing significant role, in business world. In the world every country has the sum of financial or aid to the manufacturing industry.

- Automobile industry, also getting benefits by the GST, according to subsum of taxes
- .Consumer and durable sector also reduces where housing expenses by the effect of GST
- IT and IT IS sector the GST effect is negative.
- Telecom and banking and financial services must face the operating expenses risk
- The Indian pharmacy seek encouragement from the government, but the excise tax rate is 6%
- as an the date. Textile and garment industry face negative impact by the GST
- Media companies also (DTH) may also have negative scenario.

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GST- AN INCURABLE AILMENT TO HEALTH- CARE SEEKER

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Abstract
The Health-care Industry in India has turned out to be one of the largest sectors in the nation with respect to business and income. India's Government chosen to execute GST, which subsumes various taxes of the vast State and Central Tax framework in India into one formally dressed tax framework. GST is relied upon to positively affect the Pharmaceutical Manufacturing sector. It will help the business by streamlining the tax structure since eight different taxes are exacted in the Pharmaceutical Industry. GST will bring about yielding proficiency by streamlining the store network which can alone add 2% to India's Pharmaceutical market measure. Since GST will help Pharmaceutical companies rationalise their production network, they should audit their circulation systems and technique. The impact of GST usage on the Healthcare and Pharmaceutical segment is somewhere very hard for the general public. The study has the objective of assessing the impact of GST in Healthcare Industry.
Keywords*: GST, Health- care seeker, Diagnostic products*

Introduction

India is the largest producer for generics and the country's Pharmaceutical Industry is currently the 3rd largest in the world in terms of volume and ranks 14th in terms of value. As the population continues to grow, the need for better Healthcare Services is also growing. Currently, 5 percent of the country's GDP is expended on the Healthcare sector. The healthcare sector is expected to touch $150 bn by end of 2017, from $80 bn in the year 2012. The country's healthcare industry has been growing exponentially in last few years, and the Health Ministry targets for the development of new technologies to end the year for treating diseases, such as tuberculosis and cancer.

GST is hailed as the biggest tax reform since independence. Parties on both sides of the political divide say it is a good initiative but may disagree on preparedness to implement and the rates on various goods. It will include all taxes at various stages of value addition in production process of goods and services i.e. buying raw material, manufacturing of components and final product, warehousing, and transportation and final sale to customer. These taxes were levied by multiple authorities such as local (municipalities), state and central governments. The final customer will pay GST while purchasing from the last dealer. Now there is one tax with two components i.e. state components and central. The state component will go to the state in which final transaction took place and central component will go to central government. GST is expected to increase the government revenue as tax evasion will be checked and many services that were not under the service tax regime will come under GST. The increase in Government revenue will improve investment in health and the social determinants of health. It will also provide transparency and certainty in the Indian tax system. It will improve the ease of doing business in India for both local and off-shore investors. India's current standing globally in ease of doing business is 130 out of 190 countries. Globally, GST is seen as a simple, efficient and successful form of indirect tax reform. It will contribute to accelerate economic growth in India by replacing the current multiple (more than 15), inefficient, irrational and complex indirect tax system in India. The passing of the GST (Goods and Services Tax) Bill has grabbed the attention across all the industries in the country. It would benefit most of the sectors and make the taxation process easier as it will replace a number of different taxes and duties.

The Indian Healthcare Industry is now among the major sectors with respect to revenue and to employment. As the expenditure on the Healthcare increases, the Government of India decided for the implementation of GST, which would subsume various taxes of the complex tax system in the country into one uniform tax system.

Objective

The study has the objective of assessing the impact of GST on health care products in hospitals which is required by health care seekers.

Analysis and interpretation

The health-care industry has been hit by the GST tax rates and various other rules and regulations. But the goods and services tax has created a hazardous situation for the normal person who is drifted under the fate. As the tax charges are geared up to a hefty number it seems that the GST has cursed in the health-care industry more than it has blessed. It is said that if there is an ailment, there is a medicine but this has changed after the 15th August took away the independence of health-care to many of those underprivileged. Around 80 percent of life-saving medicines will be expensive after the imposition of GST. While many hospitals and specialists are going according to the old rates but it is done that once new stocks come in, the revised rates will be applicable. The experts are very much shocked concerning the tax rates over the life-saving medicines and machines and predicted that if the government did not take any actions then a certain protest is awaiting.

The following table explains the revised hospital room rent.

Table 1: Revised Hospital Room Rent with GST Tax Slabs

Hospital Room Rent	Applicable GST Rates
Below Rs.1000	0%
Rs.1000 to Rs.2499	12%
Rs.2500 to Rs.7499	18%
Above Rs.7500	28%

The table 1 explained that the room rent increases from the addition of GST tax rates which is very difficult for the patients admitted in the hospitals.

The tax rate of healthcare amenities is explained in the following table:

Table 2: Tax rate on health care commodities:

Tax Rate	Healthcare Commodities
0%	Contraceptives, Human Blood
5%	Medicines, Animal or Human Blood Vaccines
12%	Ayurvedic Medicines, Medicinal Grade Hydrogen Peroxide, An aesthetics, Potassium Iodate, Iodine, Steam, Glands And Other Organs For Organo-Therapeutic Uses, Ayurvedic, Unani, Homoeopathic Siddha Or Biochemical Systems Medicaments, Sterile Suture
18%	Tampons, Disinfectants

From the table no.2, it is inferred that the tax rate is increased for the natural medicines like Ayurvedic and siddha and unani also.

GST has increased the cost of various medical equipments which is necessary for everyday life. The dialysis cost has increased for kidney patients as hospitals are paying 12% tax on a dialysis machine, tubing, dialysis needles, Catheter, plasma filter, dialysis fluid which was earlier in the tax slab of 5% tax rate. The fact is that around 2, 10,000 patients suffer from kidney related problems in a year and require a transplant of a kidney. From them, only 6,000-7,000 are capable of getting the kidney from donors and the life of rest only depends on regular dialysis. The calculation shows the cost for each patient for dialysis is costing 40,000 extra in a year. The dialysis process costing more is an example of how harshly the patients are affected by higher tax rates.

The following table explains the pre and post –GST expenses of health-care products.

Table N0 3: Expenses on Health-care Products

Items	Pre-GST	Post-GST
Surgical Item	5.5%	12%
Wing Scale	5%	28%
Hot Water Bag	5.5%	28%
Wheel Chair	5%	18%

From the table No.3, it is inferred that the price of surgical items, wing scale, hot water bag and wheel chair is increased doubled or thrice after the imposition of GST.

Conclusion

The multiplicity of taxes incurred on healthcare such as excise duty at the time of manufacturing, additional duties of custom on imports, service tax on propagated services were having a debilitating impact on the healthcare industry. As healthcare has been exempted from the goods and services tax altogether, no GST can be levied on healthcare services by a clinical establishment, while diagnostic services are exempt from GST for the services provided to its customers. The impact of GST will have a negative side for diagnostic industry. There may be certain services like Magnetic resonance imaging (MRI)/X-rays and contrasts, where the cost may increase marginally. The diagnostic industry is still evaluating the exact impact on the pathology side. The imposition of GST will have a negative impact as the end customer will afford more money to spend for their diagnostic services.

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GOODS AND SERVICES TAX IN INDIA: AN OPPORTUNITIES AND CHALLENGES

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Introduction

India is a federal country where Tax is levied by Federal and State Government. The Taxation power has been well defined in Indian Constitution. At present, there are 37 Governments along with (a Central Government, 29 State Governments and 7 Union territories who levy Tax at the different-different Tax rate on the same product. Where Central Government collects Direct Tax as well as Indirect Taxes and State Government collects only Indirect Taxes.

India's decade long wait for its landmark tax reform ended on 1st July with the implementation of GST-'Goods and Services Tax. The GST will mark revolutionary change in the taxation system with the "OneNation, One Tax" motto. It will integrate and simplify the process of indirect taxation and will bring in manybenefits compared to the present tax systems such as easy process of availing input credit, single point tax,elimination of cascading tax system and simpler taxation. If the implementation of GST is smooth, it has thepotential to accelerate economic growth by 2%. It will especially give impetus to the manufacturing sector andmake it more competitive. It will also boost up the exports and create more employment opportunities.

To make "One Nation, One Tax" a reality, the government is training its officers on taxation of services. GSTN, the technology backbone for the reform, has a massive IT mandate of securely handling mammoth volumes of data that GST will generate. The legislation cuts across all enterprises, requiring them to relook at their business models, business policies, and procedures.GST offers tax and finance professionals multiple opportunities to grow their client list and clearly establish their role in ensuring seamless migration of various businesses to become GST compliant. Firms are scrambling to get the right teams in place to benefit from the new tax regime as GST is expected to bring in financial savings, which will accrue on account of a well-planned GST system.

Opportunities

To reduces the corruption

GST reform is one of the major problems that India is overwhelmed with. We cannot expect anything substantial unless there exists a political will to root it out. This will be a step towards corruption free Indian Revenue Service.

To eliminates the multiplicity of taxation

The great advantages that a taxpayer can expect from GST are elimination of multiplicity of taxation. The reduction in the number of taxation applicable in a chain of transaction will help to clean up the current mess that is brought by existing indirect tax laws.

To boost up the 'Make in India' campaign

GST would improve demand and competitiveness of 'Make in India' products. The GST tax structure will reduce the burden of indirect tax both for the producer of goods and the ultimate end user except in some cases, as the producer or manufacturer of goods will get the advantage of input tax credits (ITC)and the consumer will have to bear only the indirect tax charged by the last retailer or dealer in the supply chain. This will lead to expansion of the market for the MSMEs.

To widen the tax base

The major gains from the GST reform are that it is expected to widen the tax base, reduce distortions in the economy through a more comprehensive input tax credit, enhance export competitiveness by comprehensively relieving domestic consumption taxes on exports, ensure greater regional equity by getting rid of inter-state sales tax and having a destination-based tax, and help create a seamless national market by removing inter-state trade barriers.

Reduction of tax burden on new business:

As per the provisions of the present tax structure, businesses with aturnover of more than rupees 5 lakhs need to pay a VAT registration fee. The government hasincreased this exemption limit under GST to twenty five lakhs. This will be beneficial to around60% of the small traders.

To develop harmonization

India's constitutional provision does not allow boththe Central andState Governments to tax both goods and services in aninclusive manner. The government has therefore recognizedthe need for harmonization of goods and services tax so thatboth can be levied in a comprehensive and rational manner in anew taxation regime – namely, Goods and Services Tax(GST).

To reducing cost for taxpayers

Goods and services tax reform will significantly reduce the compliance cost for taxpayers by simplifying and harmonizing the tax structure and by making the administration uniform across states.

Better logistics and quick delivery of services:

As per the provisions of the current tax system, entry tax is to bepaid on interstate manufacture and sale of goods. Under GST, no entry tax will be charged forgoods manufactured or sold in any part of India.

To minimize average tax burdens

Under GST mechanism, the cost of tax that consumers have to bear will be certain, and GST would reduce the average tax burdens on the consumers.

To encourage industry and Exports

Goods and services tax is expected to be complimentary to the user of the supply chain of goods and services which include from beginning to ending the whole industry, Agriculture and trade via a comprehensive Tax regime. This is expected to generate the higher amount of revenue for the industry as well as business prospects as Tax burden goes down.

Challenges

Challenge like interest of the states

Goods and services tax involves not only considerable work but also formidable challenges. Unlike in many other countries where GST is a centralized tax in India it is livable by both central and state governments. This implies that both the structure and administration of the levy will have to emerge after detailed negotiations and bargaining between the centers, 29 states and the two Union Territories with legislature.

Lack of skilled resources and need for re-skilling challenge

With GST rates and their complexities only recently becoming a part of our policy framework, skilled staffs with updated GST subject knowledge and training are not easily available. This has placed an additional work load on personnel across industries, and created an urgent need for additional GST-skilled resources to ensure swift implementation.

Lack of Clarity in rules and regulation of GST

The different provisions of GST are still ambiguous. Categorization of goods and services in various cases is still unclear. Provisions for anti-profiteering, as well as the now-deferred e-way bill, which tracks consignments across states, are unclear.

The new tax regime requires transporters to generate e-way bills on the GST portals which include incurring substantial costs to install radio frequency identification devices (RFIDs)..

Legislative restrictions

India's federal character of the constitution is essentiallyautonomy of the states to raise their own revenue andconstitution provided the power to the union and stategovernment to collect tax and levy tax as per the concurrent,union and states list. It is really restricting the governmentfrom bringing any change in this structure.

Challenge in higher interest or finance Cost

IGST will be applicable on interstate branch transfers and stocktransfers. This will increase the working capital requirements of the businesses which haveinterstate transactions due to blockage of funds. This in turn will increase the interest burdenwhich would ultimately will have impact on the pricing policies.

Preparedness of tax system

The different businesses are yet to map the accounting software and IT systems in line with the new tax provisions, to create GST invoices, and extract required reports. Tax and accounting professionals jointly need to ensure that their clients' current systems are compatible with their GST service provider (GSP).

With GST demanding compliance, only days after guidelines were issued in their entirety, India Inc is rushed for time to modify the entire IT framework. Seamless implementation will require six million micro, small, and medium enterprises (MSMEs) to adapt their invoicing approaches for which they do not have adequate IT support and systems.

Challenge liketax threshold

The threshold limit for turnover above which GST would believe will be one area which would have to be strictly lookedat. First of all, the threshold limit should not be so low tobother small scale traders and service providers. It also increasesthe allocation of government resources for such apetty amount of revenue which may be much more costlythan the amount of revenue collected.

Reverse charge mechanism challenge

The provisions of the Goods and Services Tax (GST) bill, ithas been laid down that if a registered person buys goods from an unregistered trader/dealer thenas per the provisions of reverse charge, the tax is to be paid by the registered person. This willincrease the working capital requirements of the registered persons. Therefore, registeredbusinesses will prefer to deal only with the registered businesses. This will have a negative impacton the unregistered traders/dealers and will hamper their growth and development. They will becompelled to register themselves or shut down their businesses.

Time limit for goods sent on sale or return basis

Under the current tax laws, there is notime limit for the return of goods sent on sale or return basis. But with implementation of GST, thistime limit is limited only for a period of six months.

Greater negotiation is necessary

There are a number of issues on which negotiations are necessary to reach a consensus between the centre and the states and among the states themselves. The first issue relates to the inclusion of taxes within the ambit of GST

Conclusion

Goods and Services Tax (GST) is clearly a long term blueprint. It would lead to increase in output, employment opportunities and economic development and progress of the nation. However, in the initial phase of its implementation it is likely to increase the administrative difficulties and the compliance cost. The shift from the traditional tax regime to GST is considered as a 'behavioral change' more than a tax changes because its successful implementation depends to a great extent on how quickly businesses adapt to the digital format of taxation. However, considering both the aspects of fiscal federalism as well as State revenue implications, a single rate is not feasible in the country of India. There are vertical inequalities of State Governments relative to the Central Government and horizontal inequality among State Governments in India, a single rate of GST is highly complicated to implement in the absence of compensation for States in India. Finally, it is said that government have both the side of the coin like opportunity and challenge. But, it is not easy for the government to take opportunities, without facing challenges.

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IMPACT OF GST ON AGRICULTURAL SECTOR

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Abstract
The impact of GST on agricultural sector is foreseen to be positive. The agricultural sector is the largest contributing sector the overall Indian GDP. It covers around 16% of Indian GDP. The implementation of GST would have an impact on many sections of the society. One of the major issues faced by the agricultural sector is the transportation of agriculture products across state lines all over India.The newly implemented indirect tax regime is ***influencing the agriculture industry*** *and farmers due to the 5 per cent GST rates on agricultural products. It is expected that in long term the industry is foreseen to be positive. GST was a long awaited tax reform since Independence, that was passed by both houses of Parliament including Lok Sabha and Rajya Sabha and came into effect from 1st July 2017 across India.*
Read Also: *Goods and Services Tax Impact on Common Man*
Keynote: *GST, 'One Nation, One Tax, One Market'*

Introduction

The impact of GST on agricultural sector is foreseen to be positive. The agricultural sector is the largest contributing sector the overall Indian GDP. It covers around 16% of Indian GDP. The implementation of GST would have an impact on many sections of the society. One of the major issues faced by the agricultural sector is the transportation of agriculture products across state lines all over India. It is highly probable that GST shall resolve the issue of transportation. GST may provide India with its first National Market for the agricultural goods. There are a lot of clarifications which need to be provided for rates for agricultural products. Special reduced rates should be declared for items like tea, coffee, milk under the GST.

The newly implemented indirect tax regime is **influencing the agriculture industry** and farmers due to the 5 per cent GST rates on agricultural products. It is expected that in long term the industry is foreseen to be positive. GST was a long awaited tax reform since Independence, that was passed by both houses of Parliament including Lok Sabha and Rajya Sabha and came into effect from 1st July 2017 across India. The GST Council has announced the 5 per cent GST rates on agricultural products. After the introduction of Goods and Services Tax (GST) is influencing the common people living in all section sections of the society. We have already covered its impact on the lives of common man and oil and gas sector.

Current Tax Laws

There are certain food items like rice, sugar, salt, wheat, flour which are exempted from CENVAT. Under the state VAT, cereals and grains are taxed at the rate of 4%. Agricultural products go through a lot of licensing and a number of indirect taxes(VAT, excise duty, service tax) under the current tax laws. State VAT is currently applicable to all the agricultural goods at each state, it passes through prior to final consumption. Although there are certain exemptions available from state VAT for certain unprocessed food products like meat, eggs, fruits, vegetables etc.

National Agricultural Market (Nam)

A scheme for the promotion of National Agricultural Market (NAM) is introduced by the central government. Involving all the farmer and traders in the regulated markets with a common e-commerce platform for a transparent, impartial trade of agri-commodities can be termed as National Agricultural Market. Due to the different state VAT and APMC (Agricultural produce market committee) law's, implementation of NAM scheme would be challenging.

GST is crucial for creating a path regarding the successful implementation of NAM. Most of the indirect taxes levied on agricultural products, would be subsumed under GST. GST would provide each trader, the input credit for the tax paid on every value addition. This will create a transparent, hassle-free supply chain which would lead to free movement of agri-commodities across India.

Most of the agricultural commodities are perishable in nature. An improved supply chain mechanism due to GST would reduce the time taken for inter-state transportation. The benefit of reduction in time would be passed on to the farmers/retailers. Some states in India like Maharashtra, Punjab, Gujarat, Haryana earn more than Rs 1000 crores from charging CST/OCTROI/Purchase Tax. GST would subsume all the above taxes. Hence these states would need to be compensated for the loss of revenue.

Impact of GST on Agricultural Sector

GST is essential to improve the transparency, reliability, timeline of supply chain mechanism. A better supply chain mechanism would ensure a reduction in wastage and cost for the farmers/retailers. GST would also help in reducing the cost of heavy machinery required for producing agricultural commodities. Under the model GST law, dairy farming, poultry farming, and stock breeding are kept out of the definition of agriculture. Therefore these will be taxable under the GST. The new tax regime provides transparency and certainty in the tax system. The main aim of implementing Goods and Services Tax (GST) is 'One Nation, One Tax, One Market'. Globally, It is simple, efficient and will help to improve the economic growth of the country by eliminating a dozen of central and state levies like excise, service, and VAT.

18% GST on pesticides will increase farmer's burden

Farmers are not upbeat despite a heavy monsoon period expected which will enhance their harvest, as the proposed implementation of 18% Goods and Services Tax (GST) on pesticides will add to their existing plight.Crop protection products are an integral part of the green revolution and play a crucial role in increasing agricultural productivity. Over the years, the Indian crop protection industry has made significant progress in terms of enhanced production capacity and integration of imported and indigenised technology to meet the overall requirement of crop protection products in India. As cultivable land shrinks, India will need modern agriculture sector to ensure food security. To meet the food grain requirements of the nation, agricultural productivity and its growth needs to be further improved. In combination with Integrated Pest Management and Plasticulture techniques, agrochemicals play a critical role by providing pre and post harvest protection to crops and agricultural output.

As the farm sector will remain largely exempt from GST, any input taxes suffered on inputs used in the farm sector such as seeds, fertilisers, pesticides, tractors etc, will remain blocked and contribute to increase in prices of farm output. Farm output prices are controlled by market forces and the farmer has little control. As the input price rises and output price remains stagnant, the farmer will have no option but to absorb the cost, thus increasing his burden. Indian farmer is already reeling under tremendous pressure from many ends and the increased burden of taxes will create a crater in his income. If somehow, the output prices increase, the nation will suffer as the food prices will go up, thus creating trouble for the common man. The way out will be that GST rate for crop protection products is reduced from 18% to the lowest slab possible. This will ensure parity across all agricultural inputs and reduce encumbrance on farmers.

Impact of GST on Agriculture Sector, GST Rates on Agriculture Sector

GST Rates on agricultural sector

Goods	Old Rate	GST	Diff (%)
Cheaper			
Seed, Organic compost without brand	0	0	0
Head pump and its parts	12.5	5	-7.5
Tractor	12.5	12	-.5
chemical fertilizer	12	5	-7
Expensive			
Tractor Tire & Rim	12.5	18	+5.5
Other tractor parts	12.5	18	+5.5
Harvester, Earth, Grader, Parts	0	12	+12
Insecticide	5.5	18	+11.5

Merits of GST in Agricultural Sector

1. GST implementation will play favourable role for National Agricultural Market on merging all the different taxations on agricultural products. Once transportation facilitated, it will improve the marketing efficiency and create access to virtual world.
2. GST is vital to enhance the performance of supply chain mechanism in terms of transparency, reliability and timeliness, which in turn will ensure reduction in waste and cost of agricultural produce.
3. Agricultural sector has been kept outside from undertaking GST compliances.

4. Will reduce the time taken for inter-state transportation.
5. Service tax will also be exempted in various services related to agricultural produce.

Demerits of GST in Agricultural Sector

1. Because custom duty will not subsume GST, it will continue to impose on agricultural imports.
2. GST is all set to increase the prices of most agricultural inputs like seeds, pesticides and farm equipments resulting into increase in cost of production for farmers.
3. Also as GST being single source of tax across nation will not allow farmers any more to take advantage of inter-state price variations. Similarly they will find difficult to get cheaper inputs due to constant pricing across states unlike in previous states laws.
4. Fertilizers like Urea, DAT, Potash, will bear a spike tax rate in GST.

Conclusion

An increase in the cost of few agricultural products is anticipated due to the rise in inflation index for a brief period. Though, implementation of GST is going to benefit a lot, the farmers/ distributors in the long run as there will a single unified national agriculture market. GST would ensure that farmers in India who contribute the most to GDP, will be able to sell their produce for the best available price.

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IMPACT OF GST ON REAL ESTATE SECTOR

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Abstract
GST is a single tax on all goods and services in the entire economy. GST has been predominantly conceptualized around a 'One Nation, One Tax' philosophy and will help eliminate the previous cascading tax structure. Real estate industry contributes about 7.8% to India's GDP and it is the second largest employment generator after IT industry. The enactment of this tax law will alone solve the challenges faced by the real estate sector and help the sector to come out of its long slumber.

Introduction
GST is a value added tax where tax is imposed only on the value added at each stage in the supply chain. It is levied at all points in the supply chain. Credit is paid for acquiring inputs used in making the supply. In India GST is defined as "tax on supply of goods or services other than alcohol for human consumption". In simple language, GST is a single tax on all goods and services in the entire economy.

The GST council has approved the rates of taxes on goods and services in its 14th council meet held on May 18, 2017. The rates of individual commodities were taken up for consideration in the four approved slab rates i.e. 5%, 12%, 18% and 28% with additional cess for demerit and luxury goods. GST has been predominantly conceptualised around a 'One Nation,
One Tax' philosophy and will:

- Help eliminate the previous cascading tax structure
- Ease compliances
- Create uniform tax rates and structure, and
- Help in reducing additional tax burdens on consumers.

Services Sector in India: An Overview
India is a strong services-led economy with the sector generating a significant chunk of employment opportunities and contributing to the GDP. It contributed around 66.1% of India's Gross Value Added (GVA) growth in 2015-16, is the biggest magnet for Foreign Direct Investment (FDI), and an important net foreign exchange earner. Some of the core areas of service are IT and ITES, banking and financial services, outsourcing, research and development, transportation, telecommunications**, real estate** and professional services.

Overview of Indian real estate sector
Real estate sector is estimated to account for about 5% of India's gross domestic product and is considered the second-largest employer in the country. Real estate sector is already subject to multiple taxation, the implementation of GST is theoretically expected to help the consumers and builders. The GST regime will be a game changer for real estate sector and the 12% GST on construction projects meant for sale to buyers will boost the sector.

Ambit of GST under real estate is likely to result in more transparency, which will significantly reduce tax evasion through more efficient transaction-tracking methods and improved enforcement and compliance. Since GST may be levied on a single value, the current issue of levying tax on tax (VAT on central excise duty) is likely to be removed.

Transfer of (completed) properties may continue to be outside the purview of GST and be liable only to applicable stamp duties. However, on procurement of materials for civil construction, GST will be applicable.

Affordable housing will continue to be exempted from service tax under GST. The heavily taxed real estate sector welcomes a single stable 12% GST rate, inclusive of the value of land and with full input tax credits. Thus, the actual tax incidence under GST will be lower than the existing multiple indirect taxes on the sector. Also, the GST rate for work contracts will also be offset by input credits thereby providing a seamless and simplified tax policy.

Types of players in real estate sector

- Builders. (Own Land)
- Developers.(Others Land).
- Works Contractors.**(URD)**
- Labour Contractors. **(URD)**
- Manufactures of Goods. (Cement Co, Tiles, etc.)
- Suppliers of Goods.(Traders)

- Suppliers of Goods from Outside Maharashtra.
- Service Providers like Engineers, Architect,
- Brokers, Advts, etc.
- Financers and Bankers.
- Leasing of Property.

Currently transactions are broken into three parts

- The value of goods and materials
- Value of services and
- Value of land

Impact of GST on Real estate buyers and Investors.

- GST is expected to be a sentiment booster for the industry and will seek to revive buyer and investor interest by bringing more transparency in taxation.
- The taxation earlier was too complicated for buyers. For instance, buyers were earlier liable to pay taxes depending on the construction status of the property and the state where it is located.
- Buyers had to pay VAT, service tax, stamp duty and registration charges on purchase of an under-construction property. However, if the purchase was for a completed property, the tax applicable were stamp duty and registration charge.
- Furthermore, since VAT, stamp duty and registration charges were state levies, each state specified its own figures. .

Advantages to Developers

Developer was earlier charged for Central Excise Duty, VAT and entry taxes collected by the state on construction material costs. Further, he had to pay a 15% tax on services like layout, architect fees, approval charges, legal charges etc. Tax burden was transferred to the buyer eventually. However, under the new regime, the changes in construction costs are not grave. Furthermore, reduced cost of logistics will result in reducing expenses as well. The input tax credits will also help in increase the profit margins and it will be a simpler tax to work with.

GST rates for real estate – Input materials

HSN	Description of goods	Rate
Chapter 72	Steel	18 per cent
2523	Cement	28 per cent
6802	Marble and granite	28 per cent
2515	Blocks of marble and granite	12 per cent
Chapter 68	Sand lime bricks and fly ash bricks	12 per cent
2505 & 2517	Natural sand, pebbles, gravel	5 per cent
8428	Lifts and elevators	28 per cent

Data provided by: *BMR*

Currently, the sale of land and buildings has been kept out of the ambit of GST but it is expected to be taxed within a period of a year. Construction of land and building will benefit from the rates declared for cement, bricks, and iron under GST.

Cement taxed at the rate of 28% under GST. It is higher the current average rate of tax around 23-24% but a lot of additional taxes charged over the average rate would be subsumed under GST. Iron rods and pillars used in the construction of buildings is charged at the rate of 18% which is similar to the current average rate of 19.5%.

Current real estate transaction taxes

	Bengaluru	Mumbai	Pune	Chennai	Gurugram
VAT	4.0%	1.0%	1.0%	2.0%	4.0%
Service Tax	4.5%	4.5%	4.5%	4.5%	4.5%
Stamp Duty	5.7%	5.0%	5.0%	7.0%	6.0%
Registration Charges	1.0%	1.0%	1.0%	1.0%	0.5%
Total Taxation	15.2%	11.5%	11.5 %	14.5%	15.0%

Source: *Industry, JM Financial*

According to the JM Financial report on GST, for states with non-composite VAT (Karnataka, Tamil Nadu, Andhra Pradesh), the transaction value changes marginally from 10-11% to 12% under the new regime. With input cost credits available, developers in these regions may witness improvement in margins in case no price revision takes place (subject to the anti-profiteering clause).

GST on under construction property – Affordable housing

It is important to note that if GST exemption is extended to affordable housing projects (affordable housing is currently exempted from service tax and a clarification is expected from the government for exemption from GST), then, affordable homes may become cheaper under the GST regime.

Impact of GST on property prices – Luxury segment

In the case of premium properties, while the basic construction cost may come down a little, but as the input tax credit is limited to 12 per cent, it will not be sufficient to bring down the fresh tax liability to nil because of the taxes paid on other expenditures.

Under the tax regime, many of the construction materials are under the 18 and 28 per cent slab. For example, steel and steel products, are mostly in the 18 per cent segment and cement and prefabricated structural components for building or civil engineering, are in the 28 per cent slab. However, as the input tax credit is available on products utilised for construction, the overall tax incidence should be neutralized.

Conclusion

The impact of GST on real estate sector is very much likely to be in the hands of buyers as the rate of tax can certainly delight with its economical zone. However, no pre-assumption can be made in the scenario as the real estate sector is a highly volatile industry and can fluctuate with high frequency. Since, transfer of inputs/ capital equipment's from one site to another is quite common in this sector. Real estate has already experienced loss and lag after demonetization and in the current setting is expected to suffer further as the cost of purchasing new houses would be increased by 8% which consequently reduces the demand in real estate by 12%.

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IMPACT OF GST ON THE INDIAN ECONOMY

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GST is here! How is our economy and the businesses coping with this new tax policy? Let our experts tell you about the same.

GST the biggest tax reform in India founded on the notion of "one nation, one market, one tax" is finally here. The moment that the Indian government was waiting for a decade has finally arrived. The single biggest indirect tax regime has kicked into force, dismantling all the inter-state barriers with respect to trade. The GST rollout, with a single stroke, has converted India into a unified market of 1.3 billion citizens. Fundamentally, the $2.4-trillion economy is attempting to transform itself by doing away with the internal tariff barriers and subsuming central, state and local taxes into a unified GST.

The rollout has renewed the hope of India's fiscal reform program regaining momentum and widening the economy. Then again, there are fears of disruption, embedded in what's perceived as a rushed transition which may not assist the interests of the country.

Will the hopes triumph over uncertainty would be determined by how our government works towards making GST a "good and simple tax". The idea behind implementing GST across the country in 29 states and 7 Union Territories is that it would offer a win-win situation for everyone. Manufacturers and traders would benefit from fewer tax filings, transparent rules, and consumers would be paying less for the goods and services, and the government would generate more revenues as revenue leaks would be plugged. Ground realities, as we all know, vary. So, how has GST really impacted India? Let's take a look.

GST: The Short-Term Impact

From the viewpoint of the consumer, they would now have pay more tax for most of the goods and services they consume. The majority of everyday consumables now draw the same or a slightly higher. Furthermore, the GST implementation has a cost of compliance attached to it. It seems that this cost of compliance will be prohibitive and high for the small scale manufacturers and traders, who have also protested against the same. They may end up pricing their goods at higher rates.

Future Looks Like

Talking about the long-term benefits, it is expected that GST would not just mean a lower rate of taxes, but also minimum tax slabs. Countries where the Goods and Service Tax has helped in reforming the economy, apply only 2 or 3 rates – one being the mean rate, a lower rate for essential commodities, and a higher tax rate for the luxurious commodities. Currently, in India, we have 5 slabs, with as many as 3 rates – an integrated rate, a central rate, and a state rate. In addition to these, cess is also levied. The fear of losing out on revenue has kept the government from gambling on fewer or lower rates. This is very unlikely to see a shift anytime soon; though the government has said that rates may be revisited once the reached.

The impact of GST on macroeconomic indicators is likely to be very positive in the medium-term. Inflation would be reduced as the cascading (tax on tax) effect of taxes would be eliminated. The revenue from the taxes for the government is very likely to increase with an extended tax net, and the fiscal deficit is expected to remain under the checks. Moreover, exports would grow, while FDI (Foreign Direct Investment) would also increase. The industry leaders believe that the country would climb several ladders in the ease of doing business with the implementation of the most important tax reform ever in the history of the country.

It has been more than 40 days since GST has been implemented in India. While the industry was very apprehensive, the GST transition has been smooth. The big question is how GST will impact a common man's budget. GST is stated to be one of the biggest tax reforms in India, which would not only impact the businesses but also the common man. . The primary impact to be felt by the consumers would change in prices of goods and services on account of GST rates.

In terms of impact in prices, while services would mostly be more expensive in the initial phases, impact on prices of goods could be a mixed bag. In the long run, once the benefits of GST are expected to kick in in terms of higher input credits and reduction in cascading effect, it is anticipated that the inflationary effect will come down and prices, in general, would come down and stabilize. In services, the tax rate has increased from 15% to 18%. The 3% increase could potential . It remains to be seen what impact the Goods and Services Tax (GST) will have on the Indian economy in the long run. While much has been said and written about its impact on corporate entities, it would be interesting to look at key areas for consideration during the course of business under an employer-employee scenario.

GST is levied as a tax on supply of goods or services. Thus, the question arises whether GST can be levied on the provision of services by an employee to the employer. The GST law provides a specific exclusion of services rendered by an employee to an employer in the course of or in relation to his employment.

Interestingly, supply of goods or services, or both, by a related party without consideration and made only in the course or furtherance of business is subjected to GST and an employee is deemed to be a related party of the employer.

As a consequence, an issue has arisen as to whether gifts and perquisites provided free of charge by an employer to an employee can be subjected to GST.

Further, it cannot be demanded as a matter of right by the employee and a court of law cannot be approached for obtaining a gift. Additionally, the statement clarified that no GST would be levied in case perquisites are provided free of charge to all employees, subject to the condition that the employer eventually pays appropriate GST. The principle would remain in case of free housing provided to employees as part of an employment contract and forms part of cost-to-company (CTC). In view of the clarification, the possible view is that the perquisites forming part of an employment contract are likely to remain outside the purview of GST.

However, the inclusion of perquisites as a part of an employee's contract is likely to have income-tax implications to be borne by the employee. The government's effort to quickly address the issue emanating from the implementation of GST is laudable. However, the rationale of levying GST on gifts of more than Rs50,000 to employees is still questionable as any transaction between employer and employee should be considered as in the course of or in relation to his employment.

This is further exemplified by the fact that such a gift is taxed in the hands of the employee as a perquisite. Thus, while GST is one of India's boldest tax reforms, one hopes that a hurried implementation does not curtail its potential to provide larger benefits to society.

GST impact non-resident Indians (NRIs) or expatriates

With the implementation of GST impacting positively on sectors such as logistics, warehousing, automobiles, film production, DTH (direct-to-home TV), multiplexes, etc., it will make India an attractive destination for investment into these sectors by NRIs.

NRIs can avoid multiple taxations amounting to indirect taxes from both state and central systems. NRIs involved in export businesses have an advantage in that, GST is not applicable to goods and services exported from India. A big incentive to the NRI community is bringing the myriad tax departments under one umbrella, thereby improving compliance and simplifying an NRI's investment process.

NRIs or expatriates need to obtain registration under GST

Yes, NRIs/expatriates undertaking occasional business transactions in India, without having a fixed place of business, would require to obtain registration as a non-resident taxable person or casual taxable and comply with the provisions of the Goods and Services Tax Act.

Costlier in the GST regime

With GST in place the following will get costlier:

- Accommodation in hotels would attract 28% GST where the room tariff is more than Rs7,500 per unit per day
- Air-conditioned restaurants serving/not serving liquor would attract GST at the rate of 18%
- Renting of a motor car would attract GST at the rate of 18%
- Under-construction immovable property being flats, commercial buildings, etc., would attract GST at the rate of 18% after allowing deduction of land value to the extent of one-third of the total amount of immovable property
- Commercial renting of immovable property would attract GST at the rate of 18%

As compared to the erstwhile Service tax regime, where the rate of tax was 15%, GST on commission or fees paid to facilitating agents or banks would now be taxed at 18%.

Summing Up

On priority, it is up to the government to address the capacity building amongst the lesser-endowed participants, such as the small-scale manufacturers and traders. Ways have to be found for lowering the overall compliance cost, and necessary changes may have to be made for the good of the masses. GST will become good and simple, only when the entire country works as a whole towards making it successful.

IMPACT OF GST ON MANUFACTURERS IN INDIA

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Introduction

The manufacturing sector in any country can rightly be deemed as the backbone of its economy, leveraging its resources for maximum economic boost, which then makes way for competitive trade and business to take place – locally, nationally as well as globally. India too has, emerged as one of the high growth sectors in the manufacturing space, a fact evidenced in an increase of no less than 7.9 percent in Gross Value Added (GVA) at basic constant prices year-on-year as of 2016-17.

Make In India & Manufacturing

The manufacturing sector in India contributes a mere 16% to the overall GDP. However, the potential to make this a high-growth and high-GDP sector is huge. The “Make in India” campaign by Prime Minister Narendra Modi makes this possibility real, by giving impetus to the sector. Furthermore, PwC estimates that India will become the fifth largest manufacturing country in the world by the end of 2020. It would be interesting to know how the Goods and Services Tax or GST impacts this roadmap.

Advantages – Impact of GST on Manufacturers

1. Reduced Cost of Production

Under the erstwhile tax regime, manufacturers had to pay an excess of 25-26% as production costs, quite clearly due to the effect of cascading taxes such as excise duty (at 12.5%) and VAT (at 14.5%), on the lines of taxing two different taxable events. Now under GST though, tax would be levied on single taxable event. This consequently means goods are expected to get cheaper, thus, driving more sales and lending the concerned stakeholders a strong hold in an increasingly competitive market.

2. Simplification of taxes levied through removal of differential valuations

Excise duty, which under the old tax structure was calculated on the basis of different methods such as – Specified duty, Tariff Value, Value based on Retail Sale price, Ad Valorem duty – will now be streamlined and easier to calculate as GST pushes for transaction-based valuations only.

3. Subsumed taxes mean less costs and better quality of goods and services

A key factor in driving down production costs is that most of the taxes on inter-state supplies that were earlier not creditable would now be available for set-offs, thus, reducing the burden on the manufacturing sector and setting up a steady flow of credit. With most taxes getting subsumed under the GST structure, other participants in the trading channel also stand to gain from this move i.e. retailers and distributors will now be able to avail credit on the taxes levied, and such accessibility of input tax credit at various stages of the commercial process would effectively lead to reduced prices, which can safely be considered a win-win scenario for both the manufacturing and other related sectors *and* the end consumer..

4. Restructured and streamlined supply chain leading to improved business efficiency

Most of the supply chain management earlier depended on taxes operating in different states. Now flagged under the ‘one-nation-one tax’ concept of GST, businesses are now required to re-engineer their supply chains, which in turn will encourage them to focus more on optimizing business efficiency and operability instead. For example, multiple warehouses in different states would no longer be needed, and with the extra layers of the supply chain done away with, manufacturing businesses can now solely focus on strategizing their supply chain with respect to economic, demographic and geographic targets.

5. Only registration as per the State to apply henceforth

Earlier, if a single manufacturer had multiple factories in a single state, he was required to obtain a separate registration for each of the factories. However, under the current GST regime, a single taxable manufacturer would need to apply for a single registration only, irrespective of the number of factories that lie within the said state. This logically means less paperwork and less bureaucratic intervention to be dealt with at every stage, eventually resulting in better business management.

6. **Small manufacturing businesses can now opt for Composition Scheme**

Manufacturing businesses with a turnover of not more than 75 lacks are now eligible for availing the Composition Scheme under GST (at a rate of 2%), providing some measure of tax relief to the intended beneficiaries. Of course, exceptions apply as to which manufacturing businesses *can* and *cannot* opt for this scheme, along with documentary compliance and other conditions that must necessarily be fulfilled by the said consumption dealers who stand eligible to apply for the same.

7. **No assessment by multiple tax authorities**

Previously, separate tax assessment authorities were to take care of varied taxes those being –VAT, Service tax, Central Excise, sales tax, etc. This not only rendered the whole procedure chaotic but was extremely time-consuming as well, leaving manufacturers vulnerable to dealing with tax queries they did not quite know how to navigate, while negatively affecting their business. Henceforth though, instead of separate authorities assigned to take care of the assessment based on the type of tax, assessment will be carried out in defined a three-fold system i.e. State authorities would take care of SGST assessments, while Central authorities would look into CGST and IGST assessments respectively.

8. **Removal of multiple valuations will create simplification:**

The old tax regime subjects manufactured goods to excise duty, which is calculated differently in different states. While some states calculate excise duty based on transaction value, others calculate it based on quantity. Most manufactured goods' excise duty is currently considered on MRP valuation. This creates great confusion in valuation methods. GST will usher in an era of transaction-based valuation, making calculation of tax much simpler for the manufacturer.

Disadvantages – Impact of GST on Manufacturers

- Manufacturers would now be faced with an increase in working capital requirements – owing to receipt of advance, stock transfers (other than own depot and warehouse in same state due to same GSTIN) as well as branch transfers now made taxable under GST
- Petroleum products being kept out of the purview of GST, tax paid on the same would not be available as credit, thus bringing about no respite in related industries – such as power and logistics industries that will continue to feel the burden of balancing a cost-benefit scenario in such a context
- Reverse charge that was earlier confined to specified services only, shall now be applicable to goods as well. And as a burden borne by recipients of goods/services instead of the supplier of the same, the manufacturing sector will find itself considerably strained under these increased costs
- As regards CENVAT credit, the same shall be available only on goods purchased from registered dealers (in case of unregistered dealer first tax payment by debiting Cash ledger is required then can claim ITC on it) so this too, is a limitation in the sense that small businesses may not always find it feasible to purchase goods from registered vendors only
- With GST aiming for better tax compliance, comes the inevitable requirement of businesses overhauling and streamlining their existing transactions, which, eventually calls for more resources and money to be pumped into these compliance measures. From hiring skilled personnel for taking care of the technical know-how, to ensuring legal checks and balances at every step, becoming GST-compliant itself will incur heavy costs for businesses that have till date not really followed the book.
- Operational and structural confusion is expected to last a while since most businesses do not still understand certain aspects of new rules brought under GST- one of them being area-based. This means a considerable shift in financial position of manufacturing companies who would now have to take stock of the situation and reassess their business strategy

Conclusion

Overall, one can say that the impact of GST on the manufacturing sector is positive. It provides a unique opportunity to streamline business operations to become more compliance and profitability-oriented, rather than tax-oriented. It puts power in the hands of business leaders to bring about positive change and steer their enterprises on a growth path, powered by GST-compliance.

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GOODS AND SERVICE TAX(GST): AN OVERVIEW

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Abstract
GST is meant to simplify the Indian indirect tax regime by replacing a host of taxes by a single unified tax, thereby subsuming central excise, service tax, VAT, entry tax, etc. However, there is a plethora of challenges before the government for its successful implementation. GST is one of the most critical tax reforms in India .It is a comprehensive tax system that will subsume all indirect taxes of State and central Governments and whole economy into seamless nation in national market. It is expected to remove the burden of existing indirect tax system and play an important role in growth of India. GST includes all Indirect Taxes which will help in growth of economy and proves to be more beneficial than the existing tax system. GST will also help to accelerate the overall Gross domestic Product (GDP)of the country GST is now accepted all over the world and countries are using it for sales tax system.
Keywords: *GST, Direct tax, Indirect tax*

Introduction

Goods and Services Tax or Indian version of GST is a destination based tax proposed by the government with the aim to eliminate several indirect taxes like VAT, Central Excise Duty, Sales Tax, Service Tax, etc. It is fondly described as one tax for one nation. However, unlike GST of other countries, Indian GST is anything but one tax. It is actually a culmination of three taxes – Central Goods and Service Tax (CGST), Integrated / Interstate Goods and Service Tax (IGST) and State Goods and Service Tax (SGST).CGST and SGST both will be levied on intra-state supply of goods and services while IGST will be applicable on inter-state supply of goods and services in India. Since it is a destination based tax, it will be levied at all stages right from manufacturer up to the final consumer with credit of taxes paid at previous stages available as set off. In short, tax will be levied only on value addition and the final burden of tax will be borne by the ultimate consumer. Both CGST and SGST are planned to be levied on same tax base. While CGST is expected to replace all central indirect taxes like Excise Duty and Service Tax etc., SGST is expected to make VAT, Entertainment Tax (other than the one levied by Local Body), Luxury Tax, Purchase Tax, Octroi /Entry Tax, cesses and surcharges, taxes on lottery or betting etc. redundant. However, certain goods like human consumable alcohol, tobacco products, motor fuels, crude petroleum, natural gas, aviation turbine fuel will still be chargeable to Excise Duty.

Meaning

The Goods and Services Tax (GST) is a value-added tax levied on most goods and services sold for domestic consumption. The GST is paid by consumers, but it is remitted to the government by the businesses selling the goods and services also referred to as Value-Added Tax (VAT) in some countries.

Objectives of GST

- Eliminate classification dispute between goods & services.
- Uniformity of tax rates and automated compliances.
- Ensuring availability of input tax credit across the value chain
- Simplification of registration, filing of return, tax administration and compliance.
- Harmonization of tax base, laws, and administration procedures across the country.
- Minimizing tax rate slabs to avoid classification issues.
- Prevention of unhealthy competition among states.
- Increasing the tax base and raising compliance.
- Removal of cascading effect.
- Free movement of Goods across the country without any additional tax.

Benefits of GST to the Indian Economy

Amidst economic crisis across the globe, India has posed a beacon of hope with ambitious growth targets, supported by a bunch of strategic undertakings such as the Make inIndia and Digital India campaigns. The Goods and Services Tax (GST) is another such undertaking that is expected to provide the much needed stimulant for economic growth in India by transforming the existing base of indirect taxation towards the free flow of goods and services. GST is also expected to eliminate the cascading effect of taxes. India is projected to play an important role in the world economy in the years to come. The expectation of GST being introduced is high not only within the country, but also within neighboring countries and developed economies of the world.

- Removal of bundled indirect taxes such as VAT, CST, Service tax, CAD, SAD, and Excise.
- Less tax compliance and a simplified tax policy compared to current tax structure.
- Removal of cascading effect of taxes i.e. removes tax on tax.
- Reduction of manufacturing costs due to lower burden of taxes on the manufacturing sector. Hence prices of consumer goods will be likely to come down.
- Lower the burden on the common man i.e. public will have to shed less money to buy the same products that were costly earlier.
- Increased demand and consumption of goods.
- Increased demand will lead to increase supply. Hence, this will ultimately lead to rise in the production of goods.
- Control of black money circulation as the system normally followed by traders and shopkeepers will be put to a mandatory check.
- Boost to the Indian economy in the long run.

These are possible only if the actual benefit of GST is passed on to the final consumer. There are other factors, such as the seller's profit margin, that determines the final price of goods. GST alone does not determine the final price of goods.

The Positive impact of GST on Indian Economy

According to the latest reports, the introduction of GST would help India to gain $15 billion every year.

- It will reduce the number of indirect taxes.
- The Prices of products and services would reduce. So this tax system would be beneficial for the people who are paying huge prices.
- With the introduction of GST, all indirect taxes would come under a single roof.
- Marketing would be developed.
- Corruption-free taxation system.
- Improved exports
- More opportunities for employment

The Negative impact of GST on Indian Economy

GST also has some negative impact on our economy

- Three major tax revenue earning sectors petroleum products, alcohol and electricity do not fall under GST. The state government will levy the tax on these sectors. The inclusion of these sectors in GST would be done mostly on the basis of the tax revenue earned by the state governments from GST. Services sector like telecom, restaurants would have a negative impact created by a higher tax rate.
- GST is a confusing term where double tax is charged in the name of a single taxation system.
- The Central excise tax is levied at the time of Manufacturing but GST is levied till the selling stage.
- Real Estate could have a negative impact, some economist predict that it will add up to 8% to the cost of new homes and reduce demand closely by 12%.

Challenges of GST

GST will be the biggest reform in Indian taxation since 1947, but there are many challenges for its successful implementation. Still fresh from the impact of demonetization, the unorganized cash based small wholesalers were served a final knockout with GST. Small shopkeepers and even dealers are now forced to buy their daily grocery supplies from GST compliant wholesale chains like Walmart and Metro cash. Aside from a slight price rise of daily use consumer goods, the unorganized sector also needs to maintain proper GST compliantbills and invoices to survive in the post-GST regime. Creating different invoices for goods with different GST rates can be tedious and time-consuming. Various provisions of GST are still ambiguous. Categorization of goods and services in various cases is still unclear. Provisions for anti-profiteering, as well as the now-deferred e-way bill, which tracks consignments across states, are unclear.

There has been opposition asking to including purchase tax by a few states. Other states are reluctant about alcohol, tobacco products coming under GST. This is due to the fact that a major chunk of state revenue is derived from these products.

Conclusion

The proposed GST regime is a half-hearted attempt to rationalize indirect tax structure. More than 150 countries have implemented GST. The government of India should study the GST regime set up by various countries and also their fallouts before implementing it. At the same time, the government should make an attempt to insulate the vast poor population of India against the likely inflation due to implementation of GST. No doubt, GST will simplify existing indirect tax system and will help to remove inefficiencies created by the existing current heterogeneous taxation system only if there is a clear consensus over issues of threshold limit, revenue rate, and inclusion of petroleum products, electricity, liquor and real estate. Good tax system should keep in view issues of income distribution and, at the same time, also endeavor to generate tax revenues to support government expenditure on public services and infrastructure development. The ongoing tax reforms on moving to a goods and services tax would impact the national economy, International trade, firms and the consumers There has been a good deal of criticism as well as appraisal of the proposed Goods and Services Tax regime.

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GST FOR BUSINESS AND INDUSTRIAL SECTOR

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Introduction

GST is one indirect tax for the whole nation, which will make India one unified common GST is a single tax on the supply of goods and services, right from the manufacturer to the consumer. Credits of input taxes paid at each stage will be available in the subsequent stage of value addition, which makes GST essentially a tax only on value addition at each state. The final consumer will thus bear only the GST charged by the last dealer in the supply chain, with set-off benefits at all the previous stages.

The benefits of GST can be summarized as under for business and industry

Easy compliance: A robust and comprehensive IT system would be the foundation of the GST regime in India. Therefore, all tax payer services such as registrations, returns, payments,

Uniformity of tax rates and structures: GST will ensure that indirect tax rates and structures are common across the country, thereby increasing certainty and ease of doing business. In other words, GST would make doing business in the country tax neutral, irrespective of the choice of place of doing business.

Removal of cascading: A system of seamless tax-credits throughout the value-chain, and across boundaries of States, would ensure that there is minimal cascading of taxes. This would reduce hidden costs of doing business.

Improved competitiveness: Reduction in transaction costs of doing business would eventually lead to an improved competitiveness for the trade and industry.

Gain to manufactures and exporters: The subsuming of major Central and Sales competitiveness of Indian goodsand services in the international market and give boost to Indian exports. The uniformity in tax rates and procedures across the country will also go a long way in reducing the compliance cost.

Simple and easy to administer: Multiple indirect taxes at the Central and State levels are being replaced by GST. Backed with a robust end-to-end IT system. GST would be simpler and easier to administer than all other indirect taxes of the Centre and State levied so far.

Better controls on leakage: GST will result in better tax compliance due to a robust IT infrastructure. Due to the seamless transfer of input tax credit from one stage to another in the chain of value addition, there is an in-build mechanism in the design of GST that would incentivize tax compliance by traders.

Higher revenue efficiency: GST is expected to decrease the cost of collection of tax revenues of the Government, and will therefore, lead to higher revenue efficiency.

Benefit for the Consumer

Single and transparent tax proportionate to the value of goods and services. Due to multiple indirect taxes being levied by the Centre and State, with incomplete or no input tax credits available at progressive stages of value addition, the cost of most goods and services in the country today are laden with many hidden taxes. Under GST, there would be only one tax from the manufacturer to the consumer, leading to transparency of taxes paid to the final consumer.

Relief in overall tax burden: Because of efficiency gains and prevention of leakages, the overall tax burden on most commodities will come down, which will benefit consumers.

At the Central level, the following taxes are being subsumed:

- Central Excise Duty,
- Additional Excise Duty,
- Service Tax,
- Additional Customs Duty commonly known as Countervailing Duty, and
- Special Additional Duty of Customs

Taxes covered under state level at GST

- Subsuming of State Value Added Tax/Sales Tax,
- Entertainment Tax (other than the tax leveed by the local bodies), Central Sales Tax (levied by the Centre and collected by the States).
- Octroi and Entry tax,
- Purchase Tax,
- Luxury tax, and
- Taxes on lottery, betting and gambling.

GST is being introduced in the country after a 13 year long journey since it was first discussed in the report of the Kelkar Task Force on indirect taxes. A brief chronology outlining the major milestones on the proposal for introduction of GST in India is as follows:

1. In 2003, the Kelkar Task Force on indirect tax had suggested a comprehensives Goods and Services Tax (GST) based on VAT principle.
2. A proposal to introduce a National levels Goods and Services Tax (GST) by April 1, 2010 was first mooted in the Budget Speech for the financial year 2006-07.
3. Since the proposal involved reform/restructuring of not only indirect taxes levied by the Centre but also the States, the responsibility of preparing a Design and Road Map for the implementation of GST was assigned to the Empowered Committee of State Finance Ministers (EC).
4. Based on inputs from Govt of India and States, the EC released its First Discussion Paper on Goods and Services Tax in India in November, 2009.
5. In order to take the GST related work further, a joint Working Group consisting of officers from Central as well as State Government was constituted in September, 2009.
6. In order to amend the Constitution to enable introduction of GST, the Constitution (115th Amendment) Bill was introduced in the Loksabha in March 2011. As per the prescribed procedure, the Bill was referred to the Standing Committee on Finance of the Parliament for examination and report.
7. Meanwhile, in pursuance of the decision taken in a meeting between the Union Finance Minister and the Empowered Committee of State Finance Ministers on 8th November, 2012, a 'Committee on GST Design', consisting of the officials of the Government of India, State Government sand Empowered Committee was constituted.
8. This committee did a detailed discussion on GST design including the Constitution (115th) Amendment Bill and submitted its report in January, 2013. Based on this Report, the EC recommended certain changes in in the Constitution Amendment Bill in their meeting at Bhubaneswar in January 2013.
9. The Empowered Committee in the Bhubaneswar meeting also decided to constitute three committees of officers to discuss and report on various aspects of GST as follows:

Keeping in mind the federal structure of India, there will be two components of GST-Central GST (CGST) and State GST (SGST). Both Centre and States will simultaneously levy GST across the value chain. Tax will be levied on every supply of goods and services. Centre would levy and collect Central Goods and Services Tax (CGST), and State would levy and collect the State Goods and Services Tax (SGST) on all transactions within a state.

Cross utilization of credit of CGST between goods and services would be allowed. Similarly, the facility of cross utilization of credit will be available in case of SGST. However, the cross utilization CGST and SGST would not be allowed except in the case of inter-State supply of goods and services under the IGST model which is explained in answer to the next question.

In case of inter-State transactions, the Centre would levy and collect the integrated Goods and Services Tax (IGST) on all inter-State supplies of goods and services under Article 269A (1) of the Constitution. The IGST would roughly be equal to CGST plus SGST. The IGST mechanism has been designed to ensure seamless flow of input tax credit from one State to another. The inter-State seller would pay IGST on the sale of his goods to the Central Government after adjusting credit of IGST, CGST and SGST on his purchases (in that order). The exporting State will transfer to the Centre the credit of SGST used in payment of IGST. The importing dealer will claim credit of IGST while discharging his output tax liability (both CGST and SGST) in his own State. The Centre will transfer to the importing State the credit of IGST used in payment of SGST. Since GST is a destination-based tax, all SGST on the final product will ordinarily accure to the consuming State.

- Conferring simultaneous power upon Parliament and the State Legislatures to make laws governing goods and services tax;
- Subsuming of various Central indirect taxes and levies such as Central Excise Duty, Additional Excise

Duties, Service Tax, Additional Customs Duty commonly known as Countervailing Duty, and Special Additional Duty of Customs:

- Subsuming of State Value Added Tax/Sales Tax, Entertainment Tax (other than the tax levied by the local bodies), Central Sales Tax (levied by the Centre and collected by the States), Octroi and Entry tax, Purchase Tax, Luxury tax and Taxes on lottery, betting and gambling.
- Dispensing with the concept of 'declared goods o special importance' under the Constitution:
- Levy of Integrated Goods and Services Tax on inter-State transactions of goods and services:
- GST to be levied on all goods and services, except alcoholic liquor for human consumption.
- Compensation to the States for loss of revenue arising on account of implementation of the Goods and Services Tax for a period of five years;
- Creation of Goods and Service Tax Council to examine issues relating to goods and services tax and make recommendations to the Union and the States on parameters like rates, taxes, cesses and surcharges to be subsumed, exemption list and threshold limits, Model GST laws, etc. the Council shall function under the Chairmanship of the Union Finance Minister and will have all the State Governments as Members.

Conclusion

Goods and Service Tax, with end-to-end IT-enabled tax mechanism, is likely to bring buoyancy to government revenue. It is expected that the malicious activity of tax theft will go away under Goods and Service Tax regime in order to benefit both governments as well as the consumer. In reality, that extra revenue that the government is expecting to generate won't come from the consumers' pocket but from the reduction of tax theft.

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GOODS AND SERVICES TAX AND ITS IMPACT ON INDIAN ECONOMY

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Abstract
The research paper is regarding impact of GST on Indian Economy. With the introduction of GST there is a condition chaos and confusion among common man. The aim this research paper is to explain the mechanism of GST and its effects on Indian economy. In India, the idea of GST was contemplated in 2004 by the Task Force on implementation of the Fiscal Responsibility and Budget Management Act, 2003, named Kelkar Committee. The Kelkar Committee was convinced that a dual GST system shall be able to tax almost all the goods and services and the Indian economy shall be able to have wider market of tax base, improve revenue collection through levying and collection of indirect tax and more pragmatic approach of efficient resource allocation. Under the Goods and Service Tax mechanism, every person is be liable to pay tax on output and shall be entitled to enjoy credit on input tax paid and tax shall be only on the amount of value added . The historic GST or goods and services tax has become a reality. "Inflation will come down, tax avoidance will be difficult, India's GDP will be benefitted and extra resources will be used for welfare of poor and weaker section," Finance Minister Arun Jaitley said at GST launch event in Parliament. The Lok Sabha has finally Passed the Goods and Services Tax Bill and it is expected to have a significant impact on every industry and every consumer. Apart from filling the loopholes of the current system, it is also aimed at boosting the Indian economy. This will be done by simplifying and unifying the indirect taxes for all states throughout India.
Keywords: GST, Indian Economy, Positive Impact, Negative Impact, Central Government, State Government

Introduction

GST stands for Goods and Services Tax levied by the Government in a move to replace all of the indirect taxes. In India, the idea of GST was contemplated in 2004 by the Task Force on implementation of the Fiscal Responsibility and Budget Management Act, 2003, named Kelkar Committee. The Kelkar Committee was convinced that a dual GST system shall be able to tax almost all the goods and services and the Indian economy shall be able to have wider market of tax base, improve revenue collection through levying and collection of indirect tax and more pragmatic approach of efficient resource allocation. Under the Goods and Service Tax mechanism, every person is be liable to pay tax on output and shall be entitled to enjoy credit on input tax paid and tax shall be only on the amount of value added . The principal aim of GST is to eliminate cascading effect i.e. tax on tax and it will lead to bringing about cost competitiveness of the products and services both at the national and international market. GST System is built on integration of different taxes and is likely to give full credit for input taxes. GST is a comprehensive model of levying and collection of indirect tax in India and it has replace taxes levied both by the Central and State Governments. GST be levied and collected at each stage of sale or purchase of goods or services based on input tax credit method. Under this system, GST-registered commercial houses shall be entitled to claim credit of the tax they paid on purchase of goods and services as a part of their day to day businesses.

Objectives

- The first objective of the paper is to highlight the impact of GST on Indian Economy.
- The second objective is to explain the working mechanism of GST in India.

Importance of the GST

- The study will highlight the effect of GST on Indian Economy.
- It will prove to be of great help to a common man to understand the concept the GST.
- It will remove the morbid fear of GST from among the business community members.

Need for GST

- The main reason behind introducing GST is to improve the economy of the nation.

- VAT rates and regulations differ from state to state. And it has been observed that states often resort to slashing these rates for attracting investors. This results in loss of revenue for both the Central as well as State government.
- On the other hand, GST brings in uniform tax laws across all the states spanning across diverse industries. Here, the taxes would be divided between the Central and State government based on a predefined and pre-approved formula. In addition, it would become much easier to offer services and goods uniformly across the nation, since there won" t be any additional state-levied tax.

Features of GST

- GST is one indirect tax for the entire nation, which will make India "one unified common market".
- It will replace multiple taxes like VAT, CST, Excise Duty, Entry Tax, Octroi, LBT, Luxury Tax ect.
- There are four types of GST namely:
  1. SGST – State GST, collected by the State Govt.
  2. CGST – Central GST, collected by the Central Govt.
  3. IGST – Integrated GST, collected by the Central Govt.
  4. UTGST – Union Territory GST, collected by the Union Territory
- Tax Payers with an aggregate turnover in a financial year up [Rs. 20 Lakhs & Rs. 10 Lakhs for North Eastern Sates and Special Category States] would be exempted from tax.
- GST slabs are pegged at 5%, 12%, 18% & 28%.

Impact of GST in India : Positive Impact of GST in India

- GST is a single taxation system that will reduce the number of indirect taxes. From now, a single taxation term would cover all of those indirect taxes.
- The prices of products and services would reduce, thus this system would prove to be beneficial for the people who are fed up of paying high prices.
- This would reduce the burden from the state and the central government. With the introduction of GST, all indirect taxes would come under a single roof.
- GST would not be charged at every point of sale like other indirect taxes so in this way, market would be developed.

Negative Impact of GST in India

- The introduction of GST in the country will impact real estate market. This would increase new home buying price by 8% and reduce buyers" market by 12%.
- GST is a mystifying term where double tax is charged in the name of a single tax.
- Most of the dealers don" t pay central excise tax and cheat the government by simply giving the VAT. But all of those dealers would now be forced to pay GST.
- The short-term impact of GST is expected to be neutral-to negative for the broader economy. be beneficial to the common man.

Impact of GST on Manufacturers, Distributor and Retailers

GST is expected to boost competitiveness and performance in India" s manufacturing sector. Declining exports and high infrastructure spending are just some of the concerns of this sector. Multiple indirect taxes have also increased the administrative costs for manufacturers and distributors and it is being hoped that with GST in place, the compliance burden will ease and this sector will grow more strongly.

Impact of GST on Service Providers

As of March 2014, there were 12, 76,861 service tax assesses in the country out of which only the top 50 paid more than 50% of the tax collected nationwide. Most of the tax burden is borne by domains such as IT services, telecommunication services, Insurance industry, business support services, Banking and Financial services etc. These pan-India businesses already work in a unified market, and while they will see compliance burden becoming lesser there will apparently not be much change in the way they function even after GST implementation.

Logistics In a vast country like India, the logistics sector forms the backbone of the economy. We can fairly assume that a well organized and mature logistics industry has the potential to leapfrog the "Make In India" initiative of the Government of India to its desired position.

E-com The e-com sector in India has been growing by leaps and bounds. In many ways, GST will help the e-com sector" s continued growth but the long-term effects will be particularly interesting because the model GST law specifically proposes a tax collection at source (TCS) mechanism, which e-com companies are not too happy with. The current rate of TCS is at 1% and it" ll remain to be seen if it dilutes the rapid boom in this sector in any way in the future.

Pharma On the whole, GST is expected to benefit the pharma and healthcare industries. It will create a level playing field for generic drug makers, boost medical tourism and simplify the tax structure. If there is any concern whatsoever, then it relates to the pricing structure (as per latest news). The pharma sector is hoping for a tax respite as it will make affordable healthcare easier to access by all.

Telecommunications In the telecom sector, prices are expected to come down after GST. Manufacturers will save on costs through efficient management of inventory and by consolidating their warehouses. Handset manufacturers will find it easier to sell their equipment as GST will negate the need to set up state-specific entities, and transfer stocks. The will also save up on logistics costs.

Textile The Indian textile industry provides employment to a large number of skilled and unskilled workers in the country. It contributes about 10% of the total annual export, and this value is likely to increase under GST. GST would affect the cotton value chain of the textile industry which is chosen by most small medium enterprises as it currently attracts zero central excise duty (under optional route).

Real Estate The real estate sector is one of the most pivotal sectors of the Indian economy, playing an important role in employment generation in India. The probable impact of GST on the real estate sector cannot be fully assessed as it largely depends on the tax rates. However, it is a given that the sector will see substantial benefits from GST implementation, as it will bring to the industry much required transparency and accountability.

Agriculture Agricultural sector is the largest contributing sector the overall Indian GDP. It covers around 16% of Indian GDP. One of the major issues faced by the agricultural sector is transportation of agri products across state lines all over India. It is highly probable that GST will resolve the issue of transportation. GST may provide India with its first National Market for the agricultural goods. However, there are a lot of clarifications which need to be provided for rates for agricultural products.

FMCG The FMCG sector could see significant savings in logistics and distribution costs as the GST will eliminate the need for multiple sales depots. The GST rate for this sector is around 17% which is way lesser than the 24-25% tax rate paid currently by FMCG companies. This includes excise duty, VAT and entry tax – all of which will be subsumed by GST.

Automobiles The automobile industry in India is a vast business producing a large number of cars annually, fueled mostly by the huge population of the country. Under the current tax system, there are several taxes applicable on this sector like excise, VAT, sales tax, road tax, motor vehicle tax, registration duty which will be subsumed by GST. Though there is still some ambiguity due to tax rates and incentives/exemptions provided by different states to the manufacturers/dealers for manufacturing car/bus/bike, the future of the industry looks rosy.

Banking, Financial Services And Insurance (BFSI) Among the services provided by Banks and NBFCs, financial services such as fund based, fee-based and insurance services will see major shifts from the current scenario. Owing to the nature and volume of operations provided by banks and NBFC vis a vis lease transactions, hire purchase, related to actionable claims, fund and non-fund based services etc., GST compliance will be quite difficult to implement in these sectors.

Conclusion

GST is at the infant stage in Indian economy. It will take some time to experience its effects on Indian economy. GST mechanism is designed in such a way that it is expected to generate good amount of revenue for both central and state government. Regarding corporate, businessmen and service providers it will be beneficial in long run. It will bring transparency in collection of indirect taxes benefiting both the Government and the people of India.

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INTRODUCTION OF GST IN INDIAN ECONOMY

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Abstract
Even in the worldwide economic crisis India showed remarkable survival in its economic system. The well insulated economic structure in India is the basis of such an amazing withstand. The proposed Goods and Services Tax (GST) is expected to be another milestone in the economic growth in India. The fundamental aim of GST is to make uniform the scattered indirect tax system in India and avoid the cascading effect in taxation. The impact going to make by GST will be a transformation in the entire tax system in India. The effect will go beyond Indian borders. The implementation of GST will reduce tax burden on manufacturers and thus encourages for the higher production. This process will increase the export of India and it will increase the total GNP. Avoidance of cascading effect empowers the manufacturers to produce to their optimum capacity and retards growth. The study intends to exhibit the detailed impact of GST implementation in Indian economic system.
Keywords: GST, Indirect Tax, Indian Economy, Tax Administration, Cascading effect.

Introduction

The tax system is the backbone of any developing nation. The revenue generated through tax collection is the biggest source of income for that nation. In India also revenue from tax collection is the biggest source of income for its social welfare activities. The Constitution of India, the charter of the nation clearly discussed about the tax collection and its various aspects. The prevailing tax system in India is adhered from those sections in the constitution.

The tax decisions in India are doing by the central and state governments with local governments nevertheless it doesn't mean that the government can impose any tax that it wishes to. All the taxes imposed by the government must be laws passed according to Indian constitution. An important restriction on this power is Article 265 of the Constitution which states that "No tax shall be levied or collected except by the authority of law". In India the entire tax system has divided into two, one is direct taxes and the other one is indirect taxes. Direct taxes are those taxes which are directly paying to government. These taxes are levied directly on an entity or an individual and cannot be transferred onto anyone else. The administrative body of direct taxes is Central Board of Direct Taxes (CBDT) which is a part of the Department of Revenue. The major source of direct tax in India is coming from Income Tax.

Wealth Tax

Wealth Tax was another tax levied by the government, which was charged based on the net wealth of the assesses. Net wealth is equal to all the assets an individual owns after adjusting the cost of acquiring them. Wealth tax is no longer operational as it was abolished on 2015. Indirect taxes are those taxes that are collected indirectly from the peoples. This tax is usually levied on goods and services. The basic difference between direct taxes and indirect taxes is also because of this basis of levying. Direct taxes are levying on various assesses but indirect taxes are instead levied on products and are collected by an intermediary, the person selling the product. These taxes are levied by adding them to the price of the service or product which tends to push the cost of the product up. The types of indirect taxes are sales tax, Service tax, VAT, customs duty, excise duty, entertainment tax, Stamp Duty, Registration Fees and Transfer Tax etc...

Sales tax

Sales tax is a tax that is levied on the sale of a product. This product can be either produced in India or imported the tax is levied on the final retailers. Sales tax is levied under both central and state legislations and it is the largest source of tax revenue to the state governments. Basically, all the states in the country follow their own Sales Tax Act and charge different percentages. Service tax is the tax added to services provided in India. It is applicable on companies that provide services and is collected on the periods of intervals as per the company. If the establishment is an individual service provider then the service tax is paid only once the customer pays the bills however, for companies the service tax is payable the moment the invoice is raised. Value Added Tax (VAT) is also known as commercial tax. The method of tax levying is at all the stages of the supply chain, right from the manufacturers, dealers and distributors to the end user. VAT is purely the discretion of the state government and not all states implemented it when it was first announced. When peoples purchase products imported from another country, a charge is applied on it and that is called customs duty. Any medium of transportation like land, sea or air all the products are liable to customs duty. Excise Duty is a tax that is levied on all the goods manufactured or produced in India. It is different from customs duty because it is applicable only on things produced in India and is also known as the Central Value Added Tax or CENVAT.

This tax is collected by the government from the manufacturer of the goods. It can also be collected from those entities that receive manufactured goods and employ people to transport the goods from the manufacturer to them. Entertainment Tax is yet another type of tax commonly seen in India. It is levied on feature films, television series, exhibitions, amusement, and recreational parlors. This tax is collected taking into account a business entity's gross collection based on audience participation. Stamp Duty, Registration Fees and Transfer Tax are collect as a supplement of property tax. For instance, when an individual purchases a property, they also have to pay for the cost of stamps (stamp duty), fee charged by local registrar to legalize a property transaction which is called as registration fees and tax paid to transfer the ownership of a commodity.

These are all the types of taxes that are present in India's current economic scenario. Even there is another head for tax division called other types which includes Toll Tax & Road Tax, Swachh Bharat Cess, Krishi Kalyan Cess, Infrastructure Cess, Entry Tax Etc... The funds collected from these sources are the real means of developmental activities in the country.In answer to the question whether direct or indirect taxes are better, better to say on both sides.The best way to conclude that no country can do with one type only. Both types have to be mixed in a good system of taxation.

GST Practices

India is having the most complicated tax structure in the world, especially Indian indirect tax systems. The mechanism of imposing taxes, exemptions, abatements other benefits is different in different states. The existing law has a number of issues of interpretation in various provisions and the category of the products and services. India needs a simple tax structure which can describe the tax mechanism as simple as possible.

The basic two drawbacks of existing indirect tax system are cascading effect and non-uniformity of tax collection among states. Introduction of Goods and Service Tax (GST) will compensate those drawbacks. Following are the mainstay of GST:-

- Removing Cascading Effect: GST removes "Tax on Tax Effect" and provides common national market for Goods and Services.
- Single Umbrella Tax Rate: GST will harmonize indirect taxes being levied by Union and State Governments.

The Prospects of GST

A well unity in various tax types will give the following prospects to GST:-

1. GST ensures a competitive pricing mechanism. The implementation of GST will reduce ne tax payment by final consumers which will reduce the prices of commodities. The process will boost up the consumption and increase in production. When the cost of Production falls in the domestic market, Indian Goods and services will be more prices competitive in foreign markets which will improves export.
2. Revenue Neutral Rate (RNR) is one of Prominent Factor for the success of GST. The government revenue would be less compared to the current system for the initial two years. By RNR Government ensures that its revenue remains the same despite of giving tax credits. So there is no question of loss for the states.
3. The online backup is one of the magnificent benefits of GST. The Government has already incorporated Goods and service tax network (GSTN). It will develop GST portal ensures the technology support for registration, return filing, tax payments, IGST settlements etc. An effective database system will always surpass all the hurdles.
4. As per Integrated Goods and Services Tax (IGST) central government will levy GST on inter-State trade and such tax shall be apportioned between the Union

and the States in the manner as may be provided by Parliament by law. Import of goods or services would be treated as inter-state supplies and thus it would be subject to IGST in addition to applicable custom duties. Exports would be zero rated. The problem of different rate for different states on different products will be eliminated through the process. The confusion among dealers will reduce die to this process.

5. There will be only one law because GST shall subsume various taxes as specified above.
6. The will be one CGST rate and a uniform rate of SGST across all states. The current scenario of differential tax rates will be abolished, which will accelerate the interstate transfers which will ultimately increase the production.
7. The problem of Cascading effect arises because credit of CST and many other taxes not allowed. This situation will not arise as CST concept is being eliminated with introduction of IGST. Elimination of cascading effect will of course increase the production capacity of manufacturers and this will leads to improved production and export opportunities.
8. Tax burden is expected to reduce since all taxes are integrated and possible the burden to be split equitably between manufacturing and services. Over pricing of a particular product or service can avoid through this mechanism.
9. As GST mechanism removes cascading effect by providing credit, cost burden is also reduced. Reduction in production cost will lead to increased production.
10. The tax compliance would be easier as only one law subsuming other taxes need to be followed.

Conclusion

Goods and Service Tax is a comprehensive tax levy on manufacture, sale and consumption of goods and services. GST is termed as biggest tax reform In Indian Tax Structure. It will not be an additional tax, it will include central excise duty, service tax additional duties of customers at the central level, VAT, central sales tax, entertainment tax, octroi, state surcharge, luxury tax, lottery tax and other surcharge on supply of goods and services. The purpose of GST is to replace all these taxes with single comprehensive tax, bringing it all under single umbrella. The purpose is to eliminate tax on tax. This paper will throw light on GST its features and also effect of GST on prices of goods and Services. At the end we can say no doubt it is the biggest ever change in tax structure of India. There will be fall in prices of some commodities but on the other hand price of some other goods and services will rise. There is threat of inflation too and states may face reduction in their financial resources. But overall it will be a great change.

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GOODS AND SERVICE TAX IS A BAN OR BOON IN INDIA

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Abstract
Goods and Services Tax (GST) is a biggest indirect tax reforms in India. It is broad tax levy on manufacture, sale and consumption of goods and services at a whole country. In India was introduced on 1st July 2017 it's applicable to throughout India which replaced multiple cascading taxes levied by the central and state governments. It was introduced as the Constitution (One Hundred and First Amendment) Act 2017 following the passage of Constitution 122nd Amendment Bill. In India GST system model is a dual GST model it's followed by Canada, where in Central goods and services tax (CGST) and state goods and services tax (SGST) will be levied in the taxable value of the transaction and integrated central and state Goods and Service Tax in India. The study is based on two objectives; first one is to know the rate of GST on goods and services and second is to examine the benefits and losses of GST in India. The study find out that GST is imposed on 1125 items and 88 items are in the category of nil. Among the tax rate categories of GST, the 18 per cent rate of GST covers more that 50 per cent of total goods and services. Only few goods and services and excluded from GST which may not be considered as a boost to the growth of economy.
Keywords: *Goods and service Tax (GST), Manufacture, Commodities.*

Introduction

Goods and Services Tax (GST) is a broad tax levy on manufacture, sale and consumption of goods and services at a whole country, its biggest indirect tax reforms in India.[1]It is a simple transparent and well-organized system of indirect tax. The goods and service tax is not a new phenomenon. It was first introduced by France in 1954.Now a days the Goods and service tax system is introduced to over 160 countries across the world level. In India was introduced on 1st July 2017 it's applicable to throughout India which replaced multiple cascading taxes levied by the central and state governments. It was introduced as the Constitution (One Hundred and First Amendment) Act 2017 following the passage of Constitution 122nd Amendment Bill.

In India GST system model is a dual GST model it's followed by Canada, where in Central goods and services tax (CGST) and state goods and services tax (SGST) will be levied in the taxable value of the transaction. The CGST will include central excise duty, services tax, additional duties of customs at the central level and value-added tax, central sales tax, entertainment tax, luxury tax, octroi, lottery taxes, electricity duty, state surcharges related to supply of goods and services and purchase tax at the state level. In case of inter-state supply, transactions would attract levy of Integrated GST (IGST) which would be equivalent to the aggregate of SGST and CGST.

Statement of the Problem

Goods and Service Tax system is avoids the problem of multiple or double taxation and other indirect taxes having cascading effect thereby reducing the burden of taxes. GST system was consumer pay fair prices for most of the goods and service at single shot. The cost of doing business increases as they are not allowed to claim services tax an accounting telecommunication and legal services and sales tax on indirect services. GST will not only make the tax system simpler but will also help in increased compliance, boost tax revenues, reduces the tax outflow. GST is subsumed of various types' indirect taxes where revenue will be divided between the Central and State Government of which there may occurred various problems in the case of regarding the matter of authority. India is a developing country and more than 60 per cent of people living in rural areas. So that government have to spend a large amount of money for the awareness of people on the matter of GST which means have advertisement for GST.

Methodology

The study is only based on secondary data. The data were collected from economic survey 2016-2017, volume 2, various articles, news paper, and government reports. The data were analyzed and interpreted

Objectives

The main objectives of study are,

- To know the rate of Goods and service tax on Goods and Services in India.
- To examine the benefits and losses of the Goods and Service Tax in India.

Review of Literature

Alpna Yadav study revealed that the Goods and service Tax system is solve the problems of intricacy of tax system because it will replace the tax system. It will remove all other multiple taxes of Central and State government like Vat, Cenvat, Luxury tax, Octroi, Entry tax etc. GST is to reduce the cost of manufacturing goods and consumer goods. It impacts on various sectors such as Infrastructure, textile, IT, Agriculture, Food Industry, Transport, Real estate industry will positive and all the sectors will be benefitted with the implementation of GST. GST will give India a world class tax system by grabbing different treatment to manufacturing and service sector. GST will provide relief to producers and consumers by providing wide and comprehensive coverage of input tax credit set off. Service tax set off and subsuming the several taxes. GST is likely to improve tax collection and Boost India's economic development.

Result and Discussions

The goods and service tax (GST) system is levied on some goods and services and few categories are exempted in India.

Table.1. GST Rates and Exclusions from GST Base

IGST (%)			Number of Goods categories*	Major Goods/Secrtor excluded
CGST (%)	SGST (%)	Total (%)		1. Alcohol 2. Petroleum and energy 3. Land and real estate 4. Education 5. Healthcare
0	0	0	88	
1.5	1.5	3	Gold and jewelry	
2.5	2.5	5	173	
6	6	12	200	
9	9	18	521	
14	14	28	229	
Cesses (multiple)				

Source: Economic Survey 2016-17 Volume 2.p.6

IGST is the sum of the GST levied by the Centre (CGST) and the states (SGST).

*Measured as number of Harmonized System (HS) lines defined under the tariff code.

Table 1 clearly reveals that the GST is imposed on 1125 items and 88 items are in the category of nil. Only few goods and services and excluded from GST which may not be considered as a boost to the growth of economy. The Alcohol, petroleum, energy products, electricity, some of land and real estate transactions are in exempted from GST base but are taxed by the Centre and states outside the GST. Health and education are outside the tax net altogether, exempted under the GST and not otherwise taxed by the Centre and states. Of the total goods 3 per cent rate is levied on Gold and jewelers, 5 per cent rate on 173 goods category, 12 per cent rate on 200 goods category, 18 per cent rate on 521 goods category and 28 per cent rate on 229 goods category in GST base in India. As compared to all categories, 18 per cent rate of GST covers more that 50 per cent of total goods and services.

Table.2 Benefits of the Goods and Service Tax

Benefits of the Goods and Service Tax	
Furthering cooperative federalism	Nearly all domestic indirect tax decisions to be taken jointly by Centre and states.
Reducing corruption and leakage	Self-policing: invoice matching to claim input tax credit will deter non-compliance and foster compliance. Previously invoice matching existed only for intra-state VAT transactions and not for excise and service tax nor for imports.
Simplifying complex tax structure and unifying tax rates across the country	8-10 central excise duty rates times 3-4 state VAT rates itself applied differentially across states to be consolidated into the GST's 6 rates, applied uniformly across states (one good, one Indian tax). Other taxes and cesses of the states and the Centre subsumed in the GST.
Creating a common market	Will eliminate most physical restrictions and all taxes on inter-state trade.
Furthering 'Make in India' by eliminating bias in favour of imports ("negative protection")	Will make more effective and less leaky the domestic tax levied on imports (IGST, previously the sum of the countervailing duty and special additional duty), which will

	make domestic goods more competitive.
Eliminating tax bias against manufacturing/reducing consumer tax burden	By rectifying breaks in the supply chain and allowing easier flow of input tax credits, GST will substantially eliminate cascading (paying taxes at each stage on value added and taxes at all previous stages, such as with the Central Sales Tax).

Source: Economic Survey 2016-17 Volume 2.p.3

Demerits of Goods and Service Tax system

Goods and service tax system is impact on the Indian economy. However, each country where GST was implemented experienced inflation for next 3 to 5 years. GST would affect negatively on the real estate market because it would add up to 8 percent to the cost of new homes and reduce 12 per cent of demand. It is negative impact on small traders, it will difficult to small traders due to compete with strong or big traders their survival will become something difficult.The thousands and lakhs of industries are surviving only for one reason that they are not required to pay excise if their turnover does not exceed 1.5 crore. This had made their products cost efficient and saleable in the market. In GST regime they will not be getting this benefit and will result in increasing the cost of their products and thereby they will be left to slow death. Hence some economist says that CGST, SGST and IGST are nothing but new names for Central Excise/Service Tax, VAT and CST.

Conclusion

The study is concluded that the 88 number of goods category are in zero per cent levied by Goods and Service Tax base. As compared to all categories, 18 per cent rate of GST covers more that 50 per cent of total goods and services. It reduces the cost of goods and services to some extent and creates a supportive environment for the facilitation of international trade, thereby helping in revenue generation leading to the increase in the GDP of the country. Similarly, it will also be helpful in lowering the tax burden on the various segments of the economy. Industries, dealers, retailers and the agriculture sector as a whole will benefit from GST.

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A STUDY ON IMPACT OF GOODS AND SERVICES TAX ON INDIAN ECONOMY: A KEY TAX REFORM

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Abstract
A very significant improvement over the local sales tax system is Goods and Services Tax (GST). GST, one of the biggest taxation reforms in India is all set to assimilate Economies of the State and boost up the overall economic growth. At present businesses pay lot of indirect taxes such as Service Tax, VAT, Sales Tax, Luxury Tax, Octroi and Entertainment Tax. All such indirect taxes would cease to exist just after the implication of GST. Thus, there would be only one tax, at the national level, and that too monitored by Central Government of India. Currently several tax rates are imposed on different goods and services, but after the implication of GST there would be only one tax for every good and services. Assimilation of taxation of goods and services would be a great move by the Indian Government and would also help them in tax collections. The expectations from GST is to create a business-friendly environment, as cost price and henceforth, rate of inflation would fall over a period of time as a uniform tax rate would be applicable. An attempt is made in this paper to study the need of GST in India and the impact of GST on Indian Economy.
Keywords: *GST, Indian economy, SMEs, information technology*

Introduction

Taxes are the only means for financing the public goods because they cannot be priced appropriately in the market. They can only be provided by governments, funded by taxes. It is important the tax regime is designed in such a way that it does not become a source of distortion in the market or result in market failures. The tax laws should be such that they raise a given amount of revenue in an efficient, effective and equitable manner. Tax policies play an important role on the economy through their impact on both efficiency and equity. A good tax system should keep in view issues of income distribution and, at the same time, also endeavour to generate tax revenues to support government expenditure on public services and infrastructure development. GST stands for Goods and Services Tax. It is a domestic trade tax that will be levied in the form of a value added tax on all goods and services -in practice with some exemptions. A value added tax exempts all inputs including capital goods. Hence, it becomes a general tax on domestic consumption. It is a convenient and economically efficient way of taxing consumption. If it is levied at a single rate and there are only very few exemptions, it becomes a proportional tax on consumption. In order to ensure that the tax burden is distributed according to the consumption of different individuals, it must be levied on the basis of the principle of destination, that is to say that the tax on a good should go to the state in which the concerned consumer lives. This automatically takes place if the tax is levied at only the central level, or if the state is a unitary one with only one level of taxation. In a federation, there are special problems to be solved if GST is to be levied at the level of the states as well as the federal government.

The goods and services tax

Literature Review

Agogo Mawuli (May 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.

Dr. R. Vasanthagopal (2011) studied, "GST in India: A Big Leap in the Indirect Taxation System" and concluded that switching to seamless GST from current complicated indirect International Journal of Commerce and Management Research 77 tax system in India will be a positive step in booming Indian economy. Success of GST will lead to its acceptance by more than 130 countries in world and a new preferred form of indirect tax system in Asia also.

Objectives of the Study

The main objective of this study is to highlight the needs of Goods and Services Tax in India and to study the impact of GST on Indian Economy.

Need of GST in India

The GST is being introduced not only to get rid of the current patchwork of indirect taxes that are partial and suffer from infirmities, mainly exemptions and multiple rates, but also to improve tax compliances. The spread of GST in different countries has been one of the most important developments in taxation over the last six decades, owing to its capacity to raise revenue in the most transparent and neutral manner, more than 150 countries have adopted the GST.

With the increase of international trade in services, the GST has become a preferred global standard. All OECD countries, except the US, follow this taxation structure. The proposed framework In India, the unified tax will take the form of a “dual” GST, to be levied concurrently by both the Centre and States. The unified tax will comprise of a Central GST and a State GST, which will be levied, legislated and administered by the respective levels of government. The words “levy, legislate and administer” are chief, since the Centre and the state will legislate the respective GST Acts and both will have power to administer the taxes.

GST in other countries

While countries such as Singapore and Canada tax virtually everything at a single rate, In Indonesia tax rate is about 10%. In China, GST applies only to goods and the provision of repairs, replacement and processing services. It is only recoverable on goods used in the production process, and GST on fixed assets is not recoverable. There is a separate business tax in the form of VAT. For example, when the GST was introduced in New Zealand in 1986, it yielded revenues that were 45 per cent higher than anticipated, in large part due to improved compliance. It is more neutral and efficient structure could yield significant dividends to the economy in increased output and productivity. The GST in Canada replaced the federal manufacturers’ sales tax which was then levied at the rate of 60 per cent and was similar in design and structure as the CENVAT in India. It is estimated that this replacement resulted in an increase in potential GDP by 24 per cent, consisting of 12.4 per cent increase in national income from higher factor productivity and 50 per cent increase from a larger capital stock (due to elimination of tax cascading). The Canadian experience is suggestive of the potential benefits to the Indian economy. This means gains of about US$15 billion annually.

- **Food Industry**

The application of GST to food items will have a significant impact on those who are living under the level of subsistence. But at the same time, a complete exemption for food items would drastically shrink the tax base. Food includes grains and cereals, meat, fish and poultry, milk and dairy products, fruits and vegetables, candy and confectionary, snacks, prepared meals for home consumption, restaurant meals and beverages. Even if the food is within the scope of GST, such sales would largely remain exempt due to small business registration threshold. Given the exemption of food from CENVAT and 4% VAT on food item, the GST under a single rate would lead to a doubling of tax burden on food.

- **Housing and Construction Industry**

In India, construction and Housing sector need to be included in the GST tax base because construction sector is a significant contributor to the national economy. GST could play a major role in bringing transparency in the real estate sector. It could possibly reduce cost of home ownership especially if, GST rate is lower than current rates put together. GST could also lead to lower compliance and input cost for builders.

- **FMCG Sector**

Despite of the economic slowdown, India's Fast Moving Consumer Goods (FMCG) has grown consistently during the past three – four years reaching to $25 billion at retail sales in 2008. Implementation of proposed GST and opening of Foreign Direct Investment (F.D.I.) are expected to fuel the growth and raise industry's size to $95 Billion by 201835.

- **Rail Sector**

There have been suggestions for including the rail sector under the GST umbrella to bring about significant tax gains and widen the tax net so as to keep overall GST rate low. This will have the added benefit of ensuring that all inter – state transportation of goods can be tracked through the proposed Information technology (IT) network.

- **Financial Services**

In most of the countries GST is not charged on the financial services. Example, In New Zealand most of the services covered except financial services as GST. Under the service tax, India has followed the approach of bringing virtually all financial services within the ambit of tax where consideration for them is in the form of an explicit fee. GST also include financial services on the above grounds only.

- **Information Technology enabled services**

To be in sync with the best International practices, domestic supply of software should also attract G.S.T. on the basis of mode of transaction. Hence if the software is transferred through electronic form, it should be considered as Intellectual Property and regarded as a service. And If the software is transmitted on media or any other tangible property, then it should be treated as goods and subject to G.S.T.

- **Impact on Small Enterprises**

There will be three categories of Small Enterprises in the GST regime.

- Those below threshold need not register for the GST
- Those between the threshold and composition turnovers will have the option to pay a turnover based tax or opt to join the GST regime.
- Those above threshold limit will need to be within framework of GST

Conclusion

India's biggest indirect tax reform since 1947 looks like it has finally arrived – the Goods and Service Tax. From its first official mention in 2009 when a discussion paper was introduced by the previous United Progressive Alliance government to the point when the current Modi government tabled the Constitution Amendment Bill in Parliament, building consensus on the GST hasn't been easy. The most prominent hurdle in introducing this new tax structure has been the struggle between the states and the Centre on the loss of revenue. It's taken years to resolve, but even now it is an issue that isn't completely fixed. Nonetheless, the introduction of the Constitution Amendment Bill in Parliament seems like the first key step towards bringing in the belated GST reform. In India, the unified tax will take the form of a "dual" GST, to be levied concurrently by both the Centre and states. The unified tax will comprise of a Central GST and a State GST, which will be legislated, levied and administered by the respective levels of government. The same taxable base will be subject to both GSTs. Overall GST is helpful for the development of Indian economy as well it will be very much helpful in improving the gross domestic product of the country more than two percent. Now the government of India should take final step to pass the GST bill in parliament with removing all hurdles.

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IMPACT OF GST ON AUTOMOBILE SECTOR IN INDIA

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Abstract
The Automobile industry in India is one of the most successful manufacturing space from past liberalization. The industry has potential to grow to become a major economic contributor. The Government of India has also recognized the importance of Automobile industry holds in the Indian economy and hence is currently working on Automotive Mission Plan 2026 to set targets for the industry for the year 2026. The Government of India has planned to implement of GST to the manufacturing sector in India. The objective of this study is the impact of GST on Automobile sector in India.
Keywords: *GST, Automobile Sector, Economic Development,*

Introduction

Automobile sector in India is growing fast and the growth pattern seems to have a clear correlation with the reforms related policies those influenced both domestic demand pattern as well as trade. India is global major in the two wheeler industry producing motor cycles, scooters and mopeds principally of engine capacities below 200cc. The two wheeler industry in India has grown at a compounded annual growth rate of more than 15% during the last five years and Indian two wheelers comply with some of the most stringent emission and fuel efficiency standards maintained world wide. In India two wheelers is the second largest producer in the world and the world" s number one producer is located in India. India is the largest tractor manufacturer, the fifth largest commercial vehicle manufacturer and the thirteenth largest producer of passenger cars in the world. The Auto industry currently employs more than 30 million people both directly and indirectly. The auto industry is a key employment generator in the OEM factory that manufacturers the vehicles, in the inbound auto component and logistics industry that makes and delivers components & systems and the out bound logistics and dealer network that sells, maintains and distributes the cars. Every vehicle produced, generates secondary and tertiary employment. The industry generates employment of 13 persons for each truck, 6 persons for each car and four persons for each three wheeler and one person for two wheelers. It is important to appreciate the sector" s multiplier effect on economic activity. If the industry produces as per its potential, it could generate employment of over 35 million people by 2020.

About The GST

The GST as the biggest taxation reform and is basically a proposed tax reform at the moment. This is indirect tax much like the VAT, Service tax, entertainment tax, etc. and this would be levied by the state and center in the form of State GST and Centre GST on the manufacture, sale and consumption of almost all goods and services all across India. The Government should facilitate a conducive environment for growth of the auto industry by defining favorable long-term policy for investment. 7 vehicles are getting changed every year and Government is negotiating FTAs where custom duties are likely to come down, many international companies that had planned to enter the market have stalled the plan and are now considering other emerging markets, such as China and Brazil.

Impact of the GST on Automobile Sector

The Goods and Service Tax is a single rate tax levied on the manufacture, sale and consumption of goods as well as services at a national level. In this system the GST is implemented only on the value added at every stage of production. This will ensure there is no cascading effect of taxes (tax on tax paid) on inputs that are used in manufacturing goods. With the GST in place, the prices of goods are expected to fall, and in the long term we can expect the dealers to pass on these benefits to the end consumer as well. The Automobile industry has seen significant disputes under central excise valuation like, sale below the cost for market penetration, inclusion of State Industrial Promotion subsidies retained by the manufacture, deductibility of past sale discounts from value under excise, valuation of demo cars treatment of PDI charges and other dealer reimbursement advertisement charges recovered from dealers etc., and sales though marketing companies and mutuality of interest. The model GST law continues with the concept of transaction value which is a welcome measure, however the powers for rejection of the transaction value are very wide, and could lead to significant valuation disputes.

The GST will be positive for the automotive sector, primarily because of the efficiency and the removal of cascading that is expected with GST, example a car is manufactured in a particular state and generally 80 percent of these cars are sold to states outside the state of manufactures to dealers outside the state. So today, to straight away give you an example, the two percent central sales tax (CST) that they pay will not be there tomorrow because hopefully origin tax is not there. Even the two percent CST will be an integrated GST (IGST) which will be fully creditable by the dealer when he sells the car in the other state, and even from a procurement point of the view, if there is interstate procurement we suffer today at two percent CST which is a cost to the manufacturer, that also will not happen because those interstate procurements will have an IGST in it which is again available as a full credit to the manufacturer if the credit rules are simple and easy. The second efficiency could be also on the input side, a bigger, more easy credit mechanism so that all the taxes on the input side, whether it is input services, whether it is capital goods, whether it is manufactured products are set off against the output liability of GST.

Tax Rate for The Industry

The tax rate on inputs and output should be fixed considering the pattern of input purchase and output sales which varies considerably. This has implications for the input tax credit. While vehicle manufacturing takes place in a few states with supply to other states (local sales account for less than 10% of total domestic sales), the majority of components (around 70% - 80%) are procured from vendors within the state. If tax rate of components/inputs is more than the tax rate at the time of supply of complete vehicles (Completely Built Units), then refund would arise. Suggestions of Tax base & Levy

1. Uniform rate of tax should be charged on complete vehicles (whether by way of sale or by way of transfer) and inputs, against which input credit should be allowed.
2. Tax paid on complete vehicles on movement from factory should be made available as input credit to the vehicle dealers.
3. Manufacturers could give state-wise break-up at periodically to respective state governments who may settle it through the appropriate clearing house mechanism.
4. Considering the current level of taxation, a suitable tax rate may be adopted. Tax rates should be uniform across states and there should be one authority to which payment would be made by way of one Challan.
5. Goods and services should be classified on the basis of HSN and GATTS (at both central and state levels).
6. A common base should be adopted for taxation of both Central and State GST. Under the present taxation system, interstate sales tax and local sales tax is levied on excise duty in respect of the manufactured goods resulting in cascading of taxes.
7. In case of non-sale, where the transaction value of goods or services is not determinable and when GST is charged, a simple mechanism of valuation could be adopted on the basis of cost.
8. Under GST, it is suggested that the basis of tax credit should be on „Cost to Business", i.e. tax, which is paid and forms cost to business should be allowed as a tax credit, both at the Central & State level.
9. The document based credit should also be dispensed with and could be substituted by appropriate certification by an independent Chartered Accountant (or the Appointed Company Auditors). The same could be subject to appropriate audits by trained government officers and could be IT enabled.
10. Diesel and motor spirit should be brought under GST with input tax credit and mechanism to avail the same. VAT on diesel and motor spirit constitutes a significant element of cost for the transport industry.
11. In the proposed GST system, it is not known whether the stock transfer would remain exempted from tax (at present, sales tax is not levied on Stock Transfer) or would be made taxable in the importing state; the industry needs to understand the treatment of stock transfers for the purpose of input tax credit.
12. There should be no distinction between input and capital goods. Presently, definition of Capital Goods under Central excise law and state VAT is not uniform. Under State VAT, definition of capital goods and also the rate of taxation vary from state to state. As regards periodicity of taking credit, excise and VAT laws differ.
13. In respect of existing exemptions having sunset clause, appropriate transitional provisions should be

introduced to ensure continuity of existing benefits. A clarification is needed on how the existing sales tax benefit schemes e.g. loan, deferral would be affected. Lavanya et al., Int

14. The State Goods and Services Tax Act, State GST Act should be a common Act operated/implemented by all the states and Union Territories (similar to present Central Sales Tax Act) covering transactions related to goods, services and exports.
15. Concept of „Tax Invoice" should be continued for availing State GST credit.

Conclusion

The implementation of GST, taxes moves from the origin state to the consumption state due to which overall economic activity is expected to increase and it could expect a better GDP growth that should push demand for vehicle across categories. Impact of tax cascading will also go away that will reduce overall cost of vehicle manufacturing as all taxes on input paid will be offset with the output liability of GST.

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GST- AN OVER VIEW

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Introduction

According to article 256 of the constitution, no duty shall be levied or collected expect by authority of law.

Art 246 A(1): The union as well as the states have powers to make laws to levy GST on the supply of goods and services.

Let us go by the GST star answering 6 questions:

1. **Who**
2. **What**
3. **When**
4. **Where**
5. **Why**

$\Bigg\}$ **How**

Who: Manufactures, Services providers, Wholesalers, Retailers, Consumers and Governments are the persons to be registered under GST Act and liable to pay CGST and / or SGST and/ or IGST.

What: GST is a destination based consumption tax and it is levied at every stage of supply of goods/ services right from manufacture up to final consumption with credit of taxes paid at previous stages available as set off.

CGST: means the tax levied under the Central Goods and Services Tax Act, 2016 to be enacted.

SGST: means the tax levied under the State Goods and Services Tax Act, 2016 to be enacted.

IGST: means the tax levied under the Integrated Goods and Services Tax Act, 2016 to be enacted.

Where: It extends to the whole of India.

When: It will be rolled out most likely from 01.07.2017

Why

- Multiple taxation
- Narrow base
- Cross border control
- No integration of tax on goods & services
- Incomplete credit system & no cross credit
- Cascading effect (tax on tax)
- High cost on tax compliance
- All taxes are origin based

How

Taxes to be subsumed under CGST

- Central Excise duty
- Duties of Excise (Medicinal and Toilet Preparation)
- Additional Duties of Excise (Goods of Special Importance)
- Additional Duties of Excise (Textiles and Textile Products)
- Special Additional Duty of customs (SAD)
- Service Tax
- Central Surcharges and Ceases as far as they related to supply of goods and services.

Taxes to be subsumed under IGST

- Central Sales Tax on interested trade
- Additional Duties of customs
- Central Excise and Service Tax

Taxes to be subsumed under SGST

- State VAT
- Luxury Tax
- Entry tax
- Entertainment and Amusement Tax
- Taxes on advertisement
- Purchase Tax
- Taxes on Lotteries, betting and gambling
- State surcharges and Ceases so far as they related to supply of goods and services

Relevance of GST

- Governments are looking at increasing the tax base
- State is looking at GST as a window for taxing services
- Central is looking at GST to go beyond the point of manufacture
- Industry wants GST to eliminate the cascading effect of taxes
- Consumers want lesser tax burden on goods & services
- Consuming states to get the benefit of taxes paid

Expectations

- Tobacco products attract both GST and Canvat
- 5 petroleum products are outside GST at present

- Alcoholic liquor for human consumption is outside GST

Features of GST

- Import of goods & services will be under – GST
- Export of goods & services – Zero rated
- Taxation on a common base – supply of goods or services except on Alcohol for human consumption
- Five Petroleum products – Diesel, Petrol, Petroleum crude, Natural gas & aviation fuel will be outside GST for now
- Tobacco – (CENVAT + VAT+ GST)
- Tax payers shall be allowed to take credit of taxes paid on inputs and utilize the same for payments of output tax.
- CGST credit can be used for payment of CGST and SGST credit can be used for payments of SGST.
- No ITC on account of CGST shall be utilized towards payments of SGST and vice versa.
- Credit of IGST would be permitted to be utilized for payments of IGST, CGST and SGST in that order.
- SGST portion of IGST shall be transferred to the destination state where the goods or services are eventually consumed.
- HSN code shall be used for classifying the goods under the GST regime.
- Tax payers whose turnover is above Rs.1.5 croses but below Rs.5 croses shall use 2- digit code and the taxpayers whose turnover is Rs. 5 croses and above shall used 4- digit code.
- Export shall be treated as zero-rated supply. No tax is payable on exports but ITC related to the supply shall be refunded to exporters.

Conclusion

GST is going to unify most of the indirect taxes resulting in destination based consumption tax paving the way for unified Indian market covering the transactions from manufacturers, wholesalers , Retailers- consumers and will in the long run increase the GDP and reduce the price of both goods and services.

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GST - IMPACTS & EXPECTATIONS OF INDUSTRY

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Introduction

Goods and Services Tax (GST) -Tax on consumption of goods and services on value added basis, has been emerging as tax of the future. It's now clear that India's GST will be a "Dual GST", where importantly there won't be any distinction between the goods and services for the purpose of imposition of Tax. Both Central governments and State governments will levy respective GST on a common base value. Hence apart from few exceptions, all the goods and services will be brought into the GST base. It will cover all types of persons carrying on business activities, i.e. manufacturer, job-worker, trader, importer, exporter, all types of service providers, etc. If a company is having four branches in four different states, all the four branches will be considered as Tax Payers under each jurisdiction of State Government. It is expected to help build a transparent and corruption-free tax administration. The GST has been longstanding demand of the industry. It will serve the purpose of Industry being a robust and streamlined indirect taxation structure. The effective implementation of GST will have a positive impact on industry and economy as a whole going forward. Its impacts have been laid down as follows.

Overall Impacts of GST

- **Business Decision making will be Tax Neutral**

GST will be a tax on consumption & hence all stages of production and distribution will be mere pass-through. Therefore business decision making will be Tax neutral

- **Impact on the Stock Transfers**

Taxation of stock transfer is in effect only a prepayment of tax on output which will primarily impact the working capital requirements. At present Stock Transfer from one State to another take place free of Tax against Form F. However, under the GST, Stock transfers from one State to other to one's branch or consignment agent might be treated as inter-State sale. The quantum of impact will vary depending on stock turnaround time at warehouse, credit cycle to customer, quantum of stock transfer, etc.

Price fixation is critical to the growth of any business. Once there is clarity about the operational impact of GST and finality about the rate structure, then price fixation would become easier. In order to gauge the component of tax built into the cost and price of a product or services, businesses first need to decipher their current pricing system. This exercise may require collection of data from within and outside the organization. Those organizations which restructure their prices early may gain first player advantage in a competitive market. Moreover this is also likely to result in a reduction in the prices of the commodities in the long run as manufacturers and distributors would pass on the benefits of lower costs of carrying on their businesses to the consumers.

Uniform Structure, Design & Compliance System

The proposed GST, dual in nature envisages a uniform structure, design and compliance system at all levels of Government and across the states, Therefore, cost of doing the business in India will significantly reduce as the Differences in the Tax Structure of different States and the Central Government greatly increase the cost of doing the business, which would not be the case now.

Changes in the Tax Rates

Under the current tax regime, the cumulative rate of tax on goods (both at the Centre and the state) is approximately between 20-22 percent. Whereas for services the present rate of tax is only 12.36 percent. This brings the over-all rate to 25%-30%. But, post GST, it is likely to be in range of 18%-20%; a net gain of almost 6%-10%.There could be strong consumer resistance in case of services with strong demand elasticity. This could force some sectors to absorb the hike themselves. Depending on how much is passed on or absorbed, it would affect the performance of service sector companies. Therefore, most of the dealers would experience the change in tax rates, either significantly or marginally. Therefore they would be required to conduct detailed study of the changed scenario.

Impact of GST on Working Capital Requirement

Apart from the tax cost, GST is also likely to have an impact on the cash flow requirements of business. This would be especially prominent in case of transactions involving supply of goods. The contingencies due to which working capital would be blocked may arise primarily on account of GST on Imports and on Stock Transfers, etc. Even in the federal structure with the unified GST through proper transaction planning, it may be possible to optimize the cash flows. Hence it will be important for businesses then to estimate and plan their working capital requirements.

Changed system of Input Tax Credit

The distinguishing feature of GST is provision of full input tax credit across goods and services, and collection of tax on value added at each stage so that full tax is borne by final consumer. This ensures that tax is always a pass through and that it never becomes part of the cost. For these reasons, introduction of GST will have a positive impact on profitability. The GST will facilitate seamless credit across the entire supply chain and across all States under a common tax base. The current framework allows limited inter-levy credits between the Excise Duty and the Service Tax. Moreover, presently no cross credits are available across these taxes and the VAT paid (on inputs) or payable (on output).

Cash Flow Benefits

GST will offer the cash flow benefits to the dealers and the distributors. They would becollecting GST from their customers as they make sales, but would be required to remit it to the government only at the end of the month or the quarter, when they file their returns. This extra cash flow would allow them to achieve scale and invest in making their operations more efficient.

No Overlapping of VAT & Service Tax

Presently, there have been many cases where both VAT and Service Tax have been applicable and tax component has been overlapped in certain instances. In the AC Restaurants, Service tax (Central Govt Tax) is to be paid only on 40% of the food bill amount (applicable rate – 40% * 12.36% = 4.944%), VAT is also applicable to the food items prepared inside the restaurants as they add some value to it.

Re-designing of Business Procurement Models

It will be inevitable for the industries to learn the re-designing of the business procurement models in order to optimize the tax outgo.

Up gradation of Software

With the introduction of GST, Dealers and service provider will have to upgrade the Accounting & Tax software and update the operating system which will seek training and development of people at each level. Now, with the usage of sophisticated software like SAP, etc. by the large companies, it will raise a challenge to the software companies to upgrade and customize the same

Training

Competent professionals will be required and for that, comprehensive training will have to be given to the staff members at each level so as to handle the complex GST matters, which will be a combination of various indirect taxes prevalent now. Training will have to be rendered to all departments such as marketing, accounting, etc.

Impacts of GST on Specific Industries

Agriculture

The main issue in the application of GST to food is the impact it would have on those living at or below subsistence levels. For those at the bottom of the income scale, it doubtless accounts for an even higher proportion of total expenditures and incomes. Taxing food could thus have a major impact on the poor.

Works Contractors:

Works contracts can give rise to three taxable activities as per the current law and different aspects of the same activity can be taxed by different statutes. There is supply of goods which is taxable in the form of Value Added Tax (VAT). Then due to the very nature of the contract, there is supply of services, and the service element is taxable as service tax. Further if in the process of completing the works contract a new commodity comes into the existence, there is taxable event of manufacture, and Central Excise Duty may be levied on the same.

Power Sector

Under the Constitution, Entry 53 in the State List of Seventh Schedule empowers the States to impose tax on sale and consumption of electricity, except when consumed by the Government of India or the Railways. Electricity has been held to be a 'good', but it is presently exempt from CENVAT and VAT. Only electricity duty is levied on its consumption by the States. Exemption of electricity from the main indirect taxes results in a situation where generation and distribution of the electricity are not allowed any credit for the taxes applied to inputs used in these processes.

Telecommunication

India is one of the biggest telecom markets in the world. It has the third-largest telecom network in the world and the second-largest among the emerging economies. The revenue of the sector is either subject to service tax or VAT. More significantly, there has been the continuous and ongoing problem of double taxation of the telecom services themselves, from both a VAT and a service tax standpoint. Specifically, the taxation of SIM cards, prepaid cards etc. has been a problematic area for a very long time. Hence, with the integration of VAT and service tax into the GST, this problem will be resolved to a great extent.

Intangibles

There have been conflicting judgments with different perspectives of taxation of intangibles under the indirect tax laws, whether it should be regarded as "Service" and charged to service tax or be regarded as "deemed Sale - transfer of right to use the same" and charged to VAT. This controversy will also be resolved with the introduction of GST.

Land & Real Estate

The real estate sector is a significant contributor to the gross domestic product and serves as a foundation for virtually all industrial and commercial activity. Further, housing constitutes a large chunk of the personal consumption expenditure, especially for middle and upper income households. Real estate is currently subject to multiple taxes at both central and state levels, such as service tax on construction services and state VAT on building material used in a works contract. Commercial buildings and factory sales are also taxable in the same way, as are rental charges for the leasing of industrial and commercial buildings. The states also levy stamp duty and registration fee on purchase of property.

International Trade

Introduction of GST is likely to benefit the foreign trade. Destination based taxation is a fundamental principal of sound GST. Importers would be taxed at the same rate as products produced and consumed with the jurisdiction. Exporters of goods and services shall continue to be zero rated and will be eligible to claim refund of input tax credit. Hence, both Importsubstituting industries and Export oriented industries would become internationally more competitive.

GST Act & rates

For the smooth and successful operation/working of the GST, Dr. Kelkar also recommended that any change in the GST Act or Rates should only be with the mutual agreement of Central & State Government on the same. Such gearing up for GST by the two tiers of Government will be the Industries' expectation for proper functioning of the GST.

Conclusion

The points discussed above are only illustrative and list can go on. There is a need for GST impact study for all manufacturers to understand the impact of GST on the goods being manufactured. The impact study for business should result in net inflow for the businesses. It is a very good opportunity for the professional who is taking care (CFO, GM – Finance etc.) as well as the practitioners to serve the employer/ clients respectively. While the professional learns and earns, his clients get value / benefit. This window of service, however, is going to be value additive only upto 1 month prior to GST implementation. Indian business scenario manufacturing industry is the playing significant role, in business world. In the world every country has the sum of financial or aid to the manufacturing industry. Some companies feel like that Agriculture crop within the duration. Manufacturing sector is economic growth of nation. When the country focus on manufacturing industry that the country overcomes technological barriers.

- The cemetery industry can enjoy operating and transportation expenses by the effect of GST.
- Automobile industry, also getting benefits by the GST, according to subsume of taxes.
- Consumer and durable sector also reduces where housing expenses by the effect of GST.
- IT and IT IS sector the GST effect is negative.
- Telecom and banking and financial services must face the operating expenses risk.
- The Indian pharmacy seeks encouragement from the government, but the excise tax rate is 6% as an the date.
- Textile and garment industry face negative impact by the GST.

GENERAL BASIC CONCEPTS AND FEATURES OF GOOD AND SERVICE TAX IN INDIA

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Abstract
This paper is an analysis of what the impact of GST (Goods and Services Tax) will be on Indian Tax Scenario. Here stated with a brief description of the historical scenario of Indian taxation and its tax structure. Then the need arose for the change in tax structure from traditional to GST model. GST has be detailed discuss in this paper as the background, silent features and the impact of GST in the present tax scenario in India. The Goods and Services Tax (GST) is a value added tax to be implemented in India, the decision on which is pending. GST is the only indirect tax that directly affects all sectors and sections of our economy. Ignorance of law is no excuse but is liable to panel provisions, hence why not start learning GST and avoid the cost of ignorance. Therefore, we all need to learn it whether willingly or as compulsion. The goods and services tax (GST) is aimed at creating a single, unified market that will benefit both corporate and the economy. The changed indirect tax system GST-Goods and service tax is planned to execute in India. Several countries implemented this tax system followed by France, the first country introduced GST. Goods and service tax is a new story of VAT which gives a widespread setoff for input tax credit and subsuming many indirect taxes from state and national level. The GST Implementation is not yet declared by government and the drafting of GST law is still under process and a clear picture will be available only after announcement of Implementation. India is a centralized democratic and therefore the GST will be implemented parallel by the central and state governments as CGST and SGST respectively. The objective will be to maintain a commonality between the basic structure and design of the CGST, SGST and SGST between states .In this article, I have started with the introduction, in general of GST and have tried to highlight the objectives the proposed GST is trying to achieve. Thereafter, I have discussed the possible challenges and threats; and then, opportunities that GST brings before us to strengthen our free market economy.
Keywords*: GST(Good and Service Tax), CGST, SGST, VAT, INPUT CREDIT.*

History of Taxation

1.What is Tax?

The word tax is derived from the Latin word ‘taxare’ meaning to estimate. A tax is not a voluntary payment or donation, but an enforced contribution, exacted pursuant to legislative authority" and is any contribution imposed by government whether under the name of toll, tribute, impost, duty, custom, excise, subsidy, aid, supply, or other name.”1 The first known system of taxation was in Ancient Egypt around 3000 BC - 2800 BC in the first dynasty of the Old Kingdom. Records from that time show that the pharaoh would conduct a biennial tour of the kingdom, collecting tax revenues from the people. Other records are granary receipts on limestone flakes and papyrus. Early taxation is also described in the Bible. In Genesis2, it states "But when the crop comes in, gives a fifth of it to Pharaoh. The other four-fifths you may keep as seed for the fields and as food for yourselves and your households and your children." Joseph was telling the people of Egypt how to divide their crop, providing a portion to the Pharaoh. A share3 of the crop was the tax. In India, the tradition of taxation has been in force from ancient times. It finds its references in many ancient books like 'Manu Smriti '4 and 'Arthasastra'. The Islamic rulers imposed jizya 52.

Major milestones in Indirect Tax reform

- 2003 VAT implemented in Haryana in April 2003
- 2004 Significant progress towards CENVAT
- 2005-06 VAT implemented in 26 more states
- 2007 First GST stuffy released By Mr. P. Shome in January 2007 F.M. Announces for GST in budget Speech
- 2007 CST phase out starts in April 2007
- 2007 Joint Working Group formed and report submitted
- 2008 EC finalises the view on GST structure in April 2008

Introduction of GST

Introduction of the Value Added Tax (VAT) at the Central and the State level has been considered to be a major step – an important step forward – in the globe of indirect tax reforms in India. If the VAT is a major improvement over the pre-existing Central excise duty at the national level and the sales tax system at the State level, then the Goods and Services Tax (GST) will indeed be an additional important perfection – the next logical step – towards a widespread indirect tax reforms in the country. Initially, it was conceptualized that there would be a national level goods and services tax, however, with the release of First Discussion Paper by the Empowered Committee of the State Finance Ministers on 10.11.2009, it has been made clear that there would be a "Dual GST" in India, taxation power – both by the Centre and the State to levy the taxes on the Goods and Services. Almost 150 countries have introduced GST in some form. While countries such as Singapore and New Zealand tax virtually everything at a single rate, Indonesia has five positive rates, a zero rate and over 30 categories of exemptions. In China, GST applies only to Girish Garg, IJSRM volume 2 issue 2 feb 2014 [www.ijsrm.in] Page 544 goods and the provision of repairs, replacement and processing services. GST rates of some countries are given below. Country Australia France Canada Germany Japan Singapore Sweden New Zealand Rate of GST 10% 19.6% 5% 19% 5% 7% 25% 15% World over in almost 150 countries there is GST or VAT, which means tax on goods and services. Under the GST scheme, no distinction is made between goods and services for levying of tax. In other words, goods and services attract the same rate of tax. GST is a multi-tier tax where ultimate burden of tax fall on the consumer of goods/ services. It is called as value added tax because at every stage, tax is being paid on the value addition. Under the GST scheme, a person who was liable to pay tax on his output, whether for provision of service or sale of goods, is entitled to get input tax credit (ITC) on the tax paid on its inputs.

Objectives of GST

One of the main objectives of GST would be to eliminate the cascading impact of taxes on production and distribution cost of goods and services. The exclusion of cascading effects i.e. tax on tax will significantly improve the competitiveness of original goods and services which leads to beneficial impact to the GDP growth. It is felt that the GST would serve a superior reason to achieve the objective of streamlining indirect tax regime in India which can remove cascading effects in supply chain till the level of final consumers only when all such above mentioned indirect taxes are completely included in GST. It is understood that alcohol, tobacco and petroleum products will not be enclosed by GST as alcohol and tobacco are considered as Sin Goods, and governments do not like to allow free trade on these property.

Opportunities

An end to cascading effects This will be the major contribution of GST for the business and commerce. At present, there are different state level and centre level indirect tax levies that are compulsory one after another on the supply chain till the time of its utilization.

Growth of Revenue in States and Union It is expected that the introduction of GST will increase the tax base but lowers down the tax rates and also removes the multiple point This, will lead to higher amount of revenue to both the states and the union.

Justification of GST

The introduction of GST at the Central level will not only include comprehensively more indirect Central taxes and integrate goods and service taxes for the purpose of set-off relief, but may also lead to revenue gain for the Centre through widening of the dealer base by capturing value addition in the distributive trade and increased compliance. In the GST, both the cascading effects of CENVAT and service tax are removed with set-off, and a constant chain of set-off from the original producer's point and service provider's point up to the retailer's level is established which reduces the burden of all cascading effects. This is the real meaning of GST, and this is why GST is not simply VAT plus service tax but an improvement over the previous system of VAT and disjointed service tax. Moreover, with the introduction of GST, burden of Central Sales Tax (CST) will also be removed. The GST at the State-level is, therefore, justified for- (a) Additional power of levy of taxation of services for the States (b) System of comprehensive set-off relief, (c) Subsuming of several taxes in the GST (d) Removal of burden of CST.

Benefits of GST

- GST provide comprehensive and wider coverage of input credit setoff, you can use service tax credit for the payment of tax on sale of goods etc.
- CST will be removed and need not pay. At present there is no input tax credit available for CST.

- Many indirect taxes in state and central level included by GST, You need to pay a single GST instead of all .
- Uniformity of tax rates across the states
- Ensure better compliance due to aggregate tax rate reduces.
- By reducing the tax burden the competitiveness of Indian products in international market is expected to increase and there by development of the nation.
- Prices of goods are expected to reduce in the long run as the benefits of less tax burden would be passed on to the consumer.

Impact of Goods and Service Tax

- **Food Industry**

The application of GST to food items will have a significant impact on those who are living under subsistence level. But at the same time, a complete exemption for food items would drastically shrink the tax base. Food includes grains and cereals, meat, fish and poultry, milk and dairy products, fruits and vegetables, candy and confectionary, snacks, prepared meals for home consumption, restaurant meals and beverages. Even if the food is within the scope of GST, such sales would largely remain exempt due to small business registration threshold. Given the exemption of food from CENVAT and 4% VAT on food item, the GST under a single rate would lead to a doubling of tax burden on food.

- **Housing and Construction Industry**

In India, construction and Housing sector need to be included in the GST tax base because construction sector is a significant contributor to the national economy.

- **FMCG Sector**

Despite of the economic slowdown, India's Fast Moving Consumer Goods (FMCG) has grown consistently during the past three – four years reaching to $25 billion at retail sales in 2008. Implementation of proposed GST and opening of Foreign Direct Investment (F.D.I.) are expected to fuel the growth and raise industry's size to $95 Billion by 201835.

Conclusion

GST is the most logical steps towards the comprehensive indirect tax reform in our country since independence. GST is leviable on all supply of goods and provision of services as well combination thereof. All sectors of economy whether the industry, business including Govt. departments and service sector shall have to bear impact of GST. All sections of economy viz., big, medium, small scale units, intermediaries, importers, exporters, traders, professionals and consumers shall be directly affected by GST... One of the biggest taxation reforms in India -- the Goods and Service Tax (GST) -- is all set to integrate State economies and boost overall growth. GST will create a single, unified Indian market to make the economy stronger. Experts say that GST is likely to improve tax collections and Boost India’s economic development by breaking tax barriers between States and integrating India through a uniform tax rate. Under GST, the taxation burden will be divided equitably between manufacturing and services, through a lower tax rate by increasing the tax base and minimizing exemptions.

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HISTORY OF GST IN INDIA – BENEFITS OF GST IMPLEMENTATION

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Abstract
The impact of GST on macroeconomic indicators is likely to be very positive in the medium-term. Inflation would be reduced as the cascading (tax on tax) effect of taxes would be eliminated. The revenue from the taxes for the government is very likely to increase with an extended tax net, and the fiscal deficit is expected to remain under the checks. Moreover, exports would grow, while FDI (Foreign Direct Investment) would also increase. The industry leaders believe that the country would climb several ladders in the ease of doing business with the implementation of the most important tax reform ever in the history of the country. The government has categorized items in five major slabs - 0%, 5%, 12%, 18% and 28%. GST is boost competitiveness and performance in India's manufacturing sector. Multiple indirect taxes had also increased the administrative costs for manufacturers and distributors and with GST in place, the compliance burden has eased and this sector will grow more strongly. The long-anticipated implementation of this tax reform has required a massive rules-making effort with extensive discussions among government officials, business executives, tax and accounting firm leaders and other stakeholders. The introduction of the GST regime made amendments to the Constitution so that the Centre and states are empowered at the same time to levy and collect GST. This concurrent jurisdiction of the states and Centre also requires an institutional mechanism that ensures joint decisions are taken about the structure and operation of GST.
Keywords: *GST Rate, GST History, Pre GST.*

Introduction

GST the biggest tax reform in India founded on the notion of "one nation, one market, one tax" is finally here. The moment that the Indian government was waiting for a decade has finally arrived. The single biggest indirect tax regime has kicked into force, dismantling all the inter-state barriers with respect to trade. The GST rollout, with a single stroke, has converted India into a unified market of 1.3 billion citizens. Fundamentally, the $2.4-trillion economy is attempting to transform itself by doing away with the internal tariff barriers and subsuming central, state and local taxes into a unified GST. The impact of GST on macroeconomic indicators is likely to be very positive in the medium-term. Inflation would be reduced as the cascading (tax on tax) effect of taxes would be eliminated. The revenue from the taxes for the government is very likely to increase with an extended tax net, and the fiscal deficit is expected to remain under the checks. Moreover, exports would grow, while FDI (Foreign Direct Investment) would also increase. The industry leaders believe that the country would climb several ladders in the ease of doing business with the implementation of the most important tax reform ever in the history of the country. The GST Council in its 23rd meeting on November 10, 2017 recommended widespread changes in the Goods and Services Tax (GST).

Table -1 GST Rates Structure

Tax Rates	Products	Products
0%	Milk	Kajal
	Eggs	Educations 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
5%	Sugar	Packed Paneer
	Tea	Coal
	Edible Oils	Raisin
	Domestic LPG	Roasted Coffee Beans
	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)
12%	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
	Packed Coconut Water	Umbrella
18%	Hair Oil	Capital goods
	Toothpaste	Industrial Intermediaries
	Soap	Ice-cream
	Pasta	Toiletries
	Corn Flakes	Computers
	Soups	Printers
28%	Small cars (+1% or 3% cess)	High-end motorcycles (+15% cess)
	Consumer durables such as AC and fridge	Beedis are NOT included here
		Luxury & sin items like BMWs, cigarettes and aerated drinks (+15% cess)

Source: India GST.

India GST

Momentous Change The proposed dually-controlled Goods and Services Tax (GST) system would impose levies on a taxation base shared between the Centre (i.e., the federal level) and India's states and Union territories. The new GST system would replace complex value-added tax (VAT) systems which currently exist at the federal and state levels along with a confusing collection of numerous additional duties and taxes. The long-anticipated implementation of this tax reform has required a massive rules-making effort with extensive discussions among government officials, business executives, tax and accounting firm leaders and other stakeholders. While the expected move to a more straightforward tax regime is welcome to many, the proposed system differs in numerous and significant ways from the existing VAT regime. As such, complying with the new GST system will require considerable changes within tax departments, which will also face some new challenges.

What is GST?

Goods & Services Tax Law in India is a comprehensive, multi-stage, destination-based tax that is levied on every value addition. In simple words, Goods and Service Tax is an indirect tax levied on the supply of goods and services. GST Law has replaced many indirect tax laws that previously existed in India.GST is one indirect tax for the entire country.

Value Addition

The manufacturer who makes biscuits buys flour, sugar and other material. The value of the inputs increases when the sugar and flour are mixed and baked into biscuits. The manufacturer then sells the biscuits to the warehousing agent who packs large quantities of biscuits and labels it. That is another addition of value after which the warehouse sells it to the retailer. The retailer packages the biscuits in smaller quantities and invests in the marketing of the biscuits thus increasing its value's will be levied on these value additions i.e. the monetary worth added at each stage to achieve the final sale to the end customer.

History of GST in India

- **August 2016**: The Congress-led opposition finally agrees to the Government's proposal on the four broad amendments to the Bill. The Bill was passed in the Rajya Sabha.
- **September 2016**: The Honorable President of India gives his consent for the Constitution Amendment Bill to become an Act.
- **2017**: Four Bills related to GST become Act, following approval in the parliament and the President's assent:

Tax Structure before GST

- Before the implementation of GST, taxation laws between the Centre and states were clearly demarcated. There were no overlaps between the fiscal powers, whatsoever. The Centre would levy tax on goods manufacture, except alcohol for consumption, narcotics, opium, etc.
- The states had the power to charge tax on the sale of goods.
- The Centre would levy the Central Sales Tax that was collected by the originating states.

Key features of the GST regime

The GST system is characterized by the following features:

- GST is applicable on the "supply" of services or goods as opposed to the earlier concept of taxation on goods manufacture, sale of goods, or service provision.

- GST is a destination-based tax structure unlike the origin-based structure that existed previously.
- CGST, IGST, and SGST/UTGST are levied at rates that would be mutually agreed upon by the states and Centre.

A taxpayer with annual turnover of Rs.20 lakh is exempt from GST. For special category states, this cut-off is Rs.10 lakh. An option of compounding is available to small-scale taxpayers with annual turnover of Rs.50 lakh or below. The choice of threshold exemption and the compounding scheme are optional.

Input credit of CGST shall be used only for paying CGST on the output. Similarly, input credit of SGST/UTGST will be used only for the payment of SGST/UTGST. Therefore, the two channels of input tax credit cannot be cross-utilized, except for the payment of IGST for inter-state supplies.

Conclusion

Goods and Services tax (GST) has been identified as one of most important tax reforms post-independence. It is a tax trigger, which will lead to business transformation for all major industries. The GST Council consisting of representatives from the Centre as well as the states, after being constituted, met on twelve occasions to discuss various issues including dual control, GST laws, exemptions, thresholds, rate structure, compensation cess etc. and reached consensus on the same. Council has also recommended four-tier GST rate structure and the thresholds.

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GOODS AND SERVICES TAX IN INDIA - A POSITIVE REFORM FOR INDIRECT REFORMS

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Abstract
The Good and services tax (GST) is the biggest and substantial indirect tax reform since 1947. The main idea of GST is to replace existing taxes like value-added tax, excise duty, service tax and sales tax. It will be levied on manufacture sale and consumption of goods and services. GST is expected to address the cascading effect of the existing tax structure and result in uniting the country economically. The paper highlights the background, objectives of the proposed GST and the impact of GST in the present tax scenario in India. The paper further explores various benefits and opportunities of GST. Finally, the paper examines and draws out a conclusion.

Introduction

The word „tax" is derived from Latin word „taxare" which means to estimate. A tax is an enforced contribution, exacted pursuant to legislative authority. Indian Taxation System comprise of- Direct and Indirect Tax. Goods and Services Tax (GST) is one of the most discussed Indirect Taxation reforms. It is a comprehensive tax regime levied on manufacture, sales and consumption of goods and services. It is expected to bring about 2% incremental GDP growth of the country. So, GST is the need of the hour. Section 1 of the article introduces the GST, its objectives and Present Indirect Tax structure as well as its major reforms. Section 2 of the article examines the impact of GST on the economy and studies the effect of GST on certain sectors. Section 3 of the article discusses various benefits and opportunities of GST. Section 4 laid down the key suggestions and conclusion of the article.

Introduction of Goods and Service Tax

Section 1, India is one of the 123 countries across the world that is following the VAT mode. White Paper with basic design for VAT was released on January 17, 2005 by the Finance Minister P.Chidambaram. VAT was introduced both at centre and state level. It was implemented in Haryana in 2003 and later on 1 st April 2005 it was introduced in remaining states as an Indirect Tax in the Indian taxation system. VAT replaced central excise duty at the national level and the sales tax system at the state level. Thus, it improved the indirect taxation system of the country. Goods and Service tax bill officially known as the constitution (one hundred and twenty second amendment) bill, 2014 proposes a national value added tax to be implemented in India from June 2016. The GST implementation in India is „Dual" in nature, i.e. it would consist of two components: one levied by Centre (CGST) and another levied by States and Union Territories (SGST). However, base of tax levy would be identical. Initially the idea was that there would be a national level Goods and Services tax. But as the release of first discussion by the empowered committee of the state Finance Ministers on 10.11.2009, it has been made certain that there would be a "Dual GST" in the country. Centre and state both governments are entitled to charge taxes on the goods and services. Almost 150 countries have introduced GST in some form. While countries such as Singapore and New Zealand tax virtually everything at a single rate, Indonesia has five positive rates, a zero rate and over 30 categories of exemptions. In China, GST applies only to goods and the provision of repairs, replacement and processing services. GST rates of some countries are given below in Rate of GST (Some Countries) Country Rate of GST Australia 10% France 19.6% Canada 5% Germany 19% Japan 5% Singapore 7% Sweden 25% New Zealand 15% World over in almost 150 countries there is GST or VAT, which means tax on goods and services. Under the GST scheme, no distinction is made between goods and services for levying of tax. This means that goods and services attract the same rate of tax.

1986 Introduction of a restricted VAT called MODVAT

1991 Report by the Chelliah Committee recommended either VAT or GST which was accepted by Government 1994 Introduction of Service Tax @ 5% 1999 Formation of Empowered Committee on State VAT

2008 EC finalizes the view on GST structure in April 2008

2009 First discussion paper on GST was released and commission submitted report proposing GST to be implemented from 1.4.2010

2010 Department of Revenue commented on GST discussion paper and Finance Minister suggested probable GST rate.

2011 Team was set up to lay down road map for GST and 115th Constitutional Amendment Bill for GST was laid down in Parliament

2012 Negative list regime for service tax was implemented 2013 Parliamentary Standing Committee submitted its report on the Bill

2014 115th Amendment Bill lapsed and was reintroduced in 122nd Constitutional Amendment Bill

Review of Literature

Empowered Committee of Finance Ministers (2009) introduced their First Discussion Paper on Goods and Services Tax in India which analyzed the structure and loopholes if any in GST

Vasanthagopal (2011) in the article GST in India: A Big Leap in the Indirect Taxation System discussed the impact of GST on various sectors of the economy. The article further stated that GST is a big leap and a new impetus to India" s economic change.

Seventy Third Report of Standing Committee on Finance (2012-2013) The Constitution (One Hundred Fifteenth Amendment) Bill, 2011

Bird (2012) summarizes in the article The GST/HST: Creating an integrated Sales Tax in a Federal Country the impact of GST will be on Canada.

Garg (2014) in the article named Basic Concepts and Features of Good and Services Tax in India analyzed the impact and GST on Indian Tax scenario and concluded that it will strengthen out free market economy.

Kumar (2014) studied in the article Goods and Services Tax in India: A Way Forward background, silent features and concluded with the positive impact of GST on present complex tax structure and development of common national market

Objective of the Study

The paper uses an exploratory research technique based on past literature from respective journals, reports, newspapers and magazines covering wide collection of academic literature on Goods and Service Tax. According to the objectives of the study, the research design is of descriptive in nature. Available secondary data was extensively used for the study. The objectives of the paper are:

- To study about Goods and Service Tax and its impact on the economy.
- To examine benefits and opportunities of Goods and Service tax.

Impact of goods and service tax

GST has a positive impact on the economy and on various sectors which are as follows:

Fast moving consumer goods sector

With the implementation of Goods and Service Tax, FMCG sector would really change. FMCG sector consist 50% Food and Beverage sector and 30% is Household and Personal care. FMCG sector is the major taxation contributor both direct and indirect in the economy. The multiplicity of the taxation influences the company" s decision on manufacturing location and distribution of Goods. FMCG companies set their manufacturing units and warehouses where they can avail tax benefits. To transfer the stock from the warehouses among the states they have to pay taxes. So, GST would surely impact on FMCG sector as taxes affect the cost to the company.

Food at a lower rate keeping in view the considerations of fairness and equity. Even in countries such as Canada, UK and Australia where food constitute a relatively small portion of the consumer basket, food is taxed at zero rates. While in some countries, food is taxed at a standard rate which is as low as 3% in Singapore and Japan at the inception of the GST. Even in international jurisdictions, no distinction is drawn on the degree of processing of food. Hence, the benefit of lower or zero tax rates should also be extended to all food items in India regardless to degree of processing.

Information Technology enabled services

The proposed GST rate under the IT industry is not yet decided. While the discussed combined rate of GST for the product is 27%. According to proposed GST if the software is transferred through electronic form it would be regarded as service (intellectual property).and if it is transferred through media or any other tangible property then it should be treated as goods. Implementation of GST will help in uniform simplified and single point taxation and thereby reduced price.

Key findings and suggestions

GST has the following implications: GST will widen the tax base, improve tax compliance and will remove unhealthy competition among states. It will redistribute the burden of taxation equitably among manufacturing and services. It ensures uniformity of tax system across the states. It will integrate the tax base and allow seamless flow of Input Tax Credit (ITC) resulting in reduced cost of goods and services. It will improve disclosure of economic transactions. It will mitigate cascading and double taxation thus enables better compliance. It will also lead to transparency in tax system resulting in difficulty of tax evasion.

The suggestions which are being drawn out from the study are as follows: Tax payer education or public awareness campaign need to be provisioned by Central Government.

Public Workshops, training and various seminars on GST must be conducted in all states by their respective State Governments. States must analyze and deduce their revenue neutral rates, revenue implications as well as compensation packages. Government should construct a proper monitoring system for monitoring the dummy registrations and refunds problems.

Conclusion

It can be concluded from the above discussion that GST will provide relief to producers and consumers by providing wide and comprehensive coverage of input tax credit set-off, service tax set off and subsuming the several taxes. Efficient formulation of GST will lead to resource and revenue gain for both Centre and States majorly through widening of tax base and improvement in tax compliance. It can be further concluded that GST have a positive impact on various sectors and industry. Although implementation of GST requires concentrated efforts of all stake holders namely, Central and State Government, trade and industry. Thus, necessary steps should be taken.

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GOODS AND SERVICES TAX (GST) LEADS TO INDIAN ECONOMIC DEVELOPMENT

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Abstract
Goods and Services Tax (GST) is a comprehensive tax levy on manufacture, sale and consumption of goods and services at a national level. One of the biggest taxation reforms in India the (GST) is all set to integrate State economies and boost overall growth. Currently, companies and businesses pay lot of indirect taxes such as VAT, service tax, sales tax, entertainment tax, octroi and luxury tax. Once GST is implemented, all these taxes would cease to exist. There would be only one tax, that too at the national level, monitored by the central government. GST is also different in the way it is levied — at the final point of consumption and not at the manufacturing stage. At present, separate tax rates are applied to goods and services. Under GST, there would be only one tax rate for both goods and services. The goods and services Tax will indeed be a further significant improvement towards a comprehensive indirect tax reforms in the country. Integration of goods and services taxation would give India a world class tax system and improve tax collections. It would end distortions of differential treatments of manufacturing and service sector. GST is expected to create a business friendly environment, as price levels and hence inflation rates would come down overtime as a uniform tax rate is applied. It will also improve government's fiscal health as the tax collection system would become more transparent, making tax evasion difficult. An attempt is made in this paper to study the concept of goods and service tax and its impact on Indian economy. The study also aims to know the advantages and challenges of GST in Indian scenario.
Keywords: *goods n services tax, economic development, Indian economy and value added tax.*

Introduction

Taxes are the only means for financing the public goods because they cannot be priced appropriately in the market. T Taxes are the only means for financing the public goods because they cannot be priced appropriately in the market. They can only be provided by governments, funded by taxes .It is important the tax regime is designed in such a way that it does not become a source of distortion in the market or result in market failures. The tax laws should be such that they raise a given amount of revenue in an efficient, effective and equitable manner. Tax policies play an important role on the economy through their impact on both efficiency and equity. A good tax system should keep in view issues of income distribution and, at the same time, also endeavour to generate tax revenues to support government expenditure on public services and infrastructure development. GST stands for Goods and Services Tax. It is a domestic trade tax that will be levied in the form of a value added tax on all goods and services -in practice with some exemptions. A value added tax exempts all inputs including capital goods. Hence, it becomes a general tax on domestic consumption.

Literature Review

Nishitha Guptha (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 .

Prakash(2014) in his research study mentioned that the GST at the Central and the State level are expected to give more relief to industry, trade, agriculture and consumers through a more comprehensive and wider coverage of input tax set-off and service tax setoff, subsuming of several taxes in the GST and phasing out of CST. Responses of industry and also of trade have been indeed encouraging. Thus GST offers us the best option to broaden our tax base and we should not miss this opportunities to introduce it when the circumstances are quite favorable and economy is enjoying steady growth with only mild inflation.

Saravanan Venkadasalam (2014) has analysed 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. It is undeniable that those countries whom implementing GST always encounter grows. Nevertheless, the extent of the impact varies depending on the governance, compliance cost and economic distortion. A positive impact of GST depends on a neutral and rational design of the GST such a way it is simple, transparent and significantly enhances involuntary compliance. It must be actual, not presumptive, prices and compliance control would be exercised through an auditing system.

Research Problem

The concept of Goods and Services Tax (GST) is the biggest tax reform in decades throughout the world, but India has been taking baby steps to meet its target of rolling out goods & services tax (GST) on April 1, 2016. The research intends to focus on understanding concept of goods and service tax and its impact on Indian economy.

Objectives of the Study

- To study the concept of Goods and Services Tax (GST) and its impact on Indian Economy.
- To understand how GST will work in India.
- To know the advantages and challenges of GST in Indian context.

Research Methodology

The study focuses on extensive study of Secondary data collected from various books, National & international Journals, government reports, publications from various websites which focused on various aspects of Goods and Service tax.

Concept of Goods and Service Tax

GST is a comprehensive indirect tax on manufacture, sale and consumption of goods and services at national level. One of the biggest taxation reforms in India the (GST) is all set to integrate State economies and boost overall growth. Currently, companies and businesses pay lot of indirect taxes such as VAT, service tax, sales tax, entertainment tax, octroi and luxury tax. Once GST is implemented, all these taxes would cease to exist. There would be only one tax, that too at the national level, monitored by the central government.

GST – How It Works In India?

The GST system is based on the same concept as VAT. Here, set-off is available in respect of taxes paid in the previous level against the GST charged at the time of sale. The GST model has some aspects which are as follow

Components: GST will be divided into two components, namely, Central Goods and Service Tax and State Goods and Service Applicability: GST will be applicable to all Goods and Services sold or provided in India, except from the list of exempted goods which fall outside its purview.

Payment: GST will be charged and paid separately in case of Central and State level. Input Tax Credit: The facility of Input Tax Credit at Central level will only be available in respect of Central Goods and Service tax. In other words, the ITC of Central Goods and Service tax shall not be allowed as a set-off against State Goods and Service tax and vice versa.

Impact of GST on Indian Economy The Goods and Service Tax (GST) bill is expected to have wide ranging ramifications for the complicated taxation system in the country. It is likely to improve the country's tax to GDP ratio and also inhibit inflation. However, the reform is likely to benefit the manufacturing sector but may make things difficult for the services sector. Though there are expectations that the GDP growth is likely to go up by 1 to 2 %, the results can only be analysed after the GST implementation. The response is mixed from countries around the world. While the New Zealand economy had a higher GDP growth, it was lower in case of Canada, Australia and Thailand after the GST was implemented. This is because they are currently reeling under 24 to 38 per cent tax. The sector which is going to be adversely affected is the services sector. Already there has been a hike from 12 to 14% from the 1st of June this year. Another 4 per cent increase will break their backs. The uniformity in the taxation rate is fine but it should not result in disparity for the goods and services sectors.

Advantages of GST

Apart from full allowance of credit, there are several other advantages of introducing a GST in India: Reduction in prices: Due to full and seamless credit, manufacturers or traders do not have to include taxes as a part of their cost of production, which is a very big reason to say that we can see a reduction in prices. However, if the government seeks to introduce GST with a higher rate, this might be lost. Increase in Government Revenues: This might seem to be a little vague. However, even at the time of introduction of VAT, the public revenues actually went up instead of falling because many people resorted to paying taxes rather than evading the same. However, the government may wish to introduce GST at a Revenue Neutral Rate, in which case the revenues might not Less compliance and procedural cost: Instead of maintaining big records, returns and reporting under various different statutes, all asses sees will find comfortable under GST as the compliance cost will be reduced. It should be noted that the asses sees are, nevertheless, required to keep record of CGST, SGST and IGST separately.

Challenges of GST

In Indian Context At Present, lots of speculations are going as to when the GST will actually be applicable in India. Looking into the political environment of India, it seems that a little more time will be required to ensure that everybody is satisfied. The states are confused as to whether the GST will hamper their revenues. Although the Central Government has assured the states about compensation in case the revenue falls down, still a little mistrust can be a severe draw back. 2. For smooth functioning, it is important that the GST clearly sets out the taxable event. Presently, the CENVAT credit rules, the Point of Taxation Rules are amended/ introduced for this purpose only. However, the rules should be more refined and free from ambiguity. 3. The GST is a destination based tax, not the origin one. In such circumstances, it should be clearly identifiable as to where the goods are going. This shall be difficult in case of services, because it is not easy to identify where a service is provided, thus this should be properly dealt with. 4. More awareness about GST and its advantages have to be made, and professionals like us really have to take the onus to assume this responsibility.

Conclusion

Tax policies play an important role on the economy through their impact on both efficiency and equity. A good tax system should keep in view issues of income distribution and, at the same time, also endeavour to generate tax revenues to support government expenditure on public services and infrastructure development. The ongoing tax reforms on moving to a goods and services tax would impact the national economy, International trade, firms and the consumers There has been a good deal of criticism as well as appraisal of the proposed Goods and Services Tax regime. It is considered to be a major improvement over the pre-existing central excise duty at the national level and the sales tax system at the state level, the new tax will be a further significant breakthrough and the next logical step towards a comprehensive in disjointed services tax – a justified step forward. A single rate would help maintain simplicity and transparency by treating all goods and services as equal without giving special treatment to some 'special' goods and/or services. This will reduce litigation on classification issues.

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GOODS ANDSERVICES TAX: ITS IMPLICATIONS ON NATIONAL AGRICULTURAL MARKET

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Introduction

India is a unique experiment in federal governance with the challenge for ensuring efficient economic development without compromising independence of states. Good and Services Tax (GST) was envisaged to have a simple harmonized tax structure with operational ease leading to a single unified market at national level for goods and services while ensuring that there is no negative revenue impact on the states. On a similar vein, the central sector scheme on National Agricultural Market has been launched to ensure efficiency in agricultural marketing. The underlying principle in both the initiatives is to have a national market facilitating trade and transparency.

Goods and Services Tax (GST)

Goods and Services Tax proposes to introduce a single tax on supply of goods and services or both, by amalgamating all the central indirect taxes (excise duty, countervailing duty and service tax) and state indirect taxes (VAT, luxury tax, entry tax, octroi, etc). GST seems to be more comprehensive, compliable, simple, harmonized and development oriented tax system. The GST, unlike the present system, will allow the supplier at each stage to set-off the taxes paid at previous levels in the supply chain. It is essentially a tax on value added at each stage. The final consumer will thus bear only the GST charged by the last dealer in the supply chain, with set-off benefits at all the previous stages (GOI).

Benefits of GST

The uniformity in tax rates and procedures across the country will lead to various benefits for the economy and the consumers.

- Unified market - the amalgamation of various taxes into one will simplify the procedure and help in evolution of a common market at national level
- Increase in tax revenue is projected due to better compliance and broader tax base
- Increase in exports due to cost effective production
- The burden of tax on goods is expected to fall under GST leading to benefits to the consumers
- The GDP is predicted to grow in the range of 0.9 – 1.7 percent annually

Why is it taking so long in the state Governments

The states fear to lose their power to impose and collect taxes and loss of revenue. The extended period of negotiations and deliberations helped in putting the apprehensions of states to rest on loss of revenue and losing fiscal independence.

The establishment of national agricultural market involving participation of various states is likely to face similar problems of consensus building among states on various aspects dealing with revenue and related apprehensions. The lesson learnt in reaching at consensus for implementation of GST could ease the implementation of National Agricultural Market.

National Agricultural Market (NAM)

A Central Sector Scheme for promotion of National Agricultural Market has been introduced by the Ministry. The scheme envisages networking of selected markets to a common electronic platform to be developed by the Central Government. The identified regulated markets across the country will be integrated with the common e-platform to provide farmers and traders with access to opportunities for purchase/ sale of agri- commodities at optimal prices in a transparent manner across the country.

Condition for Implementation of NAM

The concept though does not propose to change the basic state supported marketing structure but calls for their integration to the national marketing system. The speedy implementation of the scheme will require political will, availability of infrastructure, participation of private sector and willingness of stakeholders to participate. The implementation of the concept will be particularly challenged by a few legal restrictions.

APMC Act

The agricultural produce markets in different states are regulated by APMC Acts of their respective states. Each state is having different provisions under its Act. The provisions defined under these Acts create legal barriers to the inter-state trade and physical movement of goods viz (a) Taxation Related Barriers (variation in rates, applicability of VAT, levy of market fee at multiple point, etc.); (b) Physical Barriers (Essential Commodities Act, Check Posts, APMC Regulations, etc.); and (c) Statutory Barriers relating to licensing and registration of traders, commission agents.

The Government of India circulated a Model Act in 2003 to all the States/UTs to bring uniformity in the regulation, management and operation of agricultural marketing in different states but with limited success as suggested by the status of reforms and participation of private sector in various states.

Essential Commodity Act, 1955 (EC ACT)

The list of commodities covered under the EC Act has been reduced from 54 to 7 at present. However, in order to contain the inflationary pressure on prices of essential commodities, the Government has been imposing stock limits on paddy, rice, pulses, sugar, edible oils and edible oil seeds, etc as and when required to contain the inflationary pressure. The ad-hoc approach on imposition of control on stock limits and movement of produce goes against the spirit of reforms and hinders investment and free trade in the country.

Taxation

The taxes applicable on agricultural trade in addition to the market fee also vary from state to state. The degree of market distortions on account of variation in the levy of market taxes/cess applicable on different commodities in different states are presented in **Table-1**below.

Table 1. Degree of Market Distortions

Sr. No.	Name of the State	Sales Tax	Taxes (as percent of MSP)	Remarks
1	Andhra Pradesh	All Commodities (except Maize, Jowar, Ragi, Bajra, Coarse grains) 4 %		
2	Bihar		3.0	
3	Assam	All commodities (except rice, wheat, pulm, f&v, fish, gur, atta, maida etc.)-4-8 %		*Not collected as markets are not in operation
4	Chattisgarh		2.2	
5	Delhi	F & V- nil Oilseeds-3 % Methi-7 %		
6	Gujarat	1.Spices --3%, 2.Aniseed-- 2%, 3.Cotton --4%, 4. Isabgol—2 %, 5. Cummin-2%, 6. Ajwain—2 %	0.8	Other agricultural commodities exempted from Sales tax Octroi - 0.2 to 4%
7	Goa	1. Betelnut–2% 2. Cashewnut –2% Coconut, F&V, Cattle & Milk exempted from Sales Tax		Entry Fee Cattle – Rs.10/head Vehicle- Rs.10/truck
8	Jharkhand		1.0	
9	Haryana	F&V – nil, Food grains—4 % Pulses—4 %, Oilseeds—4 %	11.5	
10	Himachal Pradesh		5.0	
11	Karnataka	1. Foodgrains-nil 2. Pulses -2%3.Oilseeds-4%		Market fee exempted for Industrial & Export Purchases.

National Agricultural Market in the light of GST

In order to achieve National Market in agriculture, there is need for harmonization in the provisions of APMC Act, EC Act and WDR Act. The implementation of GST is expected to facilitate the implementation of National Agricultural Market on account of subsuming all kinds of taxes/cess on marketing of agricultural produce as well as it would ease inter- state movement of agricultural commodities which would improve marketing efficiency, facilitate development of virtual markets through warehouses and reduce overhead marketing cost.

Agricultural commodities are perishable in nature in varying degrees therefore trade is influenced by the time required for transportation. The Economist (Nov 8, 2014) reports that long distance trucks in India are parked for 60 per cent of the time during transportation. The simple uniform tax regime is expected to improve the transportation time, and curtail wastage of precious food. The present system many times, makes it difficult to implement tax support provided by the centre for an agri-commodity due to heterogeneous policies adopted by the different states. The implementation of GST is expected to bring uniformity across states and centre which would make tax support policy of a particular commodity effective. The ease of availing tax credit under GST regime is expected to boost inter-state trade leading to achieving the objectives of National Agricultural Market.

The implication of GST on agricultural marketing needs further examination due to its features like business size. Even if the food is within the scope of GST, such sales would largely remain exempt due to small business registration threshold. Also, given the exemption of food from central Value Added Tax and 4 per cent Value Added Tax on food item, the GST under a single rate would lead to a doubling of tax burden on food. There is need for more clarity on exemptions available under CGST and SGST.

Some of the States are imposing Purchase Tax and Development Cess on sale of agricultural produce in the markets. For example, Maharashtra, earns more than 13,000 crore annually from octroi. Gujarat, on the other hand, earns about 5,000 crore from the CST. Agrarian states such as Punjab and Haryana earn more than 2,000 crore from purchase tax. Therefore, on account of subsuming this Tax/Cess in to GST may adversely affect the income of States. Therefore, it would be necessary to compensate such states in the beginning of introduction of GST. The increased agricultural prices are expected to improve terms of trade but at the retail level. There is need for an efficient agricultural marketing system ensuring the proportionate increase in the prices at the producers' level as well. The national agricultural market which coincides with the proposed reforms in taxation through GST may help in developing a system ensuring balanced distribution of the valuecreated. Presently small scale of operations and low level of processing in agriculture may be one of the reasons limiting agricultural commodities to avail benefits of GST unlike manufactured goods. NAM is expected to help scale size of business and attract big players making the agricultural marketing reach a level to start availing benefits offered by GST. GST is predicted to reduce incidence of suppressed sales since billing and payment of tax would be necessary for availing set-off of taxes at each stage. The same principle would apply to transactions between traders in agricultural commodities where there is substantial amount of suppressed sale.

Conclusion

The implementation of GST is inevitably linked to successful implementation of NAM as it aims at unified tax structure of goods and services which would eventually include agricultural produce. The National Agricultural Market envisages smooth flow of goods across states leading to competitive and transparent prices with likelihood of increased share to the farmer in the value created in agricultural commodities. The learning from the GST experience may also help in resolving various bottlenecks to be encountered in evolving a unified common agricultural market.

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IMPACT OF GST ON LOGISTIC INDUSTRY

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Abstract
As a sector that holds together countless number of manufacturing and trading activities in the country on a daily basis, and is forever attempting to bridge the shaky gap between increasing consumption and timely supply, it would hardly be an understatement to consider logistics as the backbone of the rapidly shape-shifting Indian economy. The congruence of infrastructure, technology and multiple service providers is what makes up the playing field of the logistics industry, which effectively helps facilitate timely, safe and proper delivery of goods and services to the end consumer via a robust supply chain. Therefore, it is important tounder stand the Impact of GST on Logistics.

Introduction
Admittedly, the sudden explosion of the e-commerce boom in an erstwhile sluggish economy meant, that the stakeholders in this space have had to deal with far more complicated processes and multi-layered factors involved in figuring out the logistics of bulky items, something that has drastically changed the rules of the game in this industry and begs for fast adaptability. Making hundreds of decisions based on size, weight, capacity parameters to ensuring proper storage of goods and even navigating unpredictable climate conditions, in addition to keeping the costs down, are daily challenges players in this field grapple with, making the logistics sector a domain where the stakes are high for everybody – both the traders/suppliers *and* the consumer. It comes as no surprise then that the Indian logistics industry is expected to surpass $200billion by 2020, as per a JLL study.

And augmenting this projected growth is the much-debated Goods and Services (GST) tax which finally rolled out this 1 of July 2017 – underlined by the "One Nation – One Tax" philosophy and promising a streamlined tax and credit system. Wide-ranging provisions such as State Goods and Service Tax (SGST), Central Goods and Service Tax (CGST) and Integrated Goods and Service Tax (IGST) are the centre of the GST structure, doing away with a chaotic tax structure that till some time ago routinely imposed miscellaneous taxes such as value-added tax (VAT), OCTROI, Excise tax and others. In short, GST seeks to simplify the tax regime of the country, via imposition of one indirect tax in India, thereby reducing size able portion of the burdens borne by commercial 1 0f 6 participants in the field However, before we delve into the possible impact of GST on the logistics industry, it would be prudent to first take a brief look at the current scenario shaping the present-day context of this sector.

Existing challenges in Present-day Logistics Industry in India
The Indian logistics sector is neatly divided into two key segments: freight and passenger transportation, and warehousing and cold-storage. A blend of the inbound and out bound services sourced by manufacturing and supply chains, it is a vast playing field that has till date, mostly failed to deliver as per its potential, primarily due to infrastructural mismanagement. Unevenly distributed infrastructure leads to under-utilization of key resources while unnecessarily burdening the other components. The graph below based on statistics reported by the India Brand Equity Foundation (IBEF) is indicative of the road and rail transport bearing the weight of the industry's burden, while air and water ways remain grossly under utilize

A glaring disconnect between transport networks, software and equipment and ware house facilities further fuels more disorganization in this industry, leading to volumes of largely preventable waste.

However, these are not the only challenges that plague the Indian logistics industry. Some of the other obstacles in this respect are: Vague and unregulated pricing policies and unrestrained costs (over twice or thrice as hig has the global standards)Differential regulations brought about by multifarious local, regional and national authorities leading to a state of no consensus, which ultimately weakens the spine of the logistics network running through the nation as a whole Lack of trained personnel and adequate software/tools at various levels that ultimately results in poor management and decision-making

How and where is GST expected to fill the gaps?

While it is too early to consider GST as an absolute saviour in the face of the numerous challenges cited above, this radical shift in the country's taxation policy admittedly has *some* indisputable benefits to offer. Some of these have been described below. Flaky assessment of transportation costs that leads to corruption on the part of the agents in control, and a total lack of awareness on the part of the recipients involved .Stock damage and bad debts ensuing from delayed/improper delivery of goods Lack of research and development conducted in this space that renders most information out of the reach of a large number of players, thereby, making the market very uncertain and indeterminable.

Increased efficiency in inter-state transportation of good at reduced costs – GST impact is most likely to be felt in this area, by reducing lengthy clearance processes and complex paperwork at numerous inter-state points to a thing of the past. This automatically means drastic cut in travel time as well as sizeable cost-cutting in logistics by almost 30-40%, as estimated by a World Bank report. Amping up on the speed and reduction of expenses of goods' movement in turn means a great boost to the GDP by approximately100-200 bps and opening up of numerous commercial opportunities, as per industry experts.

On this front, expansion and improvement of road connectivity seems paramount, and so does timely and hassle-free movement of trucks. Fortunately, the government has already taken assertive measures in furtherance of the same. The changes have come about in the way of an increase in budget allocation by almost 6924 crore in FY2017-18 and promise of seamless connectivity with ports and railways, thus, making even the interiors of the country accessible. Post GST, numerous check posts at more than 20 state borders have already been dismantled, thus enabling trucks to cover more ground. Additionally, the E-waybill (backed by the National Informatics Centre and to be generated from GST-Network portal) mandating online registration of goods exceeding Rs. 50,000/- prior to their movement across borders, is due to be incorporated this October.

Even without all of these changes having been implemented, the shift in taxation policy seems to have already borne fruits in a time shorter than the same was anticipated in – that is, in July, a document prepared by the road transport ministry cited an increase in distance covered by trucks by almost 30% post-GST. And though it might be too soon to assess GST's efficacy in its entirety, it cannot be denied that it has done wonders by removing compliance, infrastructure and time laches from the way. verhaul of the Supply Chain Management via consolidation of warehouses – A lesser discussed effect of the GST, and yet, the logistics industry would stand nowhere without organized, robust warehouses. With the implementation of the reformed tax structure, sweeping changes are expected to seep through this segment, with companies vying for overall operational efficiency than mere tax efficiency. With GST having rolled out, companies will now find the global hub-and-spoke model for freight movement much more feasible. This means fewer warehouse centres in strategic locations instead of smaller ones scattered in each and every state; in turn, leading to less time wasted at multiple points, less paperwork and faster movement of goods, not to mention, a central regulation percolating down to the many distributors via the secondary despatch model.

With freight times coming down by 30-40%, a leaner supply chain managemen t with properutilisation of vehicles and overall efficiency is promised. And with tax considerations out of the way, what remains is a lot of decision-making to be handled, albeit, only on the operational level of logistics management. This ultimately translates to better services for the end consumer. Encouraged by the many possibilities and relaxations offered by GST, some ware house operators and e-commerce players have already begun considering Nagpur as aware housing hub (owing to its status as the zero mile city in India), in a bid to ramp up their logistics efficiency. The collective reaction at the implementation of GST has not remained confined to companies overhauling their warehouse management alone; it has gone on to rightly getting identified as a lucrative business prospect by players in this niche – who do not just see warehouses as storage counters anymore, but as centres that can be milked fora bunch of other services (packaging, bar coding, etc.) in a bid to provide more sophisticated services to the consumers. If Canada Pension Plan Investment Board's recent $500million joint venture with India's Indo Space or Singapore's Ascend as - Sing bridge's $600million deal with Bengaluru's First space Realty is anything to go by, then we ought to acknowledge the potential of this segment booming into a veritable business model on its own, as domestic and foreign investments flow in. Entry of new stakeholders while boosting the presence of existing participants in the logistics market – Who would have thought online truck booking would ever be a thing? This interestingly has shaped up as a shining reality though, given the country's massive daily domestic consumption and its formidably huge road network (approximately 4.7 million km) pitted against the countless transportation challenges faced by logistics firms and their carrying agents (such as truckers, shippers) alike.

However, with internet and modern technology making inroads into this sector as well, online truck booking has developed into an enviable convenience businesses truly cannot afford to overlook. The likes of Bengaluru-based Lobb and Telangana-based Freight Bazaar have already made a mark on this front. Chunky perks on offer such as – timely delivery of goods marked by live tracking of goods based on real-time GPS tracking system, easy access to transportation records, competitive freight pricing, truck pooling, etc. are what make the booking experience user-friendly and speedy, lending these services acoveted position in the larger picture of the logistics industry. As such, the contribution of the road infrastructure cannot be overlooked, with this segment reportedly contributing about 5%to the country's GDP. And with GST positively impacting other commercial industries and businesses in the country, the resulting changes are expected to benefit the road transport industry significantly, typically owing to a rise in demand. With growth in this sector projected at 6.1% in real terms in 2017 and a Compounded Annual Growth Rate(CAGR) of 5.9% through 2021, it would be fair to assume that the online trucking industry would stand to gain immensely from this trickle-down effect. While on a discussion on the impact of GST in this regard, it would be unwise to miss out on the edgy benefits the Third Party Logistics Providers (3PLs) stand to gain from the reformed tax-rollout. As a viable alternative to handling complex logistics by companies in a standalone manner, 3PLs spell massive potential in that they can provide streamlined warehousing services to slotted clients from key distribution points; the only criteria they need to step up on to fully take advantage of this lush commercial space are integration of logistics-friendly warehouse points and reshuffling of assets. Bringing in transparency in logistics activities, thereby reducing overall corruption –By eliminating the roots of parallel economy (and resultantly, black money), the GST move is expected to act as a formidable deterrent to across-the-border corruption and monopoly of local booking agents, by allowing broader scope for fair play which benefits all parties involved – businesses, consumers, states and the Centre. A Summary of the advantages accrued from the enactment of GST by and large points to three key expected results – optimal utilization of all equipment and components involved in running the logistics industry, a seamless tax-credit system that does away with the duality and cascading effect of multiple taxes, significant cost reduction in logistics by almost 20%.

Current Issues and Challenges of Logistics industry in India

The logistics costs in India is high as compared to developed countries. This is due to varies issues and challenges faced by this industry. Apart from being entangled in complex tax structure, the key challenges of logistics are truck regulations, poor infra structure, trained, manpower, lack of training institutions and information and communication technology poor warehouse and storage. In current tax system goods move across the countries border at different tax rates. Due to this, freight movement which happens within the country is taxed multiple times. Moreover, there are long queues at interstate check posts, as the authorities examine the freight which is moved and levy taxes which are applicable. Truck delays amount to 6-7 hours of wait time at interstate check posts which includes lot of manual work by the authorities. Since 65% of the freight in India moves by road, it is a fact which leads to see the logistics experts to look into the GST as a crucial area of concern in India

Impact of GST on Transportation

GST will have double positive impact in transport sector in India. India moves by road and time spent at interstate check posts due to difference in taxes between states accounts to idle time 60% of total journey time) which will get eliminated in GST regime. Hence, transport time would reduce by 30-40 per cent and transport costs by 20-30 per cent leading to fall in prices by 3-4per cent which will, in turn, reduce costs for customers and logistics companies, making the latter core efficient and profitable. Supply will also be able to match demand to a large extent. With lesser paper work goods will be transported faster, with far lesser check points. Hence the ambitious GST would help the transport sector in improving its efficiency within India and exports besides reducing the logistics costs. However, since petroleum products are kept outside the scope of GST currently, and since nearly50% of all goods transported is motor spirit, some of the benefits of GST may not reach end customer.

Impact of GST on Third Party Logistics Service Providers

Logistics companies in India has evolved over the years from being mere first-party logistics providers (1PL) to second-party logistics providers(2PL) to integrated fourth-party logistics providers(4PL) by providing a complete package of logistics services, including transportation, warehousing, pool distribution, management consulting, logistics optimization, etc. and complementing them with advanced supply chain facilities. Currently in India the development of third party logistics service providers(3PL) and four party logistics service providers(4PL)are very slow due to tax regime which adding to the logistics woes of the country

Conclusion

From the above analysis it is clear that the implementation of GST will have a significant impact on logistics sector in India. If GST is properly implemented, then it will have a double positive impact on the logistics industry that is logistics costs will come down and logistics efficiency will increase both within India and exports. So the main objective of logistics management, that is customer satisfaction at least logistics costs, will be achieved with the implementation of GST. The GST implementation will also leads to emergence of organized service providers since taxes will not be added costs for the business. In the current scenario the logistics sector is a highly fragmented industry with very few large organized players. The unorganized sector would have to shape up and join hands with the organized players for setting up economies of scale. In a nut shell, the successful implementation of GST could reduce transportation cycle times, enhance supply chain decisions, lead to consolidation of warehouses etc. which could help logistics reach its potential in terms of service and growth. So it will be great boom for the logistics sector which leading to accelerated economic growth.

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GOODS AND SERVICES TAX IN INDIA: PROSPECTS AND PROBLEMS

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Abstract
Goods and Services Tax (GST) is an indirect tax which was passed on 3 august 2016 and commenced on 1 July 2017 in India. GST was introduced as The Constitution (One Hundred and First Amendment) Act 2017, following the passage of Constitution 122nd Amendment Bill. The GST council has approved the rates of taxes (5%, 12%, 18% and 28%) on goods and services in its 14th council meet held on May 18, 2017. GST is leviable on all supply of goods and provision of services as well combination thereof. One of the biggest taxation reforms in India – the Goods and Service Tax (GST) is all set to integrate State economies and boost overall growth. GST will create a single, unified Indian market to make the economy stronger.
Keywords: *Amendment, Constitution, Integrate.*

Introduction

Goods and Services Tax (GST) is an indirect tax which was passed on 3 august 2016 and commenced on 1 July 2017 in India. GST was introduced as The Constitution (One Hundred and First Amendment) Act 2017, following the passage of Constitution 122nd Amendment Bill. The GST council has approved the rates of taxes (5%, 12%, 18% and 28%) on goods and services in its 14th council meet held on May 18, 2017. GST was already implemented in 160 countries. India adopted a concurrent dual GST model where both states and centre will impose and collect tax in the form of State Goods and service tax (SGST) and Central Goods and service tax (CGST). It is unified, comprehensive, multi-stage, transparent, destination-based tax that will be levied on every value addition. Overall GST will be helpful for the development of Indian economy and this will also help in improving the Gross Domestic Products of the country more than two percent (Chaurasia *et al*. 2016).

Introduction of the Value Added Tax (VAT) at the Central and the State level has been considered to be a major step – an important step forward – in the globe of indirect tax reforms in India. If the VAT is a major improvement over the pre-existing Central excise duty at the national level and the sales tax system at the State level, then the Goods and Services Tax (GST) will indeed be an additional important perfection – the next logical step – towards a widespread indirect tax reforms in the country. Initially, it was conceptualized that there would be a national level goods and services tax, however, with the release of First Discussion Paper by the Empowered Committee of the State Finance Ministers on 10.11.2009, it has been made clear that there would be a "Dual GST" in India, taxation power – both by the Centre and the State to levy the taxes on the Goods and Services.

Objectives of GST

- Eliminate the cascading impact of taxes on production and distribution cost of goods and services.
- The exclusion of cascading effects i.e. tax on tax will significantly improve the competitiveness of original goods and services which leads to beneficial impact to the GDP growth.
- It is felt that the GST would serve a superior reason to achieve the objective of streamlining indirect tax regime in India which can remove cascading effects.

Prospects

- **An end to cascading effects**

This will be the major contribution of GST for the business and commerce. At present, there are different state level and centre level indirect tax levies that are compulsory one after another on the supply chain till the time of its utilization.

- **Growth of Revenue in States and Union**

It is expected that the introduction of GST will increase the tax base but lowers down the tax rates and also removes the multiple point This, will lead to higher amount of revenue to both the states and the union.

- **Reduces transaction costs and unnecessary wastages**

If government works in an efficient mode, it may be also possible that a single registration and single compliance will suffice for both SGST and CGST provided government produces effective IT infrastructure and integration of such infrastructure of states level with the union.

- **Eliminates the multiplicity of taxation**

One of the great advantages that a taxpayer can expect from GST is elimination of multiplicity of taxation. The reduction in the number of taxation applicable in a chain of transaction will help to clean up the current mess that is brought by existing indirect tax laws.

- **One Point Single Tax**

Another feature that GST must hold is it should be 'one point single taxation'. This also gives a lot of comforts and confidence to business community that they would focus on business rather than worrying about other taxation that may crop at later stage. This will help the business community to decide their supply chain, pricing modalities and in the long run helps the consumers being goods competitive as price will no longer be the function of tax components but function of sheer business intelligence and innovation.

- **Reduces average tax burdens**

Under GST mechanism, the cost of tax that consumers have to bear will be certain, and GST would reduce the average tax burdens on the consumers.

- **Reduces the corruption**

It is one of the major problems that India is overwhelmed with. We cannot expect anything substantial unless there exists a political will to root it out. This will be a step towards corruption free Indian Revenue Service.

Problems

- **With respect to Tax Threshold**

The threshold limit for turnover above which GST would be levied will be one area which would have to be strictly looked at. First of all, the threshold limit should not be so low to bother small scale traders and service providers. It also increases the allocation of government resources for such a petty amount of revenue which may be much more costly than the amount of revenue collected. The first impact of setting higher tax threshold would naturally lead to less revenue to the government as the margin of tax base shrinks; second it may have on such small and not so developed states which have set low threshold limit under current VAT regime.

- **With respect to nature of taxes**

The taxes that are generally included in GST would be excise duty, countervailing duty, service tax, and state level VATs among others. Interestingly, there are numerous other states and union taxes that would be still out of GST.

- **With respect to number of enactments of statutes**

There will two types of GST laws, one at a centre level called 'Central GST (CGST)' and the other one at the state level - 'State GST (SGST)'. As there seems to have different tax rates for goods and services at the Central Level and at the State Level, and further division based on necessary and other property based on the need, location, geography and resources of each state.

- **With respect to Rates of taxation**

It is true that a tax rate should be devised in accordance with the state's necessity of funds. Whenever states feel that they need to raise greater revenues to fund the increased expenditure, then, ideally, they should have power to decide how to increase the revenue.

- **With respect to tax management and Infrastructure**

It depends on the states and the union how they are going to make GST a simple one. Success of any tax reform policy or managerial measures depends on the inherent simplifications of the system, which leads to the high conformity with the administrative measures and policies.

Conclusion

GST is the most logical steps towards the comprehensive indirect tax reform in India. GST is leviable on all supply of goods and provision of services as well combination thereof. One of the biggest taxation reforms in India – the Goods and Service Tax (GST) is all set to integrate State economies and boost overall growth. GST will create a single, unified Indian market to make the economy stronger. Experts say that GST is likely to improve tax collections and Boost India's economic development by breaking tax barriers between States and integrating India through a uniform tax rate. Under GST, the taxation burden will be divided equitably between manufacturing and services, through a lower tax rate by increasing the tax base and minimizing exemptions.

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IMAPCT OF GOODS AND SERVICE TAX (GST) ON INDIAN MSMES

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Abstract
It's true that GST means 'Great Step towards Transformation', 'Great Step towards Transparency' in India and it is also true that someone gives 'birth' while someone else 'nurtures it'. It has been long pending problem to streamline all the specific types of oblique taxes and put into effect a "single taxation" system. This machine is referred to as GST (GST ***is*** *the abbreviated form of goods & services Tax). The principle expectation from this system is to abolish all indirect taxes and only GST would be levied. Because the name indicates, the GST could be levied each on items and offerings. GST is a tax that needs to pay on supply of products & offerings. Any person, who is presenting or offering goods and services, is liable to fee GST. The paper highlights the impact of GST on Indian MSME's. MSMEs are a major driver in the Indian economy, contributing to almost 7% of the manufacturing GDP and 31% of the services GDP. With a consistent growth rate of about 10%, they employ about 120 million people and contribute to around 46% of the overall exports from India. Under the GST regime, this significant sector too is set to change.*
Keywords*: GST, ITC, MSMEs AND SGST.*

Introduction

Goods and Services Tax (GST) may be certainly an essential perfection and the logical step in the direction of a widespread oblique tax reforms in India. As per, the Empowered Committee of the State Finance Ministers it's been made clear that there might be a "Dual GST" in India, i.e. taxation energy lies with both with the aid the Centre and the State to levy the taxes on the goods and services. "Goods and Service Tax (GST) is a comprehensive tax levy on manufacture, sale and intake of products and carrier at a country wide level below which no distinction is made between goods and services for levying of tax. It's going to frequently substitute all indirect taxes levied on goods and services through the Central and State governments in India. GST is a tax on goods and services below which everyone is susceptible to pay tax on his output and is entitled to get Input Tax Credit (ITC) at the tax paid on its inputs (consequently a tax on fee addition best) and ultimately the very last customer shall bear the tax".

Goods and Services Tax Globally

France was the primary country to introduce GST in 1954. Globally, almost 150 have delivered GST in a single or the opposite form considering that now; most of the countries have a unified GST machine. Brazil and Canada comply with a twin gadget country like India is introduced. In China, GST applies only to goods and the availability of repairs, alternative and processing offerings. GST costs of some countries are given underneath: -

COUNTRY	RATE OF GST
Australia	10%
France	19.6%
Canada	5%
Germany	19%
Japan	5%
Singapore	7%
New Zealand	15%

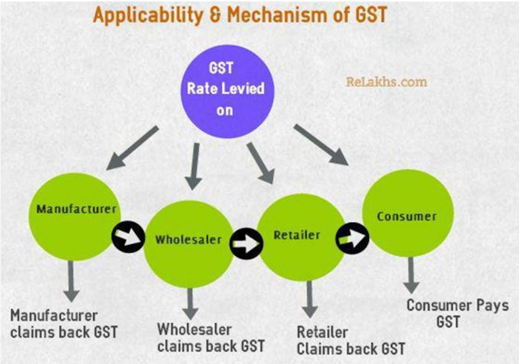
Model of GST

- The GST shall have two components: one levied by means of the Centre (called Central GST or CGST), and the opposite levied by way of the States (known as State GST or SGST). Rates for central GST and State GST could be permitted correctly, reflecting sales issues and acceptability.
- The CGST and the SGST would be applicable to all transactions of goods and services made for an attention besides the exempted goods and services.

- Cross utilization of ITC each in case of Inputs and capital goods among the CGST and the SGST could now not be approved except within the case of inter-state deliver of products and services (i.e. IGST).
- The Centre and the States would have concurrent jurisdiction for the complete value chain and for all taxpayers on the idea of thresholds for goods and services prescribed for the the case of inter-state deliver of products and services (i.e. IGST).
- The Centre and the States would have concurrent jurisdiction for the complete value chain and for all taxpayers on the idea of thresholds for goods and services prescribed for the States and the Centre.

Apllicability of Goods and Services Tax

GST is intakes based totally tax/levy. It's miles based on the "vacation spot precept." GST is carried out on goods and offerings at the area where final or real intake occurs. GST is gathered on value-added goods and offerings at every degree of sale or purchase in the deliver chain. GST paid at the procurement of products and services may be prompt against that payable at the supply of goods or offerings. However being the ultimate character in the supply chain, the end customer has to undergo this tax and so, in many respects, GST is like a final-point retail tax. GST goes to be amassed at point of sale as defined the below figure



The GST is an indirect tax which means that that the tax is handed on till the closing stage wherein it's miles the customer of the products and services who bears the tax. That is the case even today for all oblique taxes but the difference below the GST is that with streamlining of the multiple taxes the very last cost to the customer will pop out to be decrease on the removal of double charging inside the system.

Impact of Goods Service Tax on MSMES

Indian companies are booming yearly, every sector is developing through the day, and the government is imposing reforms and programs to create successful surroundings for those companies. The Goods and Service Tax bill (GST) is implemented by way of the government as it is the largest oblique tax reform in our country in view that independence.

With the incredible improvement of SMEs in diverse sectors like food Processing, E-trade, fabric, Pharmaceutical, car, power, supply Chain, Retail, IT and carrier sectors, The SMEs contribute toward the holistic and balanced increase of the country by way of providing employment and boom possibilities through industrialization in rural and backward regions, ensuring equitable distribution of countrywide income, thereby decreasing regional imbalances throughout the states.

In an Indian economy MSMEs (Micro, Small and Medium Enterprises) are the most various agencies which play a crucial function in the boom and development. On the development opportunities in advance, the government has undertaken a plethora of measures to beautify this sector. SMEs should also make investments towards the implementation of sustainable enterprise solutions for enhancing the overall enterprise efficiency, growing a healthful work culture and inexperienced task possibilities, improvised operational procedures like deliver chain control, income processes, lean production for producing splendid products and services for enhancing up the economic system ethically.

Micro Small Medium Enterprises's Position

No matter its effect on different sectors, the implementation of GST may want to propel the growth of Indian SMEs by using selling the authorities-led "Make in India" initiative and helping small-scale enterprises in terms of ease of doing enterprise. Goods and Service Tax (GST) is the talk of the city today as MSME's play an important role inside the improvement of Indian economic system. Upcoming government plan introduced GST bill need to similarly boost the ease of doing business in India. The government is likewise planning to provide ratings to MSMEs on some 50 parameters so as to enable the world to improve the nice of producing and may provide an additional advantage in the international. MSMEs are the predominant contributor in promoting balanced economic improvement. They have helped in industrializing the rural and backward areas via providing employment and different opportunities to lessen local imbalance that has assured a same distribution of income. The following reasons of GST impact small-scale producers like SME in India:

- Excise and VAT, with different taxes, might be merged into GST.
- GST will offer tax credit score gain at each degree in the chain
- Small businesses may also break out GST, if they may be under the brink limit.
- This will permit SME section to amplify their reach past their cutting-edge borders. GST will now not distinguish between income and services.
- GST is aimed to simplify such tax hurdles and could be in the long run borne with the aid of the customer.
- Manufacturing gets greater competitive.
- GST could be relevant at all ranges from production to consumption.
- Makes India one common market.
- Lower logistic and tax cost is expected because of this new GST bill.

India's paradigm shift to the Goods and Services Tax (GST) regime will growth their compliance fees and snare a majority of them into the oblique tax internet for the first time. Such sharp practices helped them charge products and services competitively during the last few many years and additionally preserve operating margins at organized player ranges. The vicissitudes because of the impact of GST are many. To wit, for producers, the discount inside the threshold for GST exemption to 20 lakh from 1.5 crore approach tens of thousands of unorganized MSMEs will quickly be cast into the tax internet. And digital transaction trails created by way of twin authentication of invoices underneath GST will improve tax compliance.

Impact Analysis of GST on Small & Medium Enterprises

Small and Medium Enterprises (SMEs) have been considered as the primary growth motive force of the Indian economy for decades. It is similarly obtrusive from the fact that nowadays we've round 3 million SMEs in India contributing nearly 50% of the industrial output and 42% of India's total export. After the passage of the Goods and Services Tax (GST) Bill, the Industry is hailing the government for citing this reform which has been lengthy pending due to political deadlocks.

All of the compliance approaches under GST — Registration, Payments, Refunds and Returns will now be done through online portals only and for this reason SMEs need no longer fear about interacting with department officers for carrying out those compliances, which might be considered as a headache in the modern tax regime.

Positive Impact of GST on Msme

As in line with industry experts, SMEs and startups will be affected the most with the rollout of the GST and the impact might be favorable in ways a couple of. A number of the approaches GST will gain SMEs and startups are:

- Ease of commencing business: A commercial enterprise having operations across exclusive country needs VAT registration. GST enables a centralized registration so that it will make beginning an enterprise less difficult and the consequent expansion an added advantage for SMEs.
- Reduction of tax burden on new business: According to the current tax structure, businesses with a turnover of more than rupees 5 lakh want to pay a VAT registration fee.
- Improved logistics and quicker transport of services: Under the GST bill, no access tax could be charged for items synthetic or sold in any a part of India
- Elimination of distinction between goods and services: GST ensures that there's no ambiguity between goods and services. This could simplify numerous legal proceedings associated with the packaged merchandise.

Impact on Manufacturing Sector

A main cloud-primarily based commercial enterprise management software program issuer catering to SMEs in South East Asia, the GST will increase competitiveness of enterprises within the manufacturing sector with the aid of mainly mitigating the cascading effect of various taxes. As per the IBEF the 'Make in India' campaign promoted with the aid of the Indian government will get a boost with the rollout of the GST. Currently, excise duty on pre-packaged merchandise for retail intake is levied not on the transaction fee at the ex-factory but on a hard and fixed percent of the most retail price (MRP) at the package deal. Under the GST regime, tax is paid through the producers whilst shopping raw materials for the products. The amount can be credited for next resellers till the product reaches the very last purchaser as this will ease the tax burden considerably.

The proposed GST rates of 18% and 28% for plastic products will hit the Micro, Small and Medium Enterprises (MSMEs), As per the Canara Plastic Manufacturers' and Traders' Association (CPMTA. Most plastic products are being sold with value-added tax (VAT) ranging from 5 % to 14.5%. These products will attract GST rates of 18% and 28 %, that these products are likely to become 10% more expensive under GST as the plastic industry runs on very thin margin due tothe competitive market, largely because of cheap imports from China. **CHALLENGES FOR SMES**

- A notable part of SMEs are of the opinion that GST is not all desirable for the sector and their fears might not be truly vacuous.
- The tax neutrality that the SMEs revel in can be one of the outstanding advantages.
- Under the prevailing excise tax, no duty is paid through a producer having a turnover of a good deal much less than rupees 1.50 crores.
- GST need to remove time consuming border tax approaches and toll check posts. This can lessen logistics costs and encourage the supply of products across borders.
- Comparatively, the float of input tax credits in the course of the supply chain should be seamless, concern as it is to the periodical compliance through the provider in filling of returns, payment of tax, and many others.
- GST will permit flexibility within the switch of goods between states. The present cascading effect of VAT/Excise that's calculated on non-covetable Excise & CST would be removed
- GST will assist carry transparency to the tax collection system, so evading taxes can be tougher. This will assist create a stage playing field for organized and unorganized sectors by means of curtailing the scope of various tax evasion practices.

Conclusion

Unarguably, GST rollout will open up a can of worms and the effect on SMEs throughout numerous industries will vary substantially. It's far quite herbal for a pervasive, country-wide tax reform, as GST is, to have a blended opinion. Moreover, the revolutionary tax regime may have reputation with a view to range from kingdom to kingdom. The only nation, one tax principle underlying Goods and Services Tax (GST) roll out is predicted to benefit Micro, Small and Medium businesses (MSME) in long run. Presently, majority of MSME gamers are unregistered in order to avoid paying tax and meeting compliance requirement. if they reach threshold restrict underneath a tax law, it looks to cut up the firm.

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