Aarhat Publication & Aarhat Journal's
108,Gokuldham Park, Dr.Ambedkar Chowk, Near TV Tower, Badlapur(E),421503
Email ID:aarhatpublication@gmail.com • Ph.: 9822307164
Website : www.aarhat.com

Electronic International Interdisciplinary Research Journal

(ISSN 2277-8721)

Impact Factor 5.20 UGC Approved No.48833

Vol No VII Special Issues IV www.aarhat.com

ONE DAY NATIONAL SEMINAR

ON

"IMPACT OF GST ON BUSINESS, TRADE AND INDIAN ECONOMY"

Thursday, 15th February 2018

Organized by:-

Shri Swami Vivekanand Shikshan Sanstha, Kolhapur's

Arts and Commerce College, Nagthane

Satara - 411 519

Chief Editor

Mr.Amol G. Sonawale

One Day National Seminar

On

"IMPACT OF GST ON BUSINESS, TRADE AND INDIAN ECONOMY"

Published by: Aarhat Publication & Aarhat Journal's

Mobile No: 9822307164/8355852142

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ISSN 2277-8721
Volume–VII, Special Issue–IV

EDITORS:

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Preface

Department of Commerce of Arts and Commerce College Nagthane, Tal & Dist- Satara (Maharashtra) has organised One -Day National Seminar on "Impact of GST on Business, Trade and Indian Economy". The main objective of this seminar is to promote research on various dimensions of GST i.e. Goods and Service Tax which is newly introduced tax system in India, find out the impact of GST on Indian economy and create research literature regarding GST as well as to make discussion and generate result on performance on GST. The expected output of the seminar is collecting and discussing on the analytical and theoretical issues of GST. Its result may help to government, policy makers, bankers, industrialist, NGO's, market agencies and researchers.

The Goods and Service Tax Act was passed in the Parliament on 29th of March 2017. The Act comes in to effect on 1st July 2017. GST is an Indirect Tax which has replaced many Indirect Taxes in India. The tax rates, rules and regulations are governed by the Goods and Services Tax Council which comprises finance ministers of centre and all the states. GST simplified a slew of indirect taxes with a unified tax and is therefore expected to dramatically reshape the country's two trillion dollar economy. The idea behind implementing GST across the country in Twenty Nine States and Seven 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. But from last few months and from the implementation this tax system its merits and demerits has experienced at various levels in the market and whole the economy. The present national seminar is expected to discuss on this various issues.

We have taken best efforts to present the topic resource constraints in an intuitive and interesting manner so that the reader can quickly grasp the essence of the matter.

We take this opportunity to express our deep sense of gratitude to those eminent economists whose work has drawn extensively and benefited enormously. We also offer our sincere thanks to all the member colleagues and students for their encouragement, affection and support to our work.

We are thankful to Prin. Abhaykumar Salunkhe, Executive President, Prin. Mrs. Shubhangi Gavade, Secretary, Prin. Dr. Ashok Karande, Ex. Joint Secretary and Prin. Dr. R.V. Shejawal, Joint Secretary of our Shri Swami Vivekanand Shikshan Sanstha Kolhapur. We are also very much thankful to our Principal Dr. Mrs. Shailaja Mane and all the stakeholders of our college for giving us strong support and encouragement whenever required.

We feel that our efforts will be amply rewarded if this journal serves the purpose for which it is written.

We are thankful to **Aarhat Publication & Aarhat Journal's,Badlapur** For their ceaseless and meticulous efforts in publishing the book on time.

Mr. Amol Sonawale
Head, Department of Commerce
& Convener of the Seminar

From the Principal's Desk

Dr. Mrs. Shailaja Mane
I/C Principal and Chairman,
Organizing Committee

Dear Delegates,

I am very much happy that the Department of Commerce is organizing the national seminar on "Impact of GST on Business, Trade and Indian Economy".

Shri Swami Vivekanand Shikshan Sanstha, Kolhapur is one of the largest Educational Institution in Maharashtra, established in 1954 by Shikshanmaharshi Dr. Govindrao Dnyanojirao Alias Bapuji Salunkhe. Arts and commerce college Nagthane is one of the branch of this institution started in June, 2000 in a village called Nagthane. It is affiliated to Shivaji University, Kolhapur.

Goods and Service Tax is the tax calculated only on the value-add at each stage of transfer of ownership. It is expected that the present introduced tax system GST will improve the collection of taxes as well as boost the development of Indian economy by removing the indirect tax barriers between states and integrating the country through a uniform tax rate. Through this seminar Department of Commerce of our college is going to focus various dimensional views on Goods and Service Tax and their issues related to Indian Economy.

We do appreciate your participation and contribution in the form of meaning full deliberations and insightful research article which ultimately made this issue of the journal possible. I am thankful to Dr. D.R. More, Ex. BCUD, Shivaji University, Kolhapur, Dr. J.F. Patil, Renowned Economist, Dr. P.S. Kamble, HOD, Economics, Shivaji University, Kolhapur and Mr. Nagesh Salunkhe, Tax Consultant for delivering their valuable informative views on GST. I am also thankful Prin. Abhaykumar Salunkhe, Executive President and Prin. Mrs. Shubhangi Gavade, Secretary, Shri Swami Vivekanand Shikshan Sanstha Kolhapur for giving us strong support and encouragement.

I am confident that the deliberation of One Day National Seminar will definitely through light on the importance of the GST and their impact on Business, Trade and Indian Economy. All the participants throughout the country will try to change the minds of India's policymakers towards GST.

I wish all the best to everyone……..

About The Chief Editor

Mr. Amol Sonawale
Head, Department of Commerce
& Convener of the Seminar

Amol G. Sonawale is working as a 'Assistant Professor' in Shri Swami Vivekanand Shikshan Sanstha Kolhapur's Arts and Commerce College, Nagthane Tal & Dist- Satara, Maharashtra. He is heading the Department of Commerce since October 2008. He has completed his M.Com. in Advanced Costing in Solapur University, Solapur & M.Com. in Advanced Accountancy from Shivaji University, Kolhapur.

He has presented and published research papers at national and international conferences as well as in referred journals. He has been invited as resource person for various workshops and seminars.

"Dissemination of Education for Knowledge, Science and Culture"

-Shikshanmaharshi Dr. Bapuji Salunkhe

Shri Swami Vivekanand Shikshan Sanstha, Kolhapur's

Arts and Commerce College, Nagthane

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Electronic Interdisciplinary International Research Journal (EIIRJ)
A Peer Reviewed Interdisciplinary Journal UGC Approved Journal No 48833
Impact Factor 5.20 ISSN 2277-8721

CONSUMER EMPOWERMENT AND GST

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Abstract

Consumer empowerment movement has been recognized as an important movement in the History of India. The government in this connection had enacted different Legislations for protection of the interest of Consumer. Consumer has been treated as centre of economy. The demand of commodity depends upon interest of the consumer. On other hand protection of rights of consumer is of prior importance, in this connection the parliament had enacted "The Consumer Protection Act" and that was the time when consumer moment got actual shape.

Prior to the enactment of GST (Goods and Service Tax Act) various other indirect Taxes were applicable. These indirect Taxes were paid by the Consumer. Presently GST is the Act where Government wants to bring indirect tax system under single system of Tax. But on other side consumer empowerment is necessary for proper working of Tax system. The success of GST depends upon consumer awareness and consumer empowerment. Now it's the time to make aware consumer for their rights as well as tax system persist. In enforcement of Rights of consumer receipts given by seller has much legal importance. On other hand it is necessary to have the same for development of the country.

Key words- *GST, Consumer*

Introduction-

The Tax system in any economy has direct connection with the development of country. In India Tax system is unique one because Constitution of India itself has certain implications in it. Division of power between center and state leads to simplicities but collection of the tax is the right of the government. In the pre-GST regime, there were many indirect taxes levied by both state and center. States mainly collected taxes in the form of Value Added Tax (VAT). Every state had a different set of rules and regulations.

Interstate sale of goods was taxed by the Center. CST (Central Sales Tax) was applicable in case of interstate sale of goods. Other than above there were many indirect taxes like entertainment tax, octroi and local tax that was levied by state and center. This leads to a lot of overlapping of taxes levied by both state and center.

For example, when goods were manufactured and sold Excise Duty charged by the center was charged by the center. Over and above Excise Duty, VAT was also charged by the State. This lead to a tax on tax also known as cascading effect of taxes. In the pre-GST regime, tax on tax was calculated and paid by every purchaser including the final consumer. This tax on tax is called Cascading Effect of Taxes. In other words tax was born by consumer.

Now a days it is well recognized principle of the state policy that consumer should be given with more rights and protection of the interest of the consumer is of prior importance. The economic growth of the country is possible only when consumer demand remain constantly increasing. The demand of the consumer will depends upon the number of factors. Tax system is also one of them. In every government budget it has been observed that luxurious commodities were charged with higher rates.

The concept of the Consumer-

According to the Consumer Protection Act-1986- the definition of the consumer under section2- is as follows-

"**Consumer**" means any person who—

(i) Buys any goods for a consideration which has been paid or promised or partly paid and partly promised, or under any system of deferred payment and includes any user of such goods other than the person who buys such goods for consideration paid or promised or partly paid or partly promised, or under any system of deferred payment when such use is made with the approval of such person, but does not include a person who obtains such goods for resale or for any commercial purpose; or

(ii) Hires or avails of any services for a consideration which has been paid or promised or partly paid and partly promised, or under any system of deferred payment and includes any beneficiary of such services other than the person who 'hires or avails of the services for consideration paid or promised, or partly paid and partly promised, or under any system of deferred payment, when such services are availed of with the approval of the first mentioned person ***but does not include a person who avails of such services for any commercial purposes***;

Explanation. — For the purposes of this clause, "commercial purpose" does not include use by a person of goods bought and used by him and services availed by him exclusively for the purposes of earning his livelihood by means of self-employment

Further this Act provides the definition of Consumer Disputes-

"**consumer dispute**" means a dispute where the person against whom a complaint has been made, denies or disputes the allegations contained in the complaint.

"manufacturer" means a person who—

(i) Makes or manufactures any goods or part thereof; or

(ii) Does not make or manufacture any goods but assembles parts thereof made or manufactured by others; or

(iii) Puts or causes to be put his own mark on any goods made or manufactured by any other manufacturer;

Explanation. — Where a manufacturer dispatches any goods or part thereof to any branch office maintained by him, such branch office shall not be deemed to be the manufacturer even though the parts so dispatched to it are assembled at such branch office and are sold or distributed from such branch office.

The consumer dispute Redressal-

The Consumer dispute redressal has been given importance under this Act. For resolving the dispute of consumer various Agencies prescribed in the said Act. District Forum, State commission, National commission are agencies for resolution of dispute of consumer. But in taking cognizance of such disputes the forum will ask for the purchase bill to prove that the person is consumer. The forums will act in judicial manner and protect the interest of consumer if at all there is deficiency in service or defects in goods.

Further under this Act the protection of the interest of the consumer is also recognized as important task. The protection of interest of consumer is equally important. The Act also focused on providing protection and creating awareness. The goods sold by the seller should not result in deficient practice. There should not be any kind of cheating in short.

Status of consumer after enactment of GST-

Consumer is the person who purchases either goods or services for some price. After enactment of GST many contingencies and new problems for consumer started. Goods and Services Tax is an indirect tax for the whole nation, which will make India one unified common market. 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 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.

GST renders numerous benefits to different parties such as business and industry, central and state governments and the ultimate consumers. For business and industry, it enables easy compliance, uniformity of tax rates and structures, removal of cascading, improved competitiveness and gain to manufacturers and exporters. For Central and State Governments , it is simple and easy to administer , better controls on leakage, higher revenue efficiency. Finally, single and transparent tax proportionate to the value of goods and services are provided to consumers and they are relieved from overall tax burden.

The new tax regime was ushered at the late night of 30th June and came into force on 1stJuly 2017.The one national GST unifies the country's USD 2 trillion economy and 1.3 billion people into a common market.

As commented by Mr.Modi, GST is not just tax reform but its economic reform. GST is a way forward in the ease of doing business.In the language of law, it is called the goods and services tax, but the benefit of GST is really a Good and Simple Tax. Good because multiple taxes will be removed. Simple because it requires just one form and is easy to use. 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 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.

It renders numerous benefits to different parties such as business and industry, central and state governments and the ultimate consumers. An effort is made to understand the consumers' awareness on Goods and Services Tax. Everything that is introduced will attract agitation and unrest among different group of people and they can easily be overcome by designing programmes to clarify the objections of renowned economists.

Hurdles before consumer due to GST and suggested solutions-

Some shop keepers are found charging GST over and above MRP of the products. This is especially true in rural areas where consumer awareness is lower regarding GST rules. As per rules it is mandatory for all registered businesses to mention GSTIN on the invoice. In case if GSTIN is not mentioned, the business cannot charge GST. No GST number on Invoice implies that the business is not yet registered with GST department and cannot charge GST. In case, GST number is mentioned on the invoice, it may not necessarily be genuine. Many businesses are found to be using fake GSTIN on their invoices to charge GST from the consumers without registering with GST department. As an aware consumer, we can protect ourselves from such cheating by verifying the GST number of the business before making payment. The best way to make sure whether a business is register with GST Department or not is to verify the GST Identification Number (GSTIN) online. It is very important on part of consumer to know rates of GST before purchasing any goods or before hiring any service. Further consumer awareness spreading agencies along with NGOs should educate the consumers to avoid the instances of cheating by the seller. On other hand receipt for the sold goods is required for the consumer so receipt along with the mention of GST only should be accepted. The receipt is the only proof to the consumer if at all he wants to prove it in the forum that he is the consumer. In case of deficiency in service or defect in goods receipt for goods is very important. The consumer awareness in this respect should be spread to save him from the further losses. So consumer must know the rates of GST and have right to demand receipt for the same.

Conclusion-

GST has been introduced with a motive of development of Indian economy. Everything that is introduced will attract agitation and unrest among different group of people and they can easily be overcome by designing programmes to clarify the objections of renowned economists. GST has already implemented and months are over and instead of lamenting over it, individuals can plan well and extend their support. Any good can come out only after a long journey of struggles. The Government should also take necessary steps to create awareness on GST related issues. GST will sure to have success when the confidence of every individual Indian citizens have obtained. GST is truly a gigantic tax reform in the history of India. In the long run, it will be very helpful for growth and prosperity of Indian Economy.

With GST implementation, the system of indirect taxation will also be more transparent to both government as well as businesses. However, we must deal smartly with the initial hiccups suffered during the implementation phase in the form of frauds in the name of GST. We can prevail this by keeping ourselves well informed and aware about GST Rules. If you come across any such incidence as stated above, you can file your complaint to the anti-profiteering authority. Alternatively, you can inform National Consumer Forum on toll free number or register your complain online. GST will sure to have success when the confidence of every individual Indian citizens have obtained.

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GOODS AND SERVICE TAX (GST) IN INDIA

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Abstract

Indian system of taxation of goods and services is characterized by cascading, distortionary tax on production of goods and services which leads to miss-allocation of resources, hampering productivity and slower economic growth. To remove this hurdle, a pure and simple tax system like GST (Goods and Service Tax) is need of the hour in the country. After 10 years of effort, India's new goods and services tax (GST) seems set to take effect on 1 July 2017, ushering in one of the most significant reforms in the country's history. India's GST will replace a complex web of existing taxes, bringing uniform tax rates and rules and simplifying compliance for businesses. The GST entails a marked shift from origin-based taxation to a destination-based tax structure, with significant potential impacts on cash flow, pricing, working capital, supply chain and IT systems. The GST is much more than a tax change but a business change that will affect most functional areas. GST will bring in "One nation one tax" to unite indirect taxes under one umbrella and facilitate Indian businesses to be globally competitive. The Indian GST case is structured for efficient tax collection, reduction in corruption, easy inter-state movement of good

Keywords - *GST, One nation one tax*

Introduction

The Constitution Amendment Bill for Goods and Services Tax (GST) has been approved by The President of India post its passage in the Parliament (Rajya Sabha on 3 August 2016 and Lok Sabha on 8 August 2016) and ratification by more than 50 percent of state legislatures. India's biggest tax reform is now a reality. A comprehensive dual Goods and Services Tax (GST) has replaced the complex multiple indirect tax structure from 1 July 2017.

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.

Research Methodology

The research paper is conceptual in nature. In order to develop basic insight regarding the concept, the researcher has made use of secondary data. The researcher has referred books, journals, magazines, newspapers and various websites

Objectives Of the study

- To understand the Concept of GST
- To know GST in other countries
- To study the benefits and challenges of implementation of GST

GST in other countries of the world

With its new GST, India joins some 140 countries globally in imposing a form of value added tax (VAT). These taxes are acknowledged as progressive, with inbuilt efficiencies to broaden the tax base, decrease the cascading effect of multiple indirect taxes and contain revenue leakage.

France was the first country to implement GST to reduce tax- evasion. Since then, more than 140 countries have implemented GST with some countries having Dual-GST (e.g. Brazil, Canada etc.) model. India has chosen the Canadian model of dual GST. GST model across the commonwealth countries are similar with some variations. Unlike India, other countries have a much higher threshold for GST applicability thus reducing the burden for small businesses.

China completed Value Added Tax* (VAT) reforms in 2016 to replace its conflicting Business Tax system. Doing away with business tax and other taxes and switching to VAT has contributed to bursting of the Chinese real estate bubble. China also has partial GST, on some goods . Japan introduced consumption tax in 1989 at a rate of 3%. In 1997 this increased to 5% and Japan went into recession. In 2012, Diet doubled the tax to 10%. Later the Shinzo Abe government delayed tax increase until April 2017. In 2016, a second postponement was announced which pushes the increase to October 2019 .

Malaysia implemented GST in 2015, after debating for 26 years! Consumer confidence inflation went up; anti-GST protests in capital Kuala Lumpur After initial hiccups things have settled down with 70% respondents reporting business grew in last 12 months Australia introduced GST in 2000; implementation smooth, peak GST rate was 10%. It now plans to increase GST rate to 15%

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.

Goods and Service Tax (GST) Bill

The full form of GST is Goods and Service tax. So, it is also called as Good and Service Tax bill. This bill is one of the remarkable changes in India's Indirect tax changes since the beginning of the economy. GST is a tax levied when consumer buys any good or service. There are three components of GST-

1. Central GST (CGST) – it will be Levied by Centre
2. State GST (SGST) – It will be levied by State
3. Integrated GST (IGST) – It will be levied by Central Government on Intestate supply of Good and Services

The GST will apply at following basic rates:

- 0 percent rate will apply to essential food items, exports and supplies to Special Economic Zones
- 5 percent rate will apply to some mass consumption items (e.g. spices, tea)
- 12 percent rate will apply to other commonly used items (e.g. soap, cell phones, processed foods)
- 18 percent standard rate that will apply to most products and services
- 28 percent rate will apply to durable consumer goods (e.g. televisions, cars).
- **28% + Cess** A surcharge on top of the 28 percent high rate will apply to luxury items, such as high-end cars, and 'sin tax' items, such as tobacco.

Following is the list of the taxes that are replaced by GST –

Central Level Taxes – Central Excise Duty, Additional Excise Duty, Service Tax, Countervailing Duty and special Additional Duty of Customs.

State Level Taxes – State Value Added Tax or Sales Tax, Entertainment Tax, Octroi and Entry Tax, Purchase tax, Luxury Tax, Taxes on Lottery, Betting and Gambling

So, this means that GST clubs almost all indirect taxes together that are levied by central and State Governments

Procedure to file GST Returns

The GST needs to filed via a common portal to be run by GSTN, promoted by the central and state governments. Under GST, a normal taxpayer would have to furnish three returns monthly and one annual return. There are also separate returns for a taxpayer registered under the composition scheme, a taxpayer registered as an Input Service Distributor a person liable to deduct or collect the tax. Under GST regime, all transactions and processes required to be done only through electronic mode. This will help in minimising the physical interaction of taxpayers with tax officials. The GST provides for the facility of auto-populated monthly returns and annual return.

GST will also facilitate the taxpayers by prescribing grant of refund within 60 days, and provisional release of 90% refund to exporters within seven days. Other facilitation measures under GST include interest payment if refund is not sanctioned in time, and refund to be directly credited to bank accounts.

Types of GST Returns

Form GSTR-1: To file details of outward supplies of taxable goods and/or services effected by registered taxable supplier on 10th of the next month;

Form GSTR-2: To file details of inward supplies of taxable goods and/or services effected claiming input tax credit by registered taxable recipient on 15th of the next month;

Form GSTR-3: To file monthly return on the basis of finalisation of details of outward supplies and inward supplies along with the payment of amount of tax by registered taxable person on 20th of the next month;

Form GSTE-4: To file quarterly return for compounding taxable person by composition Supplier on 18th of the month succeeding quarter

Form GSTR-5: To file return for non-resident foreign taxable person by non-resident taxable person on 20th of the next month;

Form GSTR-6: To file return for input service distributor by input service distributor on 13th of the next month;

Form GSTR-7: To file return for authorities deducting tax at source by tax deductor on 10th of the next month;

Form GSTR-8 to file details of supplies effected through e-commerce operator and the amount of tax collected by e-commerce operator/tax collector on 10th of the next month;

Form GSTR-9: To file annual return by registered taxable person on 31st December of next financial year;

Form GSTR-10: To file final return by taxable person whose registration has been surrendered or cancelled within three months of the date of cancellation or date of cancellation order, whichever is later;

Form GSTR-11: To file details of inward supplies to be furnished by a person having UIN by a person having UIN and claiming refund on 28th of the month following the month for which statement is filed.

Benefits of GST –

Introduction of GST will bring following benefits –

- Rationalization of tax structure and simplification of compliance procedures
- Multiple Taxation is removed
- Prices of goods are expected to reduce in the long run
- Uniformity of tax rates across the states
- Goods and Services are taxed at same rate
- Taxes on the Manufacturers are reduced
- It helps in the seamless flow of credit in the country
- Wider tax base, necessary for lowering tax rates and eliminating classification disputes
- better compliance due to aggregate tax rate reduces.
- Automation of compliance procedures to reduce errors and increase efficiency

Challenges –

- The tax on services would go from 14 to 20% after the implementation of GST
- The Tax on retails will almost get doubled
- The tax on imported Goods will be around 6%
- There will be control on every system by the Central and State Governments

One Word

GST will help to reduce problems of tax system in India and lead to its improvement. Introduction of GST is a desire need for the multinational companies as most of the countries have already implemented GST. In spite of several hurdles, GST has come into force in India. 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. GST is considered to be the biggest tax reform in India since independence. 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 It will help realise the goal of "One Nation-One Tax-One Market." GST is expected to benefit all the stakeholders – industry, government and consumer. Experts believe that GST will lower the cost of goods and services, boost to the economy and make Indian products and services globally competitive, and even boost initiatives like 'Make in India'.

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GST IMPACT AND REVISION

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Abstract

In view of the important role that India is expected to play in the world economy in the years to come, the expectation of GST being introduced is high not only within the country, but also in neighbouring countries and in developed economies of the world. The content of this research paper is intended to provide a general guide to the subject matter. Specialist advice should be sought about specific circumstances. Hope the information will assist the beneficiaries in Professional endeavours. This paper is conceptual in nature and its focus on the positive effects of GST on Indian Economy and revision in the rate of GST on certain goods .

Keywords*: - GST, Indian Economy.*

Introduction

Despite the success with VAT, there are still certain shortcoming in structure in the levy of VAT both at Central level and State level. The shortcoming in CENVAT of the Government of India lies in non-inclusion of several taxes in the overall framework of CENVAT such as VAT, ACD, and Surcharge etc.

Moreover, in the present State-level VAT scheme, CENVAT load on the goods remains included in the value of goods to be taxed under State VAT, and contributing to that extent a cascading effect on account of CENVAT element. Further, by removing cascading effect, layers of taxes and simplifying structures, the GST would encourage compliance, which is also expected to widen the tax base. But virtually every media report that mentions the GST says that the tax reform has the potential to add up to 2 percent to India's GDP.

If VAT 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, then GST will be a further significant breakthrough – the next logical step – towards a comprehensive indirect tax reform in the country.

Impact of Goods and Service Tax

Indirect taxpayer base rises by 50% with GST implementation.

The Economic Survey, first to be presented after India rolled out GST in July 2017, says that over 10 million taxpayers have been registered under the new tax regime. India's indirect taxpayer base has increased by more than 50% with the implementation of the goods and services tax (GST), the formal sector is bigger than currently estimated and the country's internal trade is around 60% of gross domestic product (GDP), the Economic Survey for 2017-18 said, basing its findings on data and trends from GST.

More than 10 million taxpayers have registered under GST, as against 6.5 million registered under the old tax regime, but after discounting for multiple counting. With the tax registration, return filing and tax payment process completely online under GST, policymakers have a new database to look for trends about firms and consumers.

Further, the direct taxpayer base has increased by around 1.8 million due to demonetization and GST, the Survey said.

The Survey estimates the size of the formal sector—firms either offering a social security net or registered under GST—is 13% of total firms in the private non-farm sector but accounts for 93% of total turnover.The Survey estimates that only 0.6% of the firms can be categorized as hard core formal sector—those that are registered under GST and provide a social security net to employees. These firms, however, account for 38% of total turnover, 87% of exports, and 63% of the GST liability. On the other hand, 87% of firms, representing 21% of total turnover, are purely informal, outside both the tax and social security nets, the survey said.

Around 12% of firms, accounting for 41% of turnover, 13% of exports, and 37% of tax liabilities are in the tax net but not the social security net.

It points out that the formal sector, especially formal, non-farm payroll firms, is substantially greater than currently believed.

"Formality defined in terms of social security provision yields an estimate of formal sector payroll of about 31% of the non-agricultural work force; formality defined in terms of being part of the GST net suggests a formal sector payroll share of 53%," the Survey said.

The Survey notes that the distribution of the GST base among states is closely linked to the size of their economies, allaying fears of major producing states such as Gujarat, Maharashtra and Tamil Nadu that the shift to GST will undermine their tax base.

State-wise share of the GST base shows Maharashtra has the highest share of taxpayer base at 16%, followed by Tamil Nadu at 10%, Karnataka at 9%, Uttar Pradesh at 7% and Gujarat at 6%. Also, a profile of the new filers shows the bulk of transactions—nearly two-third—are business-to-business transactions and exports, and only 17% are business-to-consumer transactions Further, voluntary compliance has seen a surge with about 1.7 million registrants who were below the threshold limit and, hence, not required to register registering under GST. With state-wise export classification now possible, the Survey says new data on global exports of states suggests a strong correlation between export performance and states' standard of living.

Revision in Rates of GST

Rate of GST reduced on large number of goods and services - As decided by the GST Council in its 23rd meeting held on 10thNovember 2017. Prices of a large variety of consumer goods are expected to come down after the goods and services tax (GST) Council decided to move 178 items from the highest tax bracket of 28% to 18% .

- List of 28% GST rated goods has been pruned substantially, from 224 tariff headings to 50 tariff headings,
- Rates have also been reduced on several goods from 18% to 12% (Condensed milk; Pasta; Curry paste, mayonnaise and salad dressings; Medicinal grade oxygen, etc.),
- from 18% to 5% (fly ash; puffed rice chikki, peanut chikki, sesame chikki, revdi, tilrevdi, khaza, kazuali, groundnut sweets gatta, kuliya, etc.) and
- from 12% to 5% (finished leather, chamois and composition leather; fly ash brick, etc.).
- Similarly, rate of GST on guar meal, khandsari sugar, bangles of lac / shellac, uranium ore concentrate and specified dried vegetables has come down to nil.
- In respect of services, stand-alone restaurants irrespective of being air conditioned or otherwise, would be liable to GST at the rate of 5%, without the facility of input tax credit (ITC).
- Restaurants in hotel premises having room tariff of less than Rs. 7500 per unit per day are also covered under this rate of tax, without ITC.
- Registration exemption to specified service provider providing service through electronic commerce operator- This exemption is available to service providers having an aggregate turnover of less than Rs. 20 lakh (Rs. 10 lakh in case of special category States) in a financial year. Notification No. 65/2017-Central Tax, dated 15-11-2017.
- Reduced rate of GST for specified supplies to research institutions, etc. (Effective form 15-11-2017)- Notification No. 45/2017-Central Tax (Rate), dated 14-11-2017 has been issued to provide for 2.5% CGST on specified goods supplied to public funded research institutions, universities, IITs, NITs, IISC (Bangalore), research institutions, departments and laboratories of Central / State Governments and Regional Cancer Centre (Cancer Institute). This list excludes hospitals.

- IGST exemption to inter-State movement of rigs, tools and spares- **Inter-State** movement of such goods between distinct persons shall be treated neither supply of goods nor supply of services and no IGST will be levied. Circular No. 21/21/2017-GST, dated 22-11-2017 issued, however notes that such exemption will not be available if movement is for further supply of such goods, and that GST will be payable on repairs and maintenance of such goods.
- Export Oriented Units –Procedure for procurement from DTA**-** CBEC has prescribed procedure and safeguards in respect of supply of goods to EOU, in order to ensure smooth processing of refund claims in respect of such deemed exports. EOU in this regard is required to intimate, in a prescribed form, to the registered supplier and to jurisdictional officers of the supplier and that of EOU. As per Circular No. 14/14 /2017-GST, dated 06-11-2017, tax invoice as endorsed by EOU will be considered as proof of deemed export supplies made by the registered supplier to the EOU.
- Refund of unutilised ITC in case of export of fabrics, available**-** Manufacturer of fabrics is eligible for refund of unutilized ITC of GST paid on inputs (other than ITC of GST paid on capital goods) in respect of fabrics manufactured and exported by him. Circular No. 18/18/2017-GST, dated 16-11-2017 clarifying this, observes that restriction on refund of unutilised ITC under Notification No.5/2017-Central Tax (Rate) would not apply to zero rated supplies.
- Terracotta idols eligible for nil GST rate-Tax Research Unit of the Ministry of Finance has clarified that as terracotta is clay based, terracotta idols will be eligible for Nil rate under Sl. No.135A of Notification No. 2/2017-Central Tax (Rate), dated 28-6-2017, which prescribes nil rate for clay idols. Circular No. 20/20/2017-IGST, dated 22-11-2017.
- Milling of paddy into rice liable to GST -Circular No. 19/19/2017-GST, issued by Ministry of Finance clarifying that milling of paddy into rice on job work basis is liable to GST at the rate of 5%, on the processing charges (and not on the entire value of rice) . According to this circular milling of paddy is not an intermediate production process in relation to cultivation of plants.

Conclusion

N.R. Bhanumurthy, a professor at the National Institute of Public Finance and Policy, said GST is a powerful tool to increase the size of the formal sector. “GST should increase tax buoyancy both on direct and indirect tax side. However, we should be careful while drawing conclusions from this preliminary data as we are yet to complete one full year of GST. Revision of GST rates is very progressive step that the government has taken to reduce GST rates for products consumed by the masses. Retailers should keep in mind the interest of the consumers and pass on the benefits of reduction in GST rates to them.

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Electronic Interdisciplinary International Research Journal (EIIRJ)
A Peer Reviewed Interdisciplinary Journal UGC Approved Journal No 48833
EduIndex Impact Factor 5.20 ISSN 2277-8721

कृषी क्षेत्रावर वस्तु व सेवा कराचा परिणाम

भारत सिध्दराम जाधव
संशोधक विद्यार्थी

प्रस्तावणा

24 जुलै 1991 भारताने स्विकारलेल्या खजगीकरण, उदारिकरण, जागतिकीकरण धोरणतंर्गत भारतीय अर्थव्यवस्थेमध्ये अमुलाग्र बदल करयला सुरूवात केली. कर रचना, उद्योग परवाने, परकीय गुंतवनुक अशा विविध क्षेत्रात धोरण बदल केले. या अंतर्गत केलेला सर्वात महत्वाचा बदल म्हणजे 'वस्तु व सेवा कर' **'एक देश एक कर**' या घोषणेतंर्गत केलेल्या या बदलाने अर्थव्यवस्थेतील विविध क्षेत्रांवर अल्पकालीन आणि दिर्घकालीन परिणाम होणार आहेत.

कृषी आणि सलग्न क्षेत्र हे भारतीय अर्थव्यवस्थेचे मुळ आहे. कृषी क्षेत्राचा जी.डी.पी मधील वाटा 17.4 टक्के असुन हे ग्रामीण भागातील 52 टक्के लोकांचा जिवन जगण्याचा प्राथमिक स्त्रोत आहे. कृषी क्षेत्राची मुख्य समस्या म्हणजे देशभरात कृषी उत्पादनांची वाहतुक होय. वस्तु व सेवा करा मुळे या समस्येचे निराकरण होण्याची शक्यता आहे. वस्तु व सेवा कर कृषी मालासाठी भारताला पहीला राट्रीय बाजार पुरवु शकते. पुर्वी वस्तु आणि सेवा कर परिषदेने कृषी उत्पादनांवर 12 टक्के इतका कर निर्धारण केला होता. पण सध्या तो कमी करून 5 टक्के इतका घोषीत केला आहे. त्यामुळे वस्तु आणि दिर्घकालीन असे सकारात्मक आणि नकारात्मक परिणाम होणार आहेत. त्यामुळे ते परीणाम कोणते असतील हे पहाणे महत्वाचे ठरणार आहे.

वस्तु व सेवा करा पुर्वीचे कायदे कृषी साठी –

तांदुळ, साखर, मिठ, गहु असे पदार्थ केंद्र वॅट मधुन मुक्त आहेत. राज्य वॅट अंतर्गत तृणधान्ये आणी कडधान्य 4 टक्के दर आकारला जातो. वर्तमान कर कायद्यानुसार कृषी मालाला बरेच परवाणे आणि अप्रत्यक्ष कर (वॅट, उत्पादन शुल्क, सेवा कर) लागतात.

राज्य वॅट सध्या प्रत्येक राज्यातील सर्व शेतीमालांना लागु आहे. हे अंतिम उपभोक्त्याला विकण्या आगोदर लागु होतात. मांस, अंडी, फळे, भाज्या इ. सारख्या विशिष्ठ अप्रामाणीत उत्पादनांसाठी राज्य वॅट मधुन विशिष्ठ सवलत उपलब्ध आहे.

वस्तु व सेवा कर कृषी क्षेत्र –

परदर्शकता, विश्वसनियता, पुरवठा साखळी सुधरण्यासाठी तत्रंज्ञानाची आवश्यकता आहे. एक चांगली पुरवठा साखळी यंत्रणा शेतकरी व किरकोळ विक्रेत्यांसाठी खर्च कमी करु शकते. वस्तु व सेवा करामुळे कृषी उत्पादनांसाठी लागणऱ्या मोठया अवजड यंत्रांच्या किमंती कमी होवु शकतात. वस्तु व सेवा कर कायद्यामध्ये, दुग्ध, व्यवसाय, कुक्कुटपालन हे शेतीच्या परिभाषेबाहेर ठेवण्यात आले आहेत. त्यामुळे वस्तु व सेवा करंतर्गत करपात्र असतिल.

उर्वरक खते शेतीचा महत्वाचा घटक आहे. यावर पुर्वी 6 टक्के (1टक्का एक्साईज + 5 टकक्के वॅट) कर लवला जात होता. आता वस्तु व सेवा करामध्ये खतांवर कर 6 टक्के वरुन 12 टक्के वाढवण्यात आला आहे. त्यामुळे शेती मालाच्या उत्पादन खर्चामध्ये वाढ झाली आहे. तसेच ट्रॅक्टरच्या उत्पादनावरील वेव्हियर काढुन टाकण्यात आहे आणि 12 टक्के वस्तु व सेवा कर लागु करण्यात आला आहे. हे ट्रॅक्टर उत्पादकासाठी फायदेशीर आहे, कारण ते इनपुट टॅक्स क्रडीटचा दावा करु शकतात. पण हे शेतकऱ्यांच्या उत्पादन खर्चात वाढ करणारे आहे.

वस्तु व सेवा कर परिषद

वस्तु व सेवा कर निरधारणासाठी वस्तु व सेवा कर कायद्यात वस्तु व सेवा कर परिषदेची तरतुद करण्यात आली आहे. त्या नुसार जानेवारी 2018 पर्यत 25 बैठका पार पडल्या आहेत. या मध्ये वस्तुंचे विविध प्रकारे वर्गीकरण करूण त्या साठी कर निरधारण करण्यात आले आहे. त्या नुसार कृषी आणि सलग्न क्षेत्रासाठी वेळोवेळी परिषदेच्या बैठकांमध्ये कर निश्चीत करण्यात आले आहेत.

वस्तु व सेवा कराचे तुलनात्मक दर कृषी क्षेत्र

Agriculture			
Goods	**Old Rate**	**GST**	**Diff (%)**
Cheaper			
Seed, Organic compost without brand	0	0	0
Headpump 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

नकरात्मक परिणाम –

1. कृषी उत्पादन वाढवण्यामध्ये महत्वाची भुमिका निभावणारा घटक म्हणजे ट्रॅक्टर होय. वस्तु आणि सेवा करांतर्गत ट्रॅक्टर वर 12 टक्के व ट्रॅक्टरच्या भागांवर 18 इतका कर लावला जाणार आहे. त्यामुळे ट्रॅक्टर उत्पादक संघटनेच्या मतानुसार एक ट्रॅक्टरची किंमत प्रत्येकी 25,000 इतकी वाढण्याची शक्यता आहे. त्याचा प्रथम परिणाम हा कृषी उत्पादनावर होईल.
2. वस्तु आणि सेवाकरांतर्गत रासायनिक किटकनाषकांवर 18 टक्के इतका कर आकारला जाणार आहे. कृषी उत्पादने वाढवण्यासाठी याचा वापर हा अत्यंत गरजेचा आहे. याच्या किमंतीत वाढ झाल्याने कृषी

उत्पादनावर परिणाम होवु शकतो.

3. वस्तु आणि सेवा करांतर्गत कृषी या व्याख्ये मध्ये दुग्धोत्पादन, पोल्ट्री व्यवसाय, जनावरे प्रजनन(Stock Breeding) या सर्व गोष्टी अंतर्भुत होत नाहीत. त्यामुळे या सर्व गोष्टी या करपदधतीअंतर्गत करदेय आहेत. या सर्व गोष्टींचा परिणाम हा ग्रामीण भागातील कृषी आणि सलग्न क्षेत्रावर अवलंबुन असणाऱ्या लोकांवर आणि त्यांच्या जिवनपदधतीवर होईल.
4. कृषी क्षेत्रावरती आकरलेल्या या करांचा सर्वात महत्वाचा परिणाम म्हणजे महागाई वाढ होईल. तृणधन्ये आणि कडधान्ये यांच्या किमंती वाढतील आणि त्याचा सर्वात वाईट परिणाम हा कृषी क्षेत्रावर अवलंबुन असनाऱ्या ग्रामीण दारिद्र रेषेखालील लोकांच्या जिवण मानांवर होईल.
5. अर्थव्यवस्थेतील वाढत्या महागाईचा परिणाम हा जिवनावशक्य वस्तुंच्या किमंतीवर होईल. त्याचा परिणाम ग्रामीण भागातील लोकांच्या जिवनावर होईल. परिणामी कृषी क्षेत्रातील मजुरीमध्ये वाढ होईल. त्याचा परिणाम हा शेतकऱ्यांच्या एकुण उत्पादन खर्चावरती होईल.

सकारात्मक परिणाम–

1. भारतातील वाढत्या लोकसंख्येची अन्नाची गरज भागवण्यासाठी सरकाणे 2ऱ्या हरित क्रांतीची घोषणा केली आहे. त्यातील महत्वाचा घटक म्हणजे कृषीचे यांत्रिकिकरा होय. त्यातील महत्वाचा घटक म्हणजे विद्युत पंपाचा वापर होय. वस्तु आणि सेवा करांतर्गत विद्युत पंप निर्मिती वर 5 टक्के इतका कर लावला जानार पुर्वीच्या कर कायद्या नुसार हा कर 12.5 टक्के होता. त्यामुळे विद्युत पंपाची किमंत पुर्वीपेक्षा कमी होईल. भारतात. सध्या 3 कोटी इतके विद्युत पंप वारले जातात. त्यापैकी 80 टक्के पंपाचा वापर कृषी क्षेत्रासाठी होतो. त्यामुळे वस्तु आणि सेवा करामुळे विद्युत पंपाच्या किमंती मध्ये घट होईल. त्याचा परिणाम शेतकऱ्यांच्या वार्षिक खर्चावर होईल, आणि पंपाचा वापर वढेल.
2. रासायनिक खतांचा वापर हा कृषी उत्पादन वाढवण्यामधील अविभाज्य घटक आहे. त्यावरती पुर्वी 12 टक्के असनारा कर हा 5 टक्के इतका करण्यात आला आहे. यावर कर 5 टक्के असण्यामुळे खतांच्या किमंतीत घट होईल व कृषी मध्ये त्याचा वापर कमी होईल. त्याचा थेट परिणाम उत्पन्नावर होणार आहे. त्यामुळे ग्रामिण भागातील दारिद्र रेषेखालील लोकांची संख्या वाढेल.
3. वस्तु आणि सेवाकरांतर्गत शेतकऱ्यांना नोंदणी करणे गरजेचे नाही. पण एक चांगली पुरवठा साखळी निर्माण करण्यासाठी शेतकऱ्यांच्या किमती कमी करणे गरजेचे आहे.
4. वस्तु आणि सेवा करामुळे अवजड यंत्रसामग्रीच्या किमतीमध्ये कपात होईल. त्यामुळे कृषी उत्पादन वाढण्यास मदत होईल.
5. सर्वच कृषी उत्पादनांवर 5 टक्के वस्तु आणि सेवा कर लावल्यामुळे कृषी मालाच्या किमती वाढतील. त्याचा परिणाम म्हणजे शेतकऱ्यांच उत्पन्न वाढण्यामध्ये होईल.

6. वस्तु आणि सेवा कर हा राष्ट्रिय कृषी बाजाराची अंमलबजावणी करण्यातला एक महत्वाचा मार्ग आहे. जास्तीत जास्त अप्रत्यक्ष कर हे कृषी उत्पादनावर लावले आहेत. जे वस्तु आणि सेवा कराच्या अंतर्गत आहेत. यामुळे एक पारदर्शक पुरवठा साखळी निर्माण होईल. ज्यामुळे संपुर्ण भारतात मालाची ने–आण करणे सोपे होईल.

राष्ट्रीय कृषी बाजार (e-NAM)

राष्ट्रीय कृषी बाजार (ई–नाम) हे एक पॅन–इंडिया इलेक्ट्रॉनिक व्यापार पोर्टल आहे जे कृषी जिन्नसांची एकसुत्री राष्ट्रीय बाजारपेठ तयार करण्यासाठी वर्तमान ए.पी.एम.सी. बाजारपेठांचे नेटवर्क तयार करते. ही एक केंद्र सरकारची योजना आहे की ज्यात सर्व राज्य आणी राज्यातील ए.पी.एम.सी. समाविष्ठ आहेत.

राष्ट्रव्यापी ई–बाजारपेठ ही पारदर्शक विक्री व्यावहारांसाठी आणि नियमित बाजारपेठांमध्ये सुरुवातीचर किंमत शोधणारी सेवा आहे. ई–कॉमर्स प्लॅटफॉर्मसह नियमन केलेल्या बाजार पेठेतील सर्व शेतकरी व व्यापाऱ्यांना राष्ट्रीय कृषी बाजार (ई–नाम) असे संबोधले जावु शकते.

विविध राज्य वॅट आणि ए.पी.एम.सी. मुळे ई–नाम योजणेची अंमल बजावणी करणे आव्हानात्मक अहे. ई–नामच्या यशस्वी अंमलबजावणीसाठी वस्तु व सेवर कर महत्वपुर्ण आहे. तसेच ई–नामच्या यशस्वी अंमलबजावणीसाठी मार्ग तयार करेल. कृषी उत्पादनांवर लादले जाणारे अप्रत्यक्ष कर वस्तु व सेवर कर अतंर्गत जमा केले जातील. वस्तु व सेवर कर प्रत्येक व्यापारी प्रदान करेल. प्रत्येक मुल्याच्या अतिरिक्त भरलेल्या रक्कमेवर भरलेल्या कराचा इनपुट क्रेडिट मिळेल. या मुळे एक पारदर्शी अडचणमुक्त साखळी तयार होईल. ज्यामुळे संपुर्ण भारत कृषी उत्पादनांची मुक्त बाजारपेठ तयार होईल.

बहुतेक शेती माल नाशवंत असतो. वस्तु व सेवर कर मुळे एक चांगली पुरवठा साखळी तयार होईल. अंतर–राज्य माल वाहतुकीसाठी लागणारा वेळ कमि होईल. वेळ कमी झाल्यास याचा लाभ शेतकरी व किरकोळ व्यापाऱ्यांना होईल. महाराट्र, पंजाब, गुजरात, हरियाना या सारख्या राज्यांमध्ये ओक्ट्रॅाय/ ꣸ज/खरेदी कर लावण्यापासुन 1000 कोटी रुपयांपेक्षा जास्त उत्पन्न मिळते. वस्तु व सेवर कर एकत्रित वरिल सर्व कर जमा करेल. या मुळे महसुल कमि झालेल्या या राज्यांना नुकसान भरपाई देणे आवश्यक आहे.

निष्कर्ष

वस्तु व सेव कर भारतीय अर्थव्यवस्थेत अमुलाग्र बदल घडवुन आणेल. कृषी क्षेत्र व सलग्न क्षेत्रावर वस्तु व सेवा कर हा सध्या प्राथमिक पायरीवर आहे. कर लावुन त्याचे परिनामांचा विचार करूण वस्तु व सेवा कर परिषद कर निर्धारीत करत आहे. या मुळे निश्चित सध्या काय परिणाम होवु शकेल हे सांगता येणार नाही. परंतु जेव्हा कर निर्धारण पुर्णपणे होईल. कृषी क्षेत्रावर वस्तु व सेवा करामुळे दुरगामी परिणाम होणार आहे. तसेच भारताला एक राष्ट्रीय एकसंघ बाजारपेठ मिळेल. त्यामुळे शेतीमालाच्या वाहतुकीची समस्या निराकरण होईल.

Electronic Interdisciplinary International Research Journal (EIIRJ)
A Peer Reviewed Interdisciplinary Journal UGC Approved Journal No 48833
EduIndex Impact Factor 5.20 ISSN 2277-8721

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GST: BOON OR BANE FOR ECONOMIC GROWTH IN INDIA

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Abstract

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 in India 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. Governments and GST Council must come forward, study the GST legislations, rules and procedures deeper and between the lines, and make all the efforts to make it simpler, and easy to comply; otherwise, it would be a hard time in GST, particularly for medium and small sized industries, traders, and service providers having limited human resources and IT facilities.

Key words*: GST, India, Tax etc.*

Introduction:

The adoption of the Goods and Services Tax is a praiseworthy step in the field of indirect tax reforms in India. By merging a large number of Central and State taxes into a single tax, GST is expected to significantly ease double taxation and make taxation overall easy for the industries. GST is 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.

GST in India

The term "GST" stands for **"Goods and Services Tax"**, and would be a comprehensive indirect tax levy in India on manufacture, sale and consumption of goods as well as services at the national level. Its main objectives are to cover most of the indirect tax levies into a single tax, replacing multiple tax levies, facilitating seamless credit across the entire supply chain, overcoming the limitation of current indirect tax structure, and creating efficiencies in the tax administration.

Its first target is to eliminate number of taxes and duties presently levied and imposed under the category 'indirect taxes' in India; and to achieve the same, it will subsume Central

Electronic Interdisciplinary International Research Journal (EIIRJ)
A Peer Reviewed Interdisciplinary Journal UGC Approved Journal No 48833
EduIndex Impact Factor 5.20 ISSN 2277-8721

Excise Duty, CVD, SAD, Service Tax, Central Sales Tax, VAT, Entry Tax, Entertainment tax, Luxury tax, various Cesses relating to supply of goods or services, etc. All services and goods, except alcoholic liquor for human consumption and five specified petroleum goods, will be within the purview of the Indian GST.

In India, GST will be a “Dual GST” with both Central GST and State GST components levied on the same base. If supply takes place within the State, Central GST + State GST will be charged; and if supply takes place from one State to another, IGST will be charged. To maintain the uniformity across India, GST Council has been created. Inspite of there being almost 33 statutes, including one each for every State/UT, there will be, to maintain uniformity, same provisions and charging sections, same set of rates of tax, same procedure and manner of compliance and same penal actions, in all the States.

Benefits of GST to the Indian Economy

1. By adoption of GST bundled indirect taxes such as VAT, CST, Service tax, CAD, SAD, and Excise are removed.
2. There will be less tax compliance and a simplified tax policy as compared to current tax structure.
3. It removes cascading effect of taxes i.e. removes tax on tax.
4. It reduces manufacturing costs due to lower burden of taxes on the manufacturing sector. Hence prices of consumer goods will be likely to come down.
5. It lessens the burden on the common man i.e. public will have to shed less money to buy the same products that were costly earlier.
6. Increased demand will lead to increase supply. Hence, this will ultimately lead to rise in the production of goods.
7. There will be control of black money circulation as the system normally followed by traders and shopkeepers will be put to a mandatory check.
8. It is a boost to the Indian economy in the long run.

All this is possible only if the actual benefit of GST is passed on to the final consumer.

GST Implementation in India:

A) Nevertheless GST, would boost the growth of our economy and make it more transparent, disciplined and self monitored. Yet looking at the number of the compliances and procedures as contemplated, it gives the fear that the basic intent of the Government, which is “ease of doing business”, has been diluted. It is often stated that the taxpayer shall file almost 37 returns per year

B) under the GST. Let us understand various compliances through an illustration:

To illustrate: If ABC Ltd. have it Head Office at Delhi, Factory at U.P., and Warehouse cum Office at Haryana, HP and Punjab (Total 5 offices), it would have to make at least following compliances:

1. ABC will have GST registrations in all the 5 states in CGST, IGST and respective State GST.
2. It will be treated as distinct person for every State even for the purposes of CGST and IGST.
3. Therefore, ABC would have 15 registrations on PAN India basis (CGST, IGST & SGST for each and every State).
4. It would be treated separately in all the State GST Act. But, even for the purposes of CGST and IGST, even if governed by the same statute in every state, it would be considered as distinct person. Therefore, it would have 5 registrations in the CGST Act and 5 in IGST Act because it is having its places of business in 5 States.

   For example, Delhi IGST/CGST TIN would be [Delhi State Code + PAN]; Haryana IGST/ CGST TIN would be [Haryana State Code + PAN]; and so on.
5. There is no cross set-off in CGST Input tax credit in one State from output tax in another State. That is, input tax credit in CGST in Delhi cannot be adjusted against the output tax in CGST in UP.
6. Moreover, no cross set-off between CGST and State GST is permitted even within one State.
7. If ABC transfers goods from one branch to another, it would charge GST at open market value.
8. ABC will determine the tax liability for every tax period for all the 15 registrations separately. Input tax credit cannot be transferred from one TIN/State to another.
9. While determining its liability in every State, ABC has to be very careful and will take a note of place of supply provisions as per the IGST Act for every supply. If it is local supply, say in Delhi, charge CGST + Delhi GST; and if inter-State supply, charge IGST. Even for B2C transaction of more than specified value, it might have to ascertain the address of the customer, and charge tax accordingly. Since GST is a destination based tax, if a customer comes to Delhi from UP for making purchases, tax must go to UP.
10. ABC would maintain following ledgers for all 15 registrations separately: -
11. Electronic Credit Ledger; b. Electronic Cash Ledger; c. Electronic liability Ledger.
12. These ledgers are State-specific: Amount cannot be transferred from one state to another.

13. It will pay tax very carefully for all the 15 GSTINs separately. If the IGST of, say, Delhi is wrongly paid as CGST of Delhi: then it shall first pay the IGST not paid, and then claim refund of CGST wrongly paid.
14. ABC will file separate returns for every tax period for all the 5 States. In every State, effectively there would be 3 returns (GSTR-1/2/3) for every tax period comprising three Statues (SGST/CGST/ IGST) in every return: thus, effectively 9 returns per tax period per State. Of course, a single form/portal is used for all the three statutes for one State.
15. It will maintain separate accounts including trial balance for every State separately; and that too, at place of business in every state. Even though its Balance Sheet is consolidated for all the 5 States, yet for GST purposes, branch accounting is essential. If there is any survey or inspection at any place of business, it will have to show the books of accounts of that State.
16. ABC will get its accounts audited under the GST for every such State where turnover exceeds the specified limit.
17. In case of similar default in all the 5 States, ABC would be served 15 separate demand notices; and if it wants to agitate the matter, it would file 15 appeals.
18. It would be monitored by 5 State authorities plus 5 different offices of one Central authority.
19. Looking at the provisions of the CGST Bill, 2017, it would certainly be liable to pay GST on reverse charges basis, which would further add to its compliance list of all 15 registrations.
20. If ABC wants to transfer its GST credit rating to input services from one unit to another, it would require separate registration as Input Service Distributor.
21. ABC might have to deduct TDS on certain supplies; if yes, then separate TAN for deduction of TDS.
22. If ABC transfers its office from Delhi to Mumbai, it will get cancel its registration in Delhi, and obtain new registration in Maharashtra.
23. The list does not end here, and 5 to 6 points can easily be added looking at the nature of business. Above list certainly gives the apprehension whether GST is really a “One Nation One Tax”. Certainly, the Governments would not have intended the same; and therefore, the Governments and GST Council must come forward, study the GST legislations, rules and procedures deeper and between the lines, and make all the efforts to make it simpler, and easy to comply; otherwise, it would be a hard time in GST, particularly for medium and small sized industries, traders, and service providers having limited human resources and IT facilities. A good gesture can be inverted if it is done in a wrongful manner. Inspite of so

many duties, taxes and cesses being subsumed in the GST; tomorrow, one should not have the feeling, “old was gold”.

Challenges for implementation in GST:

1. GST in MSME Sector :

Medium Small and Minor enterprises contributes approximately 37% of our Nations GDP. Any negative implication of GST on this segment can directly knock off the player from the competitive business market

2) Burden of Compliance:

It is seen that GST law demands high compliance. Key compliance requirements are as under:

a. Three returns be filed in each month for every state. Further, returns must be filed for TDS, ISD (if applicable). Also, one annual return with reconciliation statement has to be filed for every state;
b. Registration must be taken in every state and there is no concept of centralised registration;
c. Accounting needs to be timely updated and the same needs to be maintained state-wise to reconcile the taxation with accounts at state level;
d. GST computations, liability calculation, credit availment etc. has to be done on monthly basis.

3) Reverse charge for un-registered purchases:

In the GST bill, it is proposed that if any goods or services are supplied by a person who is unregistered and supplied to a registered person, then GST needs to be paid by the registered person under reverse charge as a recipient. Therefore, even if any small businesses who does not take registration and claim the basic exemption threshold then the person receiving goods or services from them need to pay GST under reverse charge. This provision shall have negative impact as businesses would not prefer to deal with unregistered persons and to take the additional burden of taxation under reverse charge. Therefore, this provision directly impacts the business of small sector negatively and virtually forces them to either register or to shut the business which was ideally not the principles guiding the existence of the GST taxation.

4) Time limit for the returning of Goods sent on sale or return basis:

Under the present taxation regime, there is no time limit for the return of goods sent on sale or return basis. However, in GST regime, the maximum time limit for the return of goods sent on sale or return basis is 6 months and if the same is not approved within the said time limit then the invoice needs to be issued and the goods shall be deemed to have been supplied since time of supply for payment of tax would arise. In various small scale industries like ready-made garment industry, the norm is to send goods to Consignment Sales Agents (CSA) and customers on a "sale or return" basis. The norm in such industries is that the CSAs / customers return the goods after the season is over. However, casting time-limit on return of goods would have negative impact on such sectors. Therefore, it is suggested to remove this provision and continue with the present practice of paying GST only once actual supply takes place.

5) Advances are taxable

Advances received against supply of goods and/or services are taxable in GST regime. Collection of GST on advances would be cumbersome and requires high compliance and tracking other than the additional cash flow of taxes which the advance recipient has to be if specifically taxes are not collected on the advances element. Moreover, it is possible that advance may have been received for intra-state as well as inter-state supplies of goods and services and therefore possibility of paying incorrect tax or determining incorrect place of supply is also an area of concern. Further, in certain business, advances would be received for multiple supplies, in such circumstances individual identification of advances and matching of the same with the corresponding for determining rate and place of supply shall be an additional burden. Therefore, with the limited technological advent and resources in a MSME sector, compliance with the provision of GST on advances would be difficult and lead to unnecessary non-compliances. Therefore, it is suggested if GST for MSME sector can be paid only on invoice basis as presently in case of VAT laws or if GST can be made only on receipt basis as prevalent in service tax for small individuals and partnership firms. This shall ease the compliance and cash flow burden.

6) Power of CGST or SGST:

A Commissioner of CGST or SGST can authorize an arrest of a person if "has reason to believe" that the person has committed any offence punishable under the GST law. The person can be arrested even if such a person has not been issued a show cause notice intimating the alleged violation and even if the investigations are yet to be concluded. It also does not make a difference whether the alleged tax-liability is on account of deliberate tax-evasion or is simply a differential tax liability in a genuine and bonafide dispute. The Service Tax law carried a simple provision for almost two decades prohibiting imposition for penalty in cases with a reasonable cause for default. Even such a simple provision does not find place in the GST law.Provisions relating to arrest, prosecution etc. are very stringent for lapses like (e) takes and/or utilizes input tax credit without actual receipt of goods and/or Services (l) fails to supply any information which he is required to supply under this Act or the rules. Considering that law is just introduced & will be subject to a lot of interpretation in its initial stage, it will take some time for understanding and compliance by both Department & assesse.

Conclusion:

It shall be imperative that the sector through its associations or various representation bodies highlight these issues to the law makers so that the same can be resolved at the earliest. In fact, recently government has also formed a special committee to look after the issues faced by MSME sector in GST. It is urged to the industry that they proactively highlight the above issues and obtain the relief prior to advent of GST as once GST is implemented, the chances of respite would be very minimal for the sector.

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Electronic Interdisciplinary International Research Journal (EIIRJ)
A Peer Reviewed Interdisciplinary Journal UGC Approved Journal No 48833
EduIndex Impact Factor 5.20 ISSN 2277-8721

IMPACT OF GST ON BANKING AND FINANCE

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Abstract:

GST the biggest tax reform in India founded on the notion of one nation, one market, one tax took place. The single biggest indirect tax regime had kicked into existence, avoiding all the interstate hurdles with respect to trade. The GST roll out, with single stroke has converted India into a unified market of 1.3 billion citizens. Fundamentally the dollars 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. It will be influenced various sectors of economy. But it is an important step towards tax system of India. In long term it would be more beneficial to grow economy with transparency, sustainability and tax discipline.

Key words*: GST, Banks, finance*

Introduction:

The Goods and Services Tax (GST) has been the biggest tax reform in India since 1947. Analysts also expect that it will have a huge impact on various sectors of the Indian economy, especially the service sector. Of the segment comprising banks and non-banking financial companies (NBFCs), the fund-related, fee-based and insurance services will witness significant impact as a result of GST implementation and will see shifts from the way they had been operating earlier. Many are calling it the biggest tax reform since India's independence. The Goods and Services Tax (GST) will change the current indirect tax structure and make it a single tax system throughout the nation. This one nation one tax system is expected to reduce tax evasion and give rise to transparency.

The amount of procedural compliance and paperwork will decrease immensely due to the subsuming of many consumption taxes and bringing it under one tax: the GST. Overall, consumers will benefit from the free movement of goods across the country without the burden of GST. Banks charge a transaction fee for all the transactions that happen through them, this cost will rise from the 15% tax in the current regime to 18 % with GST. What this means is that a person must pay Rs.3 extra per Rs.100 for banking transactions. Most banks have now applied transaction charges on cash withdrawals from different bank ATMs or cash withdrawals from branch. So, 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.

Impact on banking sector Banks in India have been levying service tax on most transactions enabled by their systems. These include but are not limited to digital fund transfers, issuance of ATM cards and cheque books, and ATM withdrawals beyond a specific limit. With GST on financial services, these services will be taxed at the rate of 18% instead of the 15% service tax rate that was being charged earlier. For example, if you withdraw money from an ATM other than your bank's ATM after exceeding the "free transaction limit", you are typically charged Rs 20 plus a service tax, which comes to around Rs 23. With the imposition of GST, this amount will go up to Rs 23.60.

The processing fee and the prepayment charge levied by the banks and financial institutions on various types of loans such as personal loan, home loan, car loan, loan against property, etc. will attract GST and, therefore, the cost of availing and prepaying these loans will go up by about 3% (differential between service tax rate and GST rate).

Other banking services such as withdrawals from ATMs, NEFT, RTGS, IMPS, debit/credit card, e-wallets, cheque book fees, etc will also attract the higher GST rate and will be dearer.

The view is that there would be a marginal rise in cost at points where the GST comes into play, for example say a personal loan, service tax in the earlier tax regime was levied upon the processing fee and prepayment charges, these are expected to rise but not to levels that would cause worry. For example, processing fee, depending on the lender was charged at 1-2% of the loan and this fee would attract a service tax of 15%, now this would rise to 18%. A marginal increase in the cost of borrowing is also applicable for home loans, auto loans and personal loans.

Issues pertaining to bank and finance:

Registration of Bank Branches -Banks having branches in different states must register in each state and this will come under the service tax compliance of that respective state. It is enough to register once for multiple branches in each state. This will increase compliance, reduce the pressure on documentation and help in ensuring seamless integration of accounts in various states.

Service Tax for inter-branch services- Bank continuously provide services to each other, which are also taxable under GST. However, the Tax can be claimed as input credit for further set off.

Input Tax Credit under GST-Input Tax in simple terms is when you are paying tax for your output produced you can reduce the tax that you have already paid on inputs. Input tax credit is not

Electronic Interdisciplinary International Research Journal (EIIRJ)
A Peer Reviewed Interdisciplinary Journal UGC Approved Journal No 48833
EduIndex Impact Factor 5.20 ISSN 2277-8721

allowed as per current tax structure. Under GST regime input tax credit will be allowed to be set-off against the taxes payable by the bank on making outward supply. However, they must maintain separate books of account to have a control for all input tax credit and utilized and unutilized credit.

Impact on finance sector

However, deeper analysis reveals that such an increase in cost should not be considered a negative GST impact on financial services sector. In the long run, banks will be able to transfer the advantage of input tax credit – enabled under GST – to the customers. Furthermore, services like fixed deposits (FDs) and other bank account deposits that were outside the circle of service tax will continue to remain outside the GST ambit. The Goods & Service Tax will impact all your financial transactions, including your investments in equities, mutual fund schemes, processing fees of all types of loans, insurance premiums, among others.

An investor or trader buying or selling equity shares had to pay service tax and various other charges and cesses previously on the commission amount paid to the broker. Now, the service tax, which was levied at 15%, and the cesses that were levied at marginal rates, have been replaced by GST rate of 18%. So, the transaction cost of buying and selling equity shares has gone up by more than 2%. Also, the cost of holding shares in the demat account will increase as the higher rate of GST at 18% will be levied on the demat account charges. For mutual funds, the expense ratio may go up due to the increase from the service tax rate of 15% to the GST rate of 18%. Of course, the increase in expense ratio will be subject to the maximum specified by SEBI, so if a mutual fund scheme already charges the maximum specified expense ratio, the impact of GST for the investors will be nil.

The tax levied on premiums of term insurance policies, ULIPs, health insurance policies and policy riders on these policies will go up from 15% of the erstwhile service tax to 18% of the GST. The rise in tax levied on premiums of endowment policies and single premium annuity policies will be marginally higher, with the increase ranging from 0.1% to 0.75%.

Under GST diverse adjudicating authority may take an alternate view on a similar issue. Clearing up and managing with the difference of opinion given by the diverse adjudicating authority would be troublesome.

GST and Mutual Funds

The impact of GST on mutual funds will be minimal. The levy of GST will be on the Total Expense Ratio (TER) which is the measure of cost incurred by a mutual fund house to operate its mutual funds. The TER rate is expected to rise by 3%.

GST and Insurance

Be prepared to pay a little extra on your Insurance premiums. Insurance companies charge a service tax on term and health insurance products, delay in payment of insurance premiums and these charges are predicted to go up from 15% to 18%. However, some Insurance schemes such as the Aam Admi Bima Yojana, Pradhan Mantri Jeevan Jyothi Bima Yojana are exempted.

Issues being faced by the Banks/NBFC

Registration process a big conflict:

As of now, NBFC, Banks with pan-India operations can release its service tax compliances through a solitary `centralized' registration process. But now under GST, such Banks/NBFCs would need to get a different registration for each state where they work. In addition to this compliance burden about filing of returns has also expanded generously –

Notwithstanding enlistment, consistency trouble about documenting of profits has likewise expanded generously – as far as the periodicity of returns, number of return configurations and level of subtle details required in these returns

Input Tax Credit advantages and disadvantages

Under GST, 50% of the CENVAT credit availed against inputs, input services, and capital products is to be reversed which places them in a state of decreased credit of 50% on capital merchandise consequently increasing the cost of capital.

Assessment and Adjudication Inconvenient

The assessment would be finalized by the respective state regulators under which the individual branch is enrolled. At the moment, every enlisted branch of banks and NBFCs must legitimize its position on changeability in the respective state and purpose behind using input tax credit in various states.

As under GST, more than one adjudicating authority will be included, every authority may hold an alternate opinion on the same fundamental issue. This inconsistency in opinion will delay the adjudication procedure. At present, a taxpayer is adjudged by a solitary adjudicating authority on an issue included.

Conclusion

We can conclude that the cost of financial transactions will be slightly higher for the end customers. Banks will have higher compliance cost due to registration of bank branches and inter branch services. Mutual funds are not largely affected by GST and hence the returns to consumers will not vary drastically. The Goods and Services Tax is a necessary change that is expected to take India to a simpler and advantageous tax structure which will augment growth, but no implementation is without difficulty.

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GST & IMPACT ON TOURISM INDUSTRY

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Abstract

Earlier taxation system is India has been witnessing various glitches. With the implementation of GST, the burden of tax on the shoulder of the customer is minimized which ultimately lead to reduction in business cost. GST covers all the aspect of Indian economy, Tourism & Hospitality Management is not exception for the same. Tourism industry is one of the fastest growing industries in the country. A tourism industry contributes nearly $1.36 billion to India's GDP is expected to grow to $280.5 billion by 2026. From the point of view of employment it is one of the highest employment generation industries. It is rightly said that "1 hotel room create employment for 4 people." As far as foreign exchange concern, tourism industry can fetch maximum foreign direct investment. In addition to that tourism is highest tax generating in the country.

The paper's main aim is to examine the impact of GST on tourism &hospitality industry in India. For the study of the paper mainly secondary data is used.

Key Words: *GST, Tourism& Hospitality Industry.*

Introduction:

The day of 1 'st April 2017 has been written in golden words in Indian economy. As our Government has taken an innovationary step in Indian Taxation system to bring one taxation umbrella scheme in whole nation called "Goods & Service Tax". The parliament has approved the bill namely 122'nd amendment bill 2014. With introduction of new tax regime, multiple state & central tax replace with single tax called GST. The main idea about GST scheme is "One Tax One Nation".

GST bill will be helps to establish a uniform tax slabs. The basic tax slabs as under GST are 0%, 5%, 18% & 28% .India ranked 2'nd highest growing economy in the world. The tourism industry in India is in its flourishing state, so with the effect of GST , the tax rate on Room rental, Tariff of Airways ,service charges are increased considerably. So to have harmonising effect on implementation of GST, Government should keep in mind the interest of this promising sector.

Problem statement:

Each & Every person who is connected with this or that way to tourism industry have welcomed the move to the new tax regime with great enthusiasm & great zeal with its long lasting impact on economy. However some participants were not happy on the implementation of GST due to its complexity. This paper tries to evaluate the impact of GST & pros and cones of the scheme from the point of tourist.

Objective:

The main object of the study is an comparative evaluation of Indian Tourism industry under the new tax regime.

The sub-objective are as follows:

- To understand the GST impact of Tourism industry.
- To evaluate the effect of pre & post GST impact on tourism industry.

Scope:

The scope of this paper is to cover GST & its impact on tourism in India. The study use secondary data.

Importance of Tourism Industry:

With the help of following points will helps to put some light on , importance of tourism industry in India

GDP Contributor:

Tourism industry is one of the steadily growing sectors in India. India ranked 3'rd among 184 countries in terms of tourism &hospitality management. Its total contribution of GDP in 2016 is 7.9% p.a.

Employment Generator:

The travel & tourism sector in India is estimated to account for 9% of the total employment opportunities in 206. It provides employment around 38.4 million people during the year.

FDI:

100%FDI is allowed under automatic route in tourism &hospitality management sector. Subject to certain restriction , it includes 100% FDI in development of hotel, restaurants.

Launching of Different Scheme in this sector:

"Incredible India" & "Athithi Devo Bhav"were launched, which will help to flourish the tourism industry potential.

GST Rate for accommodation.(per night)

Room Rental	Rate of GST
<1000	-----
1000-2500	12%
2500-7500	18%
>7500	28%
Transportation with economy class(Airfare)	5%
Transportation with business class(Airfare)	18%
Attractions like theme park & natural beauty	18%
Tour operator	5%
Travel Agent	18%
Restaurants with a turnover of >75 lakh	5%
Non-AC Restaurants	12%
AC Restaurants	18%

(Source: www.hellotravel.com)

Positive impact of GST on state revenue.

1. Service related to immovable property

Since under GST the place of supply is shifted to the place where immovable property is situated or in case of hotels, Restaurant's& Museums for sightseeing, it will increase revenue of state where immovable property is located. Currently on such income, States charge local Luxury Tax on hotel stay or VAT on foods supplied which revenue goes to state government and union government gets revenue from Service Tax on such services. Because of GST, states having maximum tourist places, hotels & restaurants for tourist shall earn the maximum revenue by way of SGST which will be eqivevalent to CGST. As per the Ministry of Tourism record top 5 states with highest local &foreign tourist arrival & departure is Tamilnadu, Uttar Pradesh, Maharashtra, Delhi & Rajasthan. So these state revenue shall increase.

2. Services related to passenger's Transportation:

In this case, the state with the maximum outbound journey shall earn the highest revenue. So the stations/port having highest outbound flights/train journey /local cab shall earn substantial revenue. In pre GST scenario, there were not having any share on such income since only service tax was applicable for the same, which is charged by central government &collected by the central government itself.. Now in GST regime, since state will also get 50%share of total tax charged along with central government. So, the state like Maharashtra, Delhi, Rajasthan, Karnataka shall be the most beneficiary among all the states.

3. Uniformity in taxes:

The multiple taxes would be replaced by one single tax the rate of which is likely to be between 16-18%. As lower tax rate can help in attracting more tourists in India.

4. Saving in food and beverage operation:

Companies specializing in food and beverages could be beneficiaries of GST.within hospitality sector. Food and beverage bills have multiple components which inflate the bills by 30-35%.That would result in total GST saving of 10-15% on final bill.

Negative impact of GST on Tourism Sector.

1. Multiple Registration:

Service providers having centralized registration will have to get registered in each state form where they provide services

2. Increased Compliance burden:

The procedure for all the invoices towards inward& outward supplies will become cumbersome as each one of them will have to be uploaded in the system,

3. Frequency of filling returns:

The concept of credit matching under GST would be very difficult to handle &would lead to increase in working capital. For this credit matching purpose the frequency &number of returns to be filled will go up. In place of half yearly service tax return, under GST law, one will be required to file state wise monthly 3 GST returns along with annual return will also be required to be filled.

4. Liquor & Electricity is not included:

Liquor& alcohol should have been included in GST to ensure the seamless credit for the tourism industry. The taxation on alcohol would be different than the single GST rate. The hotel industry consumes a lot of electricity as a prime consumables and the levy of electricity duty would also not be covered in GST. Thus the hotel industry would not be able to avail input credit on the 2 items which will have a negative impact of this sector.

5. Aviation Turbine Fuel pricing:

ATF is currently treated separately from other petroleum products for claiming that modvat credits and since ATF is not brought under the GST regime there would be substantial cost impact of ATF used in aircraft due to cascading effect leading to price increase.

Impact on Consumers:

If we considers the pre era of GST, there was a composite levy of both i.e. Service Tax@6% & VAT@14.5%(vary from state to state) on food and beverages served by hotels which finally put the burden of 20.5% in pocket of the final consumer.

In post GST scenario, As supply of food and drinks in a restaurants shall be treated as a supply of service. Hence GST shall levied on such services @18% which saves around 3%as compared to the previous tax regime.

Table showing changing scenario of GST on food bill.

PQR Food Corner.

Before GST	**Amt.**	**After GST**	**Amt.**
Gross Total	2000	Gross Total	2000
Service Charge @10%	200	Service Charge@10%	200
Service Tax @ 5.6%	123.2	GST @18%	
KKC @0.2%	4.40	CGST @ 9%	198
SBC@0.2%	4.40	SGST @9%	198
VAT@14.5%	319		
Total	**2651**	**Total**	**2596**

(Source: www.hellotravel.com)

2. Earlier non AC restaurants were exempt from the levy of service tax. But there was a presence of State VAT. @ 12%. In present system, Restaurants having the non-facility of air conditioning / central heating at any time during the year and nor having license to serve liquor is liable to pay GST 12%..

3. Further, staying in a good hotel is going to be very costlier as the rate of tax has been doubled from 9%-18%. For 5 Star Hotels will attract tax@28%.

Conclusion:

GST is going to be an efficient and harmonized destination based tax system and will remove the problem faced by the sector leading to cost optimization and a free flow of transactions.

GST is a flicker of hope for the hotel and tourism industry if we can keep the GST rate 5%. GST might represent with its uniformity of tax rates, a better utilisation of input credit which in turn benefits the end user in terms of affordability. To make maximum utilisation of our potential & to sustain in this sector the GST rate should brought down. Our countries still have high supremacy on tourism even though the tourism industry is not as economical as compare to other neighbouring countries like Malaysia, Thailand (tax rate is 1.5%-3.5%). By passing of the GST law which will indirectly amount to more revenue generated for the government.

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GOODS AND SERVICE TAX AND ITS IMPACT ON E-COMMERCE IN INDIA

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Abstract:

Goods and Services Tax (GST) is executed from 1st of July, 2017 in India. It is the biggest indirect tax reform since independence. It has aim to make the tax structure simple with a seamless credit chain. GST is the integrated indirect tax levied on the supply of goods and services. There will be dual GST with the Center and State concurrently imposing it on the common tax base. The Central GST (CGST) and State GST (SGST) will be charged on intra-state supplies whereas Integrated GST (IGST) will be charged on inter-state supplies. GST is based on the "One tax, one market" concept which should be a welcome step for e-commerce in India. In the last decade, e-commerce has seen a massive growth in India economy. However, the India becomes a leading market for e-commerce after China. The e-commerce market in the India is expected to exceed the $100 billion by 2020. The rapid growth in e-commerce has resulted in conflicts regarding multiple tax issues along with other challenges such as rising competition, dwindling profit margins etc. This paper analyzed the impact of the GST on the e-commerce in Indian economy. Finding of the analysis identify the challenges and opportunities involved at all stages of e-commerce development. From this, it can be concluded that several of these challenges can be mitigated early and the opportunity for the future amplification of the e-commerce industry.

Keywords: *GST, e-commerce, economy, business, tax.*

1. Introduction

Goods and Services Tax (GST) is a national value added tax to be applied in India from July 1, 2017. GST is an all-inclusive tax levied on manufacture, sale and consumption of goods and services at a nationwide level. GST is considered to be a mechanism to enforce the indirect tax on manufacturing, sales and consumption of goods and services across India, to replace the existing various taxation schemes implemented by the Central and State governments. GST is one indirect tax for the whole nation, which will make India one common market. GST is a destination based tax and it is levied only on value addition at each stage because credits of input taxes paid at procurement of inputs will be available. Thus, the final consumer will bear only the GST charged by the last dealer in the supply chain. The simplicity of GST would lead to easy administration and enforcement of the tax. The major benefit of the GST is estimated to be in terms of the reduction in the overall tax paid by the consumer currently, free movements of the goods from one state to another, and minimization in the paperwork up to a large extent.

E-commerce in India has seen exponential growth over the last decade. This growth is due to many factors, which including rapid adoption of technology by Indian consumers, large increases in the number of internet users, new enabling technologies, innovative business models and alternative payment options offered by E-commerce companies. Furthermore, the high growth in E-commerce continues unabated, with the sector expecting to witness a steep increase in revenues in the coming years. The E-commerce industry was worth US $ 5.4 billion in 2011 grew at a CAGR of 37% to touch US $38.5 billion in 2017, and is estimated to become US $ 200 billion industry by 2026. (Harish Pal Kumar, 2017).

Young demographic profile, rising internet penetration and relative better economic performance are the key drivers of e-commerce sector. The Government of India's policies and regulatory frameworks such as 100% foreign direct investment (FDI) in B2B e-commerce and 100% FDI under automatic route under the market place model of B2C e-commerce are expected to further drive growth in the e-commerce sectors.

2. Objective of the study

The objectives of the paper are:

i. To study the Goods and Service Tax and its impact on the e-commerce industry in India.

ii. To examine the consideration of e-commerce according to Goods and Service tax law.

3. Research Methodology

Since GST is recently introduced, very less research has been in this field. Therefore, data has been collected from various secondary sources. The main source of research was the Draft GST bill available at Finance ministry's website along with reports of various firms like PWC and EY.NASSCOM's report on startup and CRISIL's report on logistics cost has been used for assessing the impact of GST on startups. Apart from this various newspaper articles and websites has been considered for this research paper list of which can be found in reference section.

4. Consideration of e-commerce according to GST

According to the Section 43B(d), the E-Commerce is defined as, "Electronic Commerce to mean the supply or receipt of goods and/ or services, or transmitting of funds or data, over an electronic network, primarily the internet, by using any of the applications that rely on the internet, like but not limited to e-mail, instant messaging, shopping carts, web services, universal description Discovery and integration (UDDI), File Transfer Protocol (FTP) and Electronic Data Interchange (EDI) whether or not the payment is conducted online and whether or not the ultimate delivery of the goods and/or services is done by the operator" (Model GST Law, 2016).

Section 43B (e) defines, an Electronic Commerce Operator (Operator) as every person who, directly or indirectly, owns, operates or manages an electronic platform which is engaged in facilitating the supply of any goods and/or services. Also a person providing any information or any other services incidental to or in connection with such supply of goods and services through electronic platform would be considered as an Operator. A person supplying goods/services on his own account, however, would not be considered as an Operator (Model GST Law, 2016).

5 Impact of GST on E-Commerce Market

GST is going to have a major impact on e-commerce in the India. Other than consumers, e-commerce has two key players i.e. the e-commerce marketplaces and the sellers. The e-commerce marketplaces such as Flipkart and Amazon are required to make necessary adjustments to their operations. On the other hand it impacts on e-commerce sellers, represented by the thousands of retailers that sell through the marketplace that requires intense scrutiny. The impact of GST on e-commerce sellers and the steps such businesses need to take to ensure regular compliance.

5.1 Induced taxation changes

Currently, GST appears to be range of compliance guidelines. The enhanced regulatory requirements might take a seller's focus away from business operations for several times. However, GST as a single tax for products across India will be beneficial for all e-commerce business in the long run because of the aspect of transparency in trade brought by GST.

5.2 Enlarged scope for e-commerce

GST has opened new opportunities for small and medium sized e-commerce businesses to compete with bigger enterprises at a national level. Formerly, these businesses were limited to operating within the limits of one state due to the looming tax rates of trading across multiple states. But GST is combining all the taxation under one roof, therefore e-commerce enterprises need not be burdened by multiple taxes while selling to consumers across various states.

5.3 Mandatory Registration

The government has specified a turnover threshold of Rs. 20 lakh for registration under GST law. This has been relaxed to Rs. 10 lakh for north-eastern states. However, for e-commerce businesses registration is compulsory, irrespective of whether they fall below the turnover slab of

Rs. 20 lakh or not. On the one hand small e-commerce enterprises will suffer tax burden and on the other hand removal of the threshold for registration will help bring more online businesses into the sphere of taxation.

5.4 No Benefit under Composition Scheme

Most of the businesses registered under GST are small and medium businesses. Therefore, Government has introduced composition scheme under GST law. This scheme is aimed to reduce the burden of compliance for small and medium businesses. However, GST law has explicitly disqualified e-commerce businesses from this scheme. The Composition Scheme permits businesses with a turnover of under Rs. 75 lakh to file quarterly returns instead of monthly and pay tax at a low rate of 2%. Although this might seem to be a difficult for e-commerce, the number of documents required to file for the Composition Scheme is relatively higher, reducing the burden of document collation.

5.5 Tax collected at source (TCS)

E-commerce marketplaces are required to deduct 2% TCS on the net value of sales as the GST liability of the seller and deposit it with the government. Furthermore, the sales reported by both the e-commerce marketplace as well as the seller needs to tally at the end of each month. If there is any dissimilarity, then that will be added to the turnover of the seller and they will be liable to pay GST on the additional amount. This measure will weed out fraudulent sellers and shall subsequently build trust between marketplaces and sellers.

5.6 Filing of tax returns

The e-commerce businesses need to follow the similar process that is followed by brick-and-mortar retailers. Form GSTR-1, containing details of outward supplies, needs to be submitted by the 10^{th} of every month. The seller will receive Form GSTR-2A by the 11^{th} of the same month, which contains details of the tax collected by the e-commerce marketplace. Then, they need to review and submit Form GSTR-2 by the 15^{th} of the month. Discrepancies in supplies are to be submitted through Form GST ITC-1 by the 21^{st} of the same month. This would require businesses to be precise about tallying data coming from different sources before filing returns. Taking the help from the professional GST services provider has become essential to compliance with the regulations.

5.7 Refunds under cash on delivery

Indian consumers extensively opt for 'cash on delivery'. Such sales witness return of orders to the tune of 18%. The reconciliation process for refunds takes around 7-10 days. Primarily, there might be confusion around generating refunds for cancelled orders where taxes have already been filed.

5.8 Increases in Credit

The GST law has established 'input tax credit' to cover goods or services used by a company during the business operation. E-commerce businesses are required to establish a direct relationship between the input material and the final product/service is eliminated. E-commerce business can also takes advantage of input credit under GST likewise other registered entities.

5.9 Impact logistics and warehousing

GST is assured to reduce costs incurred in e-commerce logistics. This reduction, according to some estimates, could be as high as 20%. Likewise, state-level taxes being merged under GST, e-commerce platforms can reduce warehousing costs as they need not maintain huge warehouses across multiple locations in the country. Such warehouses were earlier operating below their rated capacities, adding to inefficiencies and the selling price of products. Now, e-commerce marketplaces can opt for maintaining a few warehouses at strategic locations. These well-maintained logistics hubs will be able to attract FDI inflows and lead to an increase in overall efficiency in operations. With the free movement of goods and services and a uniform tax rate across states, e-commerce sellers will be free to transport across different locations in India.

The implementation GST will eliminate the entry taxes and help to fast movement of goods vehicles across states, the last mile delivery costs will come down that ultimately benefited to the e-commerce businesses. However, this benefit can be delivered to customers. Similarly, the SMEs can expand the business all over the India rather than the local market. This expansion can be possible due to saving costs on heavy inter-state taxation. This transition will give motivation to the SME sector in India and increase healthy competition among SMEs. Resultant, that will improve in the quality of products and services available in India.

6. Conclusion

The GST law may have negative impact on the e-commerce business. The e-commerce sector in India is one of the most rapidly progressing sectors. But the government is vigorously promoting GST law; the introduction of such cumbersome compliances shrinks the growth of the e-commerce sector.

Statutory compliances introduced by the Government should be towards the development of business rather than creating hitches. The GST law should provide an enabling environment that encourages e-commerce operators and suppliers. There is no doubt that e-commerce will be subject to increased tax compliance and subsequently increased costs. However, in the long run, GST should provide the common platform for all the e-commerce sellers, thereby streamlining their operations and setting the tone for increased e-commerce business growth in the future.

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GOODS AND SERVICE TAX IN INDIA

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&

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1. Introduction:

The recently introduced Goods and Service Tax is undoubtedly the biggest tax reform in the monetary history of India. Goods and Service Tax introduced from 1st July 2017 in India. Implementation of Goods and Service Tax leaves behind an inefficient complicated and fragmented indirect tax system. Goods and Service Tax has subsumed a profusion of Central and State indirect taxes to create a single unified market. It is slated to make India a seamless national market, boosting trade and industry and in turn growth rate. Goods and Service Tax is expected to represent a leap forward in creating a much cleaner dual Value Added Tax. Common base and common rates across goods and services and across States and between Centre and States will facilitate administration and improve compliance while also rendering manageable the collection of tax on inter State sales. Switching over to Goods and Service Tax is fraught with many problems administrative and technical. However such problems are endemic to any change of revolutionary proportions. It is a new tax shrouded in mystery. Stakeholders, State Governments, tax officials, manufacturers, traders, third parties and consumers are apprehensive, anxious and uncertain about its implication. Goods and Service Tax is like an elephant amidst blind men, each holding a part of it and wondering what it is.

2. Objectives:

1. To know objectives of Tax Policy
2. To understand concept of GST
3. To study future challenges facing Goods and Service Tax.

3. Research Methodology

The present study will concerned with the study of Goods and Service Tax. So the required data for the study will be collected from Secondary Sources. The secondary data necessary for this investigation was collected mainly from the various Government publish sources as well as the Internet, (web sites relating to the study) several Books and magazines.

4. Review of Literature:

M.M. Sury (2017) in his book, "Goods and Service Tax (GST) in India" and explain and examines various aspects of Goods and Service Tax. The book is organized in two parts. In part I provides conceptual clarities as regards taxation of goods and services and describes pre-GST indirect tax system India and in part II records the circumstances leading to the introduction of GST its present structure and future challenges.

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

Pinki, Supriya Kamma and Richa Verma (July 2014) studied, "Goods and Service Tax- Panacea For Indirect Tax System in India" and concluded that the new NDA government in India is positive towards implementation of GST and it is beneficial for central government, state government and as well as for consumers in long run if its implementation is backed by strong IT infrastructure.

5. Objectives of Tax Policy

Why are taxes imposed? They are imposed for a variety of reasons. Tax policy has a number of functions to perform and objectives to satisfy. Though the concept of an ideal tax system for a country is linked with the peculiar characteristics of its economy yet tax policy is usually assigned the following four objectives in the stated order in atypical developing economy.

5.1 Resource Utilization:

The first and foremost objective of tax policy in a country is to raise resources for public authorities for administration and development. Taxes are the main instrument for transferring resources from private to public use. By designing an appropriate tax structure, resources can be raised from those who are holding them idly or squandering them on luxury consumption.

5.2 Resource Allocation:

Scarcity of real resources in developing countries calls for their optimum utilization. By imposing high tax rates on luxuries and other low priority item the government can discourage the consumption and production of such items ensuring in the process release of resources for high priority sectors.

5.3 Distributive Justice:

Distributive justice or economic justice is an important objective of tax policy. Economic justice relates largely to distribution of tax burden and benefit of public expenditure. It is a component of the broader concept of social justice which encompasses, besides distributive justice such questions as treatment of women and children and racial and religious tolerance in a society.

5.4 Stabilization:

Initial development efforts are generally marked by inflationary tendencies in an economy. Inflation if uncontrolled, may thwart a;; development plans and bring misery to the poor. A reasonable degree of price stability should be a primary concern of a government's tax policy.

6. Goods and Service Tax (GST):

Goods and Service Tax is a tax on goods and services with comprehensive and continuous chain of set off benefits up to the retailer level. It is essentially a tax only on value addition at each stage and a supplier at each stage is permitted to set-pff through a tax credit mechanism the Goods and Service Tax paid on the purchase of goods and services. Ultimately the burden of Goods and Service Tax is borne by the end user of the commodity or service i.e. final consumer.

7. Future Challenges for Goods and Service Tax:

Goods and Service Tax is a completely new tax with new concepts like place of supply and new tax structures. Goods and Service Tax is one indirect tax for the whole nation which will make India one unified common. Some of the challenges for Goods and Service Tax

7.1 Implementation Challenges:

Central Board of Excise and Customs (CBEC)would need to prepare for meeting the implementation challenges which are quite formidable, the number of taxpayers is likely to go up significantly. The existing IT infrastructure of CBEC also need to be suitably scaled up to handle such large volumes of data. Organizational structure and development of human resources needs review for smooth and effective implementation of Goods and Service Tax.

7.2 Public Outreach and Knowledge Sharing:

It is expected that a momentous reform like Goods and Service Tax is popularized and familiarized to the trade and industry who are the vital stakeholders in successful implementation of this reform. Goods and Service Tax is not merely a tax reform. It is also a reform that will revolutionize the way business is conducted in India.

7.3 Possibilities of Goods and Service Tax Evasion:

The proponents of Goods and Service Tax claim that evasion under it is difficult and minimal. The tax credit method ensures cross-checking of the records of taxpayers through invoices. Buyer firm insist on supplier firms to furnish invoice which help the former to claim tax credit. Since tax liability of single taxpayer under Goods and Service Tax is only a fraction of the total amount of tax the incentive for evasion is relatively weak.

7.4 Consumer Protection in India:

at the root of consumer protection is the recognition of an unequal relationship between consumers and producers. Protection of consumers is accomplished by setting minimum quality specifications and safety standards for both goods and services and establishing mechanisms to redress their grievances.

8. Conclusion

Goods and Service Tax introduced from 1st July 2017 in India. Implementation of Goods and Service Tax leaves behind an inefficient complicated and fragmented indirect tax system. Common base and common rates across goods and services and across States and between Centre and States will facilitate administration and improve compliance while also rendering manageable the collection of tax on inter State sales. Achievement of objective of tax policy Goods & Service Tax is very important.

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भारतीय अर्थव्यवस्थेवर वस्तू व सेवा कराचा परिणाम व अंमलबलावणी

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प्रस्तावनाः–

वस्तू व सेवा कर हा अप्रत्यक्ष कराचा महत्वाचा प्रकार आहे. ज्यामध्ये स्वातंत्र्यापासून सुधारणा होत आली आहे. वस्तू व सेवा कराला आपल्या केंद्रिय अर्थमंत्री अरूण जेटली यांनी 2016 मध्ये अर्थसंकल्पीय भाषणात आर्थिक एकीकरण घडवून आणण्याच्या उददेषाने त्याचे समर्थन करण्यात आले. वस्तू व सेवा यांची निर्मिती विक्री वापरावर हा कर लावला जातो. वस्तू व सेवा कराच्या अंमलबजावणीव्दारे इतर सर्व कर जसे की मूल्यवर्धित कर, विक्री कर काढून टाकले जातील आणि वस्तू व सेवा कर ही समान करप्रणाली भारतीय अर्थव्यवस्थेमध्ये अवलंबली जाईल स्पष्ट केले.

कोणत्याही देषाच्या आर्थिक विकासात कर आकारणी महत्त्वाची असते त्याचाच एक भाग म्हणून बराच काळ प्रलंबित असलेले वस्तू व सेवा कर विधेयकाला संसदेने अंतिम मंजुरी देवून याचे महत्त्व विषद केले आहे. कर हा केवळ सार्वजनिक वस्तूंना वित पुरवठा करण्याचे कारण असतात. कारण त्यांना बाजारपेठेमध्ये योग्य प्रकारे किंमत मोजता येत नाही. आणि कराधान पध्दती वापरून सरकार केवळ निधीचा स्त्रोत निर्माण करते. कर हे अर्थव्यवस्थेचे चालक आहेत करपध्दती अषा प्रकारे तयार केल्या गेल्या पाहिजे की, त्या बाजारपेठेमध्ये विकृतीचा स्त्रोत बनू नयेत किंवा त्याचा परिणाम बाजाराच्या अयषस्वी होण्यात होवू नये. कर हा कायदेषीर, प्रभावी, न्यायसंग पध्दतीने महसूल मिळविण्याचे महसूली रक्कम वाढविण्याचे मुख्य साधन आहे. करविषयक धोरणे अर्थव्यवस्थेतील महत्त्वाचे घटक आहे. अर्थव्यवस्थेची कार्यक्षमता आणि समानतेसाठी चांगली करप्रणाली अंमलात आणली जाणे आवष्यक असते हा उददेष लक्षात घेवून वस्तू व सेवा कर प्रत्यक्षात आणला गेला आहे.

अभ्यासाची उद्दिष्टेः– हा अभ्यास खालील उद्दिष्टांवर आधारित आहे.

1. वस्तू व सेवा कर या संकल्पनेचा अभ्यास करणे.
2. वस्तू व सेवा कर याच्या गरजेचा आणि माहितीचा आढावा घेणे.
3. भारतीय अर्थव्यवस्थेच्या विविध क्षेत्रात या कराचा झालेला प्रभाव जाणून घेणे.

संषोधन पध्दतीः–

हा अभ्यास मुळातच वर्णनात्मक आणि विष्लेषणात्म संषोधन पध्दतीवर आधारित आहे. तसेच विविध नियतकालीकातील, वर्तमानपत्रातील लेख यासारख्या दुय्यम साधनांचा तथ्य संकलनासाठी अवलंब केला करण्यात आला आहे. तसेच विविध संकेतस्थळे प्रकाषित अप्रकाषित झालेली संदर्भग्रंथ, शासकीय दस्तऐवज इ. चा संषोधन पध्दती म्हणून वापर करण्यात आला आहे.

वस्तू व सेवा कराची संकल्पनाः—

वस्तू व सेवा कर ही एक प्रस्तावित अप्रत्यक्ष करप्रणाली आहे, जी उत्पादन, विक्री, वस्तू आणि सेवांचा वापर यावर आकारण्यात येतो हे सर्व अप्रत्यक्ष करप्रणाली जसे की, विक्री कर मूल्यवर्धित कर यांच्या जागी पुर्नःस्थापित करण्यात आला आहे वस्तू व सेवा कराचा मुख्य उद्देष उत्पादन, विक्री आणि भारतातील वस्तू व सेवांच्या वापरात एक समान पध्दतीने करआकारणी करणे हा आहे. त्याचा दुसरा अर्थ एक राष्ट्र एक कर ही संकल्पना प्रत्यक्षात आणणे हा त्या पाठीमागचा प्रमुख उद्देष आहे. वस्तू व सेवा कर हा कर चुकवेगिरी आणि भ्रष्टाचार कमी करण्याचा विचार केला गेला आहे.

वस्तू आणि सेवा करामध्ये एकच कर असेल अषी धारणा आहे. हा कर केंद्रषासनातर्फे लागू होईल की राज्य शासनातर्फे यावर चर्चा होवून हे कर लावण्याचे अधिकार केंद्र आणि राज्य यांच्यामध्ये विभागले आहेत ही विभागणी झाल्यामुळे केंद्र आणि राज्य शासनांनी आपापले अधिकार सोडावयास तयार झाले आहेत. भारतात वस्तू व सेवा कर प्रणाली व्दिस्तरीय आहे म्हणजे केंद्र शासनाचा कर त्यालाच Central Goods and Service Tax (CGST) या नावाने ओळखले जाते आणि राज्य शासनाचा कर State Goods and Service Tax (SGST) या नावाने ओळखला जातो. केंद्र शासनाचा वस्तू व सेवा कर कायदा स्वतंत्रपणे पारीत झाला आहे. प्रत्येक राज्यांचा वस्तू व सेवा कर कायदा स्वतंत्र आहे. या कायदयामध्ये केंद्र आणि राज्य शासनाचे कायदे कसे असावेत, याबाबतच्या तरतुदी आहेत. कराचा मूळ विषय कायद्यात वापरलेल्या शब्दांची व्याख्या व अर्थ, किती रक्कमेवर कर लावायचा, केव्हा भरायचा विवंरणपत्रे कधी आणि कषी सादर करायची अषा सर्व महत्त्वाच्या मुदयावरील तरतुदी सर्व कायदयात सारखीच आहेत आंतरराज्य पुरवठयासाठी एकात्मिक वस्तू आणि सेवा कर हा कायदा पारीत केला आहे. याषिवाय केंद्र शासित प्रदेषासाठी वेगळा कायदा पारीत केला आहे. वस्तू व सेवा कर कायदा आल्यावर राज्यांना जर नुकसान झाले तर त्याची भरपाई केंद्र शासन देणार आहे त्यासाठी नुकसान भरपाई अधिभार लावण्यात आला आहे. त्याचा वेगळा कायदा पारित केला आहे.

वस्तू व सेवा कराची उद्दिष्टेः—

1. या एकात्मिक करप्रणालीव्दारे कराच्या करसवलतीचा परिणाम काढून टाकण्यासाठी करांवर कराचा कर कमी करता येईल.
2. करचुकवेगिरी आणि भ्रष्टाचार कमी करणे.
3. उत्पादन करण्याऐवजी उपभोग आधारित कर आणणे.
4. विविध अप्रत्यक्ष कर आणि करप्रणाली यांचे एकत्रिकरण करणे.
5. देषामध्ये अषी एकसमान करप्रणाली आकारून वस्तूंच्या किंमती कमी करणे व स्थिर ठेवण्यासाठी प्रयत्न करणे.
6. एकूण देषांतर्गत दरडोई उत्पादन वाढविणे.

वस्तू व सेवा कर आकारणीचे प्रकारः—

1.केंद्रीय वस्तू व सेवा कर यामध्ये केंद्रस्थानी वस्तू व सेवा कर आकारण्यात येतो.

2. राज्य वस्तू व सेवा कर यामध्ये हा कर वस्तू व सेवा यावर आकारला जातो.

3.व्दिस्तरीय वस्तू व सेवा कर यामध्ये राज्य आणि केंद्र यांना कर आकारण्याचा दर निष्चित करण्याचा अधिकार देण्यात आला आहे.

भारतीय अर्थव्यवस्थेतील खालील घटकांवर वस्तू व सेवा करांचा प्रभावः—

1. **दूरसंचारक्षेत्रः—**

दूरसंचार क्षेत्र सध्या जीएसटी लागू होण्याआधी 14 टक्के दराने कर भरत होते आता त्यांना 18 टक्के या दराने कर भरावा लागत आहे त्यामुळे त्यांच्यावर प्रतिकूल प्रभाव झालेला दिसून येतो.

2. **ओषधनिर्माण उद्योगः—**

जीएसटी लागू होण्यापूर्वी ओषधनिर्माण कंपन्या 15 ते 20 टक्के दरम्यान कर भरत होत्या आता त्यांना 15 टक्के पेक्षा जास्त कर भरावा लागत आहे त्यामुळे त्यांच्यावर देखील प्रतिकूल प्रभाव दिसून येतो.

3. **स्वयंचलित मोटारी वाहन उद्योगः**

हा उद्योग वस्तू व सेवा कर लागू होण्यापूर्वी 30 ते 45 टक्केच्या दरम्यान कर भरत होता आता त्यांना 18 टक्के दराने कर भरावा लागत आहे. त्यामुळे या उद्योगासाठी हा बदल सकारात्मक आहे. उत्पादक, विक्रेता आणि अंतिम उपभोगत्यांना याचा लाभ होताना दिसून येत आहे.

4. **कापडउद्योगः—**

कापडउद्योगावर 12.5 टक्के ऐवजी 15 टक्के दराने कर आकारण्यात येत आहे त्यामुळे या उद्योगावर मध्यम स्वरूपाचा प्रभाव पडल्याचा दिसून येते.

5. **प्रसारमाध्यमे आणि करमणुकः—**

प्रसारमाध्यमे आणि करमणुक साधने यासाठी पूर्वी 22 टक्के दराने करआकारणी होत होती परंतु वस्तू व सेवा कराची अंमलबजावणी झाल्यामुळे त्यांना 15 ते 18 टक्के दराने कर भरावा लागत आहे म्हणजेच यावर थोडयाफार प्रमाणात सकारात्मक परिणाम झाल्याचे आढळून येते.

6. **सिमेंट उद्योगः—**

सिमेंट उद्योग जीएसटी पूर्वी 25 टक्के दराने कर भरत होता परंतु जीएसटी नंतर त्यांना 18 ते 20 टक्के दराने कर भरावा लागत आहे. त्यामुळे त्या उद्योगातील कंपन्यासाठी एक मोठी सवलत मिळत असल्याचे पाहावयास मिळते. उत्पादन क्षेत्रात असलेल्या सर्व उद्योगांना हा दुहेरी लाभ असेल.

7. **स्थावर मालमत्ता उद्योगः—**

हा उद्योग भारताच्या एकूण देषांतर्गत उत्पादनाच्या सुमारे 7.3टक्के योगदान देतो. तो माहिती

तंत्रज्ञान उद्योगानंतर रोजगार देणारा सर्वांत मोठा उद्योग आहे. जीएसटीच्या अंमलबजावणीनंतर या उद्योगावर सकारात्मक प्रभाव पडल्याचा दिसून येतो.

निष्कर्षः—

भारतामध्ये स्वातंन्त्र्यानंतर करसुधारणेच्या दृष्टिने अनेक प्रयत्न झालेचे दिसून येते त्याचाच एक भाग म्हणून वस्तू व सेवा कर याकडे पाहिले असता याचा मुख्य उद्देष एक राष्ट्र एक कर हे तत्व प्रत्यक्षात आणून देषाच्या अर्थव्यवस्थेला गती प्राप्त करून देणे तसेच करचुकवेगिरी, काळापेसा, भ्रष्टाचार, यासारख्या वाईट प्रवृतीस पायबंद घालून भारताच्या अर्थव्यवस्थेमध्ये कार्यक्षमता, पारदर्षीपणा, गतीषिलता, समानता, प्रभावीपणा या तत्वांची रूजवण करून देषाची अर्थव्यवस्था विकसित देषांच्या अर्थव्यवस्थेशी सुसंगत करणे.

संदर्भग्रंथसूचीः—

ॲड. गोविंद पटवर्धन— असा आहे जीएसटी कायदा. प्रकाषक सकाळ पेपर्स प्रा. लि. पुणे.
लोकराज्य.
योजना.
कुरूक्षेत्र
The Hindu.
The Hindustan Times
Rajya Sabha Debete on GST Bill-

GST - STEP TOWARDS GROWTH

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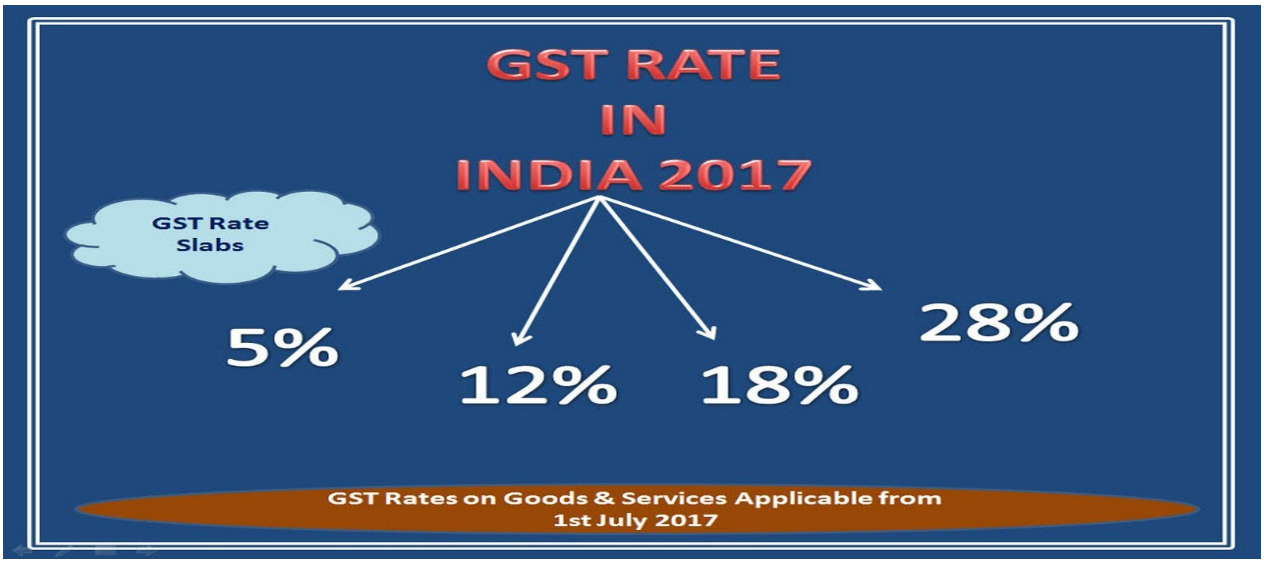
Introduction :

The Goods and Service Tax is a value added tax levied on most goods and services sold for domestic consumption.GST has been introduced to replace multiple indirect taxed levied by State and Central Government in order to simplify the indirect tax system

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 subsequent stage of value addition, which makes GST essentially a tax only on value addition 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.

Goods and services are divided into five tax slabs for collection of tax 0%, 5%, 12% , 18% and 28%. Petroleum products and alcoholic drinks are taxed separately by the individual state governments



The tax came into effect form July 1, 2017 through the implementation of one hundred and first amendment by the Government of India. The tax replaced existing multiple cascading taxes levied by the central and state government. The tax rates, rules and regulations are governed by the Goods and Services Council which comprises fiancé ministers of central and all the states

Objectives of the study:

1) To understand the concept of GST
2) To study the impact of GST on Trade

Research Methodology:

The present study is based on the secondary data collected from reports, article on GST, research articles and different web sites.

Merits of GST

- For Business and industry :
- Easy compliance
- Uniformity of tax rates and structure
- Removal of cascading
- Improved competitiveness
- Gain to manufacturer and exporters

Merits for Central and State Government

- Simple and easy to administer
- Better controls on leakage
- Higher revenue efficiency

Merits for consumers

- Single and transparent tax proportionate to the value of goods and services
- Relief in overall tax burden

What is Central Goods and Service Tax (CGST)

Under GST, CGST is a tax levied on Intra State supplies of both goods and services by the Central Government and will be governed by the CGST Act

What is State Goods and Service Tax (SGST)

Under GST. SGST is a tax levied on Intra state supplied of both goods and services byf the State Government and will be governed byf the SGST Act.

An example for CGST and SGST:

Let's suppose Ramesh Patil is a dealer in Maharashtra who sold goods to Anil Sawant in Maharashtra worth Rs. 20,000. The GST rate is 18% comprising of CGST rate of 9% and SGST rate of 9%. In such case, the dealer collects Rs. 3600 of which Rs. 1800 will go to the Central Government and Rs. 1800 will go to the Maharashtra Government.

What is Integrated Goods and Services Tax (IGST)

Under GST, IGST is a tax levied on all interstate supplies of goods and or services and will be governed by the IGST Act, IGST will be applicable on any supply of goods and service in both cases of import into India and export from India

Consider that a businessman Ramesh Patil from Maharashtra had sold goods to Anil Patel from Gujarat worth Rs. 1,00,000. The GST rate is 18% comprised of 18% IGST. In such case, the dealer has to charge Rs. 18,000 as IGST. This IGST will go to the Centre.

GST is the biggest tax reform in India founded on the notion of One nation, one market, one tax. The GST act cover unified market of 1.3 billion citizens. Manufacturers and traders would benefit from few tax filing, transparent rules, and easy maintenance of accounts and consumer would be paying less for the goods and services, and the government would generate more revenues Though in short time we feel that GST is not beneficial for the traders, but its long term affect on the growth of the country and it will help in reforming the econmy.

The impact of GST on macro economic indicators is likely to be very positive in the Medium term, Inflation would be reduced and tax on tax will be removed, there Will be increase in the revenue from the taxes which will be help to government for Implementation of plans and policies for the development of the nation. Import, Exports will grow, which will results in increase of FDI. The Industry personal believe that the country would be on the path of progress and GST is the most important tax Reform ever in the history of the country

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Electronic Interdisciplinary International Research Journal (EIIRJ)
A Peer Reviewed Interdisciplinary Journal UGC Approved Journal No 48833
EduIndex Impact Factor 5.20 ISSN 2277-8721

GOODS AND SERVICES TAX A KEY TAX REFORM IN INDIA

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Abstract:

The 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. The new tax system was launched at a function in Central Hall of Parliament on 1st July ,2017 (Friday midnight). GST, which embodies the principle of "one nation, one tax, one market" is aimed at unifying the country's $2 trillion economy and 1.3 billion people into a common market. Under GST, goods and services fall under five tax categories: 0 per cent, 5 per cent, 12 per cent, 18 per cent and 28 per cent. For corporates, the elimination of multiple taxes will improve the ease of doing business. And for consumers, the biggest advantage would be in terms of a reduction in the overall tax burden on goods. "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*

I. 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.

The historic GST or goods and services tax has become a reality. The new tax system was launched at a function in Central Hall of Parliament on 1st July ,2017 (Friday midnight). GST, which embodies the principle of "one nation, one tax, one market" is aimed at unifying the country's $2 trillion economy and 1.3 billion people into a common market. Under GST, goods and services fall under five tax categories: 0 per cent, 5 per cent, 12 per cent, 18 per cent and 28 per cent. For corporate, the elimination of multiple taxes will improve the ease of doing business. And for consumers, the biggest advantage would be in terms of a reduction in the overall tax burden on goods. "Inflation will come down, tax avoidance will be difficult, India's GDP will be benefitted Goods and Services Tax and Its Impact on Indian Economy

II. Research Methodologyy

The research paper is based on empirical study. It is a type of descriptive research paper.

Objectives of Study:

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

Importance of the Study:

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

Data Collection: This paper is a descriptive paper based on secondary data collected from different books, news-paper articles and research journals.

Need for GST:

1. The main reason behind introducing GST is to improve the economy of the nation.
2. 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.
3. 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.
4. 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 GST

1. GST is one indirect tax for the entire nation, which will make India "one unified common market".
2. It will replace multiple taxes like VAT, CST, Excise Duty, Entry Tax, Octroi, LBT, Luxury Tax ect.
3. 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.
4. GST slabs are pegged at 5%, 12%, 18% & 28%.

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

1. 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.
2. 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.
3. 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.

4. GST would not be charged at every point of sale like other indirect taxes so in this way, market would be developed.
5. Corruption-free taxation system. GST would introduce corruption-free taxation system.
6. Less tax compliance.

   Goods and Services Tax and Its Impact on Indian Economy DOI: 10.9790/487X-1910062630 www.iosrjournals.org 28 | Page
7. Removes cascading effect of taxes.
8. Manufacturing costs will be reduced, hence prices of consumer goods likely to come down.
9. Due to reduced costs some products like cars, FMCG etc. will become cheaper.
10. A unified tax regime will lead to less corruption which will indirectly affect the common man.

Negative Impact of GST in India:

1. 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%.
2. GST is a mystifying term where double tax is charged in the name of a single tax.
3. 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.
4. The short-term impact of GST is expected to be neutral-to negative for the broader economy.
5. 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.
6. For consumers, it will be a mixed bag as some goods become cheaper while others will be expensive.
7. Services will become expensive e.g. Telecom, banking, airline etc.
8. Being a new tax, it will take some time for the people to understand its implications.
9. It is easier said than done. There are always some complications attached. It is a consumption based tax, so in case of services the place where service is provided needs to be determined.
10. If actual benefit is not passed to consumer and seller increases his profit margin, the prices of goods can also see a rising trend.

However, GST is a long term strategy and the positive impact shall be seen in the long run only. Let us hope GST proves to be a game changer in a positive way and proves to be beneficial to the common man.

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

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.

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 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 Goods and Services Tax and Its Impact on Indian Economy .

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. concern whatsoever, then it relates to the pricing structure (as per latest news).

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 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. **Freelancers** Freelancing in India is still a nascent industry and the rules and regulations for this chaotic industry are still up in the air. But with GST, it will become much easier for freelancers to file their taxes as they can easily do it online. They will be taxed as service providers, and the new tax structure will bring about coherence and accountability in this sector.

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.

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. Goods and Services Tax and Its Impact on Indian Economy.

III. 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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वस्तू आणि सेवा कर

प्रा.शाहुराज व्यंकटराव गायकवाड
सहाय्यक प्राध्यापक, अर्थशास्त्र विभाग,
श्रीमती सी.बी.शाह महिला महाविद्यालय, सांगली

प्रस्तावना:

जुलै 1991 च्या आर्थिक सुधारणानंतरचा सर्वाधिक व्यापक आर्थिक सुधारणा कार्यक्रम असलेल्या वस्तू व सेवा कराच्या **(Goods and Service Tax-GST)** विधेयकाने 3 ऑगस्ट 2016 रोजी राज्यसभेत अत्यंत महत्वाचा टप्पा पार केला. त्यामुळे 3 ऑगस्ट 2016 हा दिवस भारताच्या आर्थिक विकास कार्यक्रमातील एक सोन्याचा दिवस मानावा लागेल. दिनांक 6 मे 2015 रोजी लोकसभेत मान्य झालेले घटना दुरुस्ती विधेयक राज्य सभेत संयुक्त समितीच्या अहवालातील सर्व शिफारसीवर चर्चा होऊन या दिवशी द्रमुक पक्षाचा अपवाद वगळता पूर्ण बहुमताने मान्य झाले. मुलतः 2006 मध्ये 115 वी घटना दुरस्ती म्हणून हे विधेयक मांडले गेले होते. दरम्यानच्या काळात बरेच विचार मंथन, वादविवाद होऊन या सुधारित विधेयकाचे स्वरुप हे 122 वी घटना दुरुस्ती म्हणून 2016 मध्ये पारित झाले.

सर्व समावेशकता, एकसंधता ही या प्रस्तावित वस्तू आणि सेवाकराची अर्थात जी.एस.टी.ची मुख्य वैशिष्ठये आहेत. जी.एस.टी. आल्यानंतर देशभरात वस्तू आणि सेवांवर एकच कर आकारला जाणार असल्याने करामुळे आढळणारी किंमत तफावत राहणार नाही. तसेच सध्याच्या कर रचनेनुसार उत्पादित केलेला माल एका राज्यातून दुसऱ्या राज्यात गेल्यास बरेचदा त्यावरही कर आकारला जातो. जी.एस.टी. आल्यामुळे यामध्येही सुधारणा होणार आहे. करामध्ये एक वाक्यता आल्यामुळे गुंतवणूकीला चालना मिळणार आहे. म्हणूनच ही 'युनिफाईड टॅक्स रिजीम' अत्यंत महत्वाची ठरणार आहे. उद्योग जगतासाठी हे विधेयक खऱ्या अर्थाने क्रांतीकारक ठरणार आहे. स्वांतत्र्योत्तर काळातील सर्वात मोठी आर्थिक सुधारणा म्हणून या घडामोडीचे वर्णन करता येईल.

सध्या भारतामध्ये केंद्र आणि राज्य सरकारांना प्रत्यक्ष आणि अप्रत्यक्ष कराच्या पाने 14.6 लाख कोटी रुपये प्राप्त होतात. त्यातील अप्रत्यक्ष करांच्या (अबकारी कर, सेवाकर आणि विक्रीकर) एकूण करात 65 टक्के वाटा आहे आणि प्रत्यक्ष कराद्वारे उर्वरित 35 टक्के प्राप्त होतात. भारतीय लोकसंख्येतील प्राप्तीकराचे दाते केवळ चार टक्के आहेत. तर अप्रत्यक्ष कर (मग ती साबणाची वडी, टुथपेस्ट किंवा खाल्ला जाणारा इडली डोसा) भरणाऱ्याचे प्रमाण 100 टक्के आहे. स्वांतत्र्योतर काळात कल्याणकारी राज्याची संकल्पना स्विकारल्यामुळे या कराचा बोजा हळुहळु वाढत गेला. सध्या आपण विविध प्रकारच्या वस्तुंवर 30 ते 35 टक्के कर भरत असतो. या वाढत्या करामुळे आणि त्याच्या उच्च दरांमुळे त्याच बरोबर लोकशाहीतील लालफीतशाही कामकाजामुळे उत्पादकांचे जवळपास 5 ते 10 टक्के नुकसान झाल्याचे अनुमान आजपर्यंत अनेक पाहणी

समितीने वर्तविले आहेत. त्यामुळेच कांही वर्षापासून या करांचा बोजा कमी करण्यासंदर्भात, त्यातील क्लिष्टता, जटिलता कमी करण्याबाबत आणि करामध्ये सुसुत्रता आणण्याबाबत चर्चा सुरु झाली. त्यातून 'एक देश एक कर' हे सुत्र समोर ठेऊन वस्तू आणि सेवा कराची संकल्पना पुढे आली.

शोध निबंधाची उद्दिष्टये –

प्रस्तुत शोध निबंधाची उद्दिष्टये पुढीलप्रमाणे सांगता येतील.

1) जी.एस.टी. कर पध्दतीचा अभ्यास करणे

2) वस्तू व सेवाकराच्या प्रतिकूल परिणामाचा आढावा घेणे

3) वस्तू व सेवाकरापासून मिळणा–या लाभाचा अभ्यास करणे

शोध निबंधाची गृहितके –

प्रस्तुत शोध निबंधाची गृहिते पुढीलप्रमाणे सांगता येतील.

1) वस्तू व कराचे वेगवेगळे दर निश्चित केलेले आहेत.

2) केंद्र व राज्य शासनाची सर्व कर वस्तू व सेवाकरामध्ये अंतर्भूत करण्यात आले आहेत.

संशोधन पध्दती –

प्रस्तुत शोध निबंध हा द्वितीय तथ्य संकलनावर आधारित असून त्यामध्ये विविध वर्तमानपत्रे, साप्ताहिक व दैनिक वर्तमानपत्रांच्या पुरवण्यांचा आधार घेण्यात आला आहे.

जी.एस.टी. चा पूर्व इतिहास –

जगातील जवळपास 160 देशांमध्ये जी.एस.टी. ही एकल करप्रणाली अस्तित्वात आहे. जगातील विकसित आणि विकसनशील देशांचा अनुभव पाहता भारतामध्ये देखील अशा प्रकारची कर पध्दती असावी असे शासनकर्त्यांला व अर्थशास्त्रज्ञाला वाटू लागले. त्यातून गेली 15 वर्षे या संकल्पनेवर विचारमंथन सुरु झाले. डॉ. विजय केळकर यांच्या अध्यक्षतेखाली 2003 मध्ये नेमण्यात आलेल्या 'टास्क फोर्स' ने सर्वप्रथम ही संकल्पना आपल्या अहवालात मांडली होती. 'व्हॅट' च्या तत्वावर आधारीत एकीकृत वस्तू व सेवाकराची संकल्पना मांडली होती. अटलबिहारी वाजपेयी यांच्या नेतृत्वाखालील राष्ट्रीय लोकशाही आघाडी सरकारच्या काळात यावर विचारविनिमय, चर्चा झाली. परंतु खऱ्या अर्थाने संयुक्त पुरोगामी आघाडी सरकारच्या पहिल्या कार्यकाळामध्ये म्हणजे 2006 मध्ये तत्कालीन केंद्रीय अर्थमंत्री पी.चिदंबरम यांनी त्यांच्या अर्थसंकल्पीय भाषणात या संकल्पनेचा उल्लेख केला आणि साधारणपणे 2010 मध्ये जी.एस.टी. कर प्रणाली लागू करण्याची मुदत ठरविण्यात आली. 2009 मध्ये या विषयावर चर्चा करण्यासाठी एक दस्तावेज जारी करण्यात आले होते. वस्तू व सेवाकर लागू झाल्यानंतर केंद्राच्या तिजोरीमध्ये जमा होणाऱ्या महसूलाचे राज्यामध्ये होणारे वाटप कोणत्या आधारावर करणार हा प्रामुख्याने कळीचा मुद्दा उपस्थित झाला.याचे उत्तर शोधण्यासाठी पश्चिम बंगालचे माजी अर्थमंत्री गुरुदास दासगुप्ता यांच्या अध्यक्षतेखाली देशातील सर्व राज्यांच्या अर्थमंत्र्यांची उच्चस्तरीय समिती नेमली गेली. या समितीने नव्या करावर राज्यांची संमती मिळविण्यात मोठी कामगिरी केली. त्यावेळी दोन राज्यांनी या समितीच्या

प्रयत्नांमध्ये मोठा अडथळा निर्माण केला. गुजरात व मध्यप्रदेश ही ती दोन राज्ये. गुजरातचे तत्कालिन मुख्यमंत्री व विद्यमान पंतप्रधान नरेंद्र मोदी आणि मध्यप्रदेशचे मुख्यमंत्री शिवराजसिंग चौहान यांनी 2011 मधील जी.एस.टी. लागू करण्यासंबंधीच्या विधेयकाला कडाडून विरोध केला. हे विधेयक राष्ट्हिताचे नाही. त्यामुळे हे विधेयक कधीही संमत होऊ देणार नाही अशी भूमिका नरेंद्र मोदींनी घेतली.2013 मध्ये संसदीय स्थायी समितीचा जी.एस.टी. विधेयकाबाबतचा अहवाल प्राप्त झाला. परंतू तोपर्यंत लोकसभा निवडणूकीच्या हालचाली सुरु झाल्या होत्या त्यामुळे हे विधेयक मागे पडलं. 2014 मध्ये सत्तेवर आलेल्या नरेंद्र मोदींच्या नेतृत्वाखालील राष्ट्रीय लोकशाही आघाडी सरकारने जी.एस.टी.विधेयक कसं राष्ट्रहिताचे आहे असे सांगून त्याचा पाठपुरावा करण्यास सुरुवात केली. 2015 मध्ये भाजपचे लोकसभेत बहुमत असल्याने हे विधेयक संमत करण्यात आले. परंतू कॉंग्रेसने कर आकारणीच्या मुद्यावरुन या विधेयकाला राज्य सभेत अडवून धरले. अखेर नरेंद्र मोदी व अरुण जेटली यांच्या अथक प्रयत्नातून विचार विनिमय व सामोपराचाराच्या मार्गाने दि.3 ऑगस्ट 2016 रोजी राज्यसभेत जी.एस.टी.विधेयक संमत करुन घेण्यात आले. त्यानंतर दि.8 ऑगस्ट 2016 रोजी लोकसभेमध्ये या विधेयकावर चर्चा होऊन या विधेयकाचा पुढील मार्ग सुकर झाला व सप्टेंबर 2016 राष्ट्रपती प्रणव मुखर्जी यांनी वस्तू आणि सेवा कराच्या 122 व्या घटना दुरुस्ती विधेयकाला मंजूरी दिली आणि शेवटी 1 जुलै 2017 रोजी जम्मू काश्मिर वगळता देशातील सर्व राज्यामध्ये वस्तू व सेवा कराची अंमलबजावणी सुरु झाली.

जी.एस.टी.आल्यानंतर कर आकारणीचा दर .

कॉंग्रेस आणि भाजपा यांच्यातील कर आकारणीचा दर हा उभयपक्षी वादाचा प्रमुख विषय होता. जी.एस.टी. संदर्भातील अर्थमंत्र्यांच्या अध्यक्षते खालील तसेच राज्यांच्या अर्थमंत्र्यांचा सहभाग असलेली समिती कर दराचे प्रमाण निश्चित करणार आहे. प्रारंभी हा दर 26 ते 28 टक्क्यांदरम्यान असावा अशी चर्चा होती परंतू विरोधी पक्षांशी विचार विनिमय करुन हा दर 18 ते 19 टक्के ठेवण्यावर एकमत झाले. कारण जगातील इतर देशांचा अनुभव पाहता हा दर विकसित देशामध्ये 16.8 टक्के तर विकसनशिल देशामध्ये 15.5 टक्क्यापर्यंत आहेत. शिवाय डिसेंबर 2015 मध्ये अर्थमंत्रालयाचे मुख्य आर्थिक सल्लागार डॉ. अरविंद सुब्रम्हणियन यांच्या समितीने जी.एस.टी. चा समतोल दर 17 ते 18 टक्के ठेवण्याची शिफारस केली होती. या समितीने जी.एस.टी. चे तीन टप्पे (स्लॅब) सुचविले होते. ते टप्पे पुढीलप्रमाणे –

1.जीवनावश्यक आणि महत्वाच्या वस्तूसाठी 12 टक्के.

2.चैनीच्या किंवा ऐषोरामी वस्तूंसाठी 40 टक्के.

3.उर्वरित सर्व वस्तूंसाठी 17 ते 18 टक्के प्रमाणित दर ठेवण्याची शिफारस केली होती. पंरतु प्रत्यक्षात जी.एस.टी. चे दर 5 टक्के, 12 टक्के, 18 टक्के आणि 28 टक्के असे ठरविण्यात आले.

Electronic Interdisciplinary International Research Journal (EIIRJ)
A Peer Reviewed Interdisciplinary Journal UGC Approved Journal No 48833
EduIndex Impact Factor 5.20 ISSN 2277-8721

वस्तू आणि सेवा कराचे दर –

अ) वस्तूवरील कर दर –

1) **5 टक्के –** कपडे (1000 रु. पेक्षा कमी किंमतीचे) ब्रॅडेड पनिर, चहा, कॉफी, मसाले, कोळसा, केरोसीन, औषधे, काजू, अगरबत्ती, पतंग.

2) **12 टक्के –** आयुर्वेदिक औषधे, चित्रकलेची पुस्तके, टूथ पावडर छत्र्या, बटर शिवणयंत्रे, तुप, दुध, बाटल्या, पेन्सिल, सायकल, भांडी, शितबंदमांस, मोबाईल फोन,फळांचे ज्युस.

3) **18 टक्के –** केक,शितबंद भाज्य, जाम, सॉस, सूप,आईस्क्रीम, मिनरल वॉटर, टिशू पेपर पाकिट,वहया स्टिल उत्पादने, कॅमेरा,मॉनिटर्स, इलेक्टॉनिक खेळणी

4) **28 टक्के –** शितपेय, वेफर्स, पानमसाला, शेव्हिंग क्रिम, शॅम्पू, हेअर डाय, वॉलपेपर, वाटर हिटर, वनज काटा, मोटार सायकल, वॉशिंग मशिन.

ब) सेवावरील कर दर –

1) **5 टक्के –** वाहतुक सेवा, रेल्वे, विमानाचे तिकीट,टॅक्सी सेवा बायोगॅस प्रकल्प, पवनचक्क्या, लहान रेस्टॅारंट्स

2) **12 टक्के –** विमान तिकीट (व्यवसायिक) नॉनएसी हॉटेल्स

3) **18 टक्के –** ब्रॅडेड कपडे, मद्य परवाना असलेली एसी हॉटेल्स, दूर संचार सेवा, आयटी सेवा आर्थिक सेवा.

4) **28 टक्के –** पंचतारांकित हॉटेल्स, रेसक्लब बेटींग, चित्रपटाची तिकीट.

'करमुक्त' वस्तू व सेवा –

शैक्षणिक व आरोग्य सेवा , कुंकू, ताजे मांस, न्यायिक कागदपत्रे, अंडी, वर्तमानपत्रे, फळे, भाज्या ,काचेच्या बांगडया, दूध, दही, ताक, मीठ, पाव, बेसन पीठ, मेट्रो व लोकल ट्रेन इत्यादी.

जी.एस.टी. मध्ये अंतर्भूत होणारे केंद्रीय कर –

केंद्रीय अबकारी कर, वैद्यकिय आणि प्रसाधनावरील अबकारी कर, विशेष महत्वाच्या वस्तू, वस्त्रोद्योग व संबंधित उत्पादनावरील अतिरिक्त अबकारी कर, अतिरिक्त सीमाशुल्क, विशेष अतिरिक्त सीमशुल्क, सेवाकर आणि वस्तू व सेवांच्या पुरवठयांशी संबंधीत कर.

जी.एस.टी. मध्ये अंतर्भूत होणारे राज्यांचे कर –

वस्तु विक्रीवरील मुल्यवर्धित कर (व्हॅट) राज्यातील प्रवेशकर, जकात कर, स्थानिक कर, अधीकर, लॉटरी बेटींग, जुगारावरील कर, मनोरंजन आणि लक्झरी कर इत्यादी कर वस्तू व सेवाकरांमध्ये समाविष्ट होतात.

जी.एस.टी. चे अनकूल परिणाम –

वस्तू आणि सेवाकर लागू झाल्यानंतर कांही क्षेत्रांसाठी ते लाभदायक ठरणार आहे. कारण त्यांना सध्या द्याव्या लागणाऱ्या करापेक्षा खूप कमी कर द्यावा लागणार आहे. तर दुसऱ्या बाजूला कांही क्षेत्रांना मात्र या कराचा मोठा फटका बसणार आहे. जी.एस.टी.च्या फायद्या–तोट्याची चर्चा पुढीलप्रमाणे करता येईल.

1) लहान वाहन उद्योग –

सध्या वाहन उद्योगावार 30 ते 47 टक्के कर लागू होतो. जी.एस.टी. लागू झाल्यानंतर उद्योगावर 18 ते 28 टक्के कर लागू होण्याची शक्यता आहे.त्यामुळे लहान वाहने स्वस्त होऊन त्यांची मागणी वाढण्याची शक्यता आहे. छोट्या कार अथवा मिनी यूएसव्हींच्या किंमतीत 45000 रुपयांपर्यंत घट होऊ शकते.

2) करमुक्त जीवनावश्यक वस्तू सेवा –

फळे,भाज्या,दही,दूध, ताक, मीठ, मध,पाव, बेसन पीठ, ताजे मांस, अडी, कुंकू, वृत्तमानपत्रे, चिकन, मेटो– लोकल रेल्वे, काचेच्या बांगड्या छापिल पुस्तके, न्यायिक कागदपत्रे इत्यादी जीवनावश्यक वस्तू व सेवावर कोणत्याही प्रकारचा कर लावला जाणार नाही. या सर्व जीवनावश्यक वस्तू करमुक्त असणार आहेत. त्यामुळे राहणीमानाची पातळी वाढण्यास मदत होईल.

3) सिमेंट उद्योग –

सध्या सिमेंट उद्योगावर 27 ते 32 टक्के कर लागू आहे. जी.एस.टी. लागू झााल्यानंतर या क्षेत्रावरील कर 18 ते 28 टक्क्यापर्यंत असेल एकंदरीत सिमेंट उद्योगासाठी हा कर फायदेशीर असून कंपनीच्या खर्चात बचत होण्याची शक्यता अधिक आहे.

4) ग्राहकोपयोगी वस्तू निर्माण करणारे उद्योग –

ग्राहकोपयोगी वस्तू बनविणाऱ्या कंपन्याना आपला माल विविध भागात वितरित करतांना जी.एस.टी.नंतर कमी खर्च करावा लागेल. सध्या या क्षेत्रातील कंपन्या उत्पादन कर, व्हॅट आणि प्रवेश शुल्क असे विविध प्रकारचे कर मिळून 24 ते 25 टक्के कर भरतात. जी.एस.टी.नंतर त्यांना केवळ 18 ते 19 टक्के कर द्यावा लागेल. तसेच माल साठवून ठेवण्यासाठीही कमी खर्च येईल.

5) ई कॉमर्स –

जी.एस.टी. लागू झाल्यानंतर या क्षेत्रात एक संधता येईल. शिवाय कंपन्याना देशभरात आपला माल पुरवठा करण्यासाठी येणारा खर्च कमी होईल. करांचा ग्राहकावर पडणारा भार कमी होईल आणि इंटरनेटद्वारे खरेदी केल्या जाणाऱ्या वस्तूंच्या किंमती कमी होऊन ग्राहकांना त्याचा फायदा होईल.

6) सराफ व्यवसाय –

जी.एस.टी. कर व्यवस्थेमध्ये सराफ बाजाराला चालू कर दरापेक्षा अधिक कर भरावा लागणार असला तरी त्याचा संपूर्ण सराफ बाजार म्हणजे सोने,चांदी, हिरे आणि एकूणच दागिने म्हणजे ज्वेलरी उद्योग यावर विपरित परिणाम होणार नाही. जी.एस.टी. मुळे सर्व प्रकारचे छुपे कर रद्द होतील, टॅक्स क्रेडीटचा प्रवाह सरळ

सोपा होईल. याचा या क्षेत्राला फायदाच होणार आहे.

7) उद्योग क्षेत्र –

जी.एस.टी. लागू झाल्यानंतर केंद्र आणि राज्याचे जवळपास 20 अप्रत्यक्ष कर नाहीसे होणार आहेत. यामध्ये उत्पादन कर, सेवाकर, अतिरिक्त सीमा शुल्क, विशेष अतिरिक्त सीमा शुल्क, विक्रीकर,केंद्रीय विक्रीकर, करमणूक कर, प्रवेश शुल्क, लक्झरी टॅक्स इत्यादी वेगवेगळे कर भरण्यापासून उद्योजकांची सुटका होईल. त्याचबरोबर कर भरण्याची प्रक्रीयाही सुलभ होणार आहे.

8) कर चुकवेगीरीला आळा –

जी.एस.टी. आल्यामुळे कराचे जाळे अधिक विस्तारणार आहे. खरेदी विक्रीच्या प्रक्रियेतील प्रत्येक व्यवहाराची नोंद ऑनलाईन होणार असल्यामुळे करचुकवेगिरीला फारसा वाव राहणार नाही. आज अनेक विक्रेते उत्पादन कर चुकविण्याच्या दृष्टीने प्रत्यक्ष विक्रीचा तपशील सादर करीत नाहीत. जी.एस.टी. आल्यानंतर त्यांना तसे करता येणार नाही.

9) व्यापकता –

सर्व समावेशकता, एकसंधता ही या प्रस्तावित वस्तू व सेवाकराची वैशिष्ट्ये आहेत. अवाजवी गुंतागुंत टाळून सुटसुटीतपणा आणणारा हा एक सामाईक किंबहुना एकमेव अप्रत्यक्ष कर संपूर्ण देशपातळीवर सारख्याच दराने लागू होईल. जाचक व भरमसाठ करांच्या तुलनेत कमी व आकाराने लहान असलेल्या करातून अधिक महसूल गोळा होईल.

10) गुंतवणूकीला चालना–

जी.एस.टी. लागू झाल्यानंतर भांडवली वस्तूंच्या किंमती 12 ते 14 टक्क्यांनी कमी होऊ शकतात. परिणामी भांडवली वस्तूंच्या गुंतवणूकीमध्ये 6 टक्क्यांपर्यंत वाढ होऊ शकते.

11) एकच बाजार –

विशाल बाजारपेठ हा जगासाठी भारताचा सर्वात मोठा आकर्षण बिंदू आहे. जी.एस.टी. लागू झाल्यानंतर 2 टक्के आंतरराज्य अधिभार नाहीसा होईल. प्रवेशकर तपासणी नाके, जकात इत्यादी भारतीय बाजारपेठेतील दोष नष्ट होतील. राज्यांच्या तपास नाक्यामुळे नियोजित ठिकाणी मालवाहू ट्रक विलंबाने पोहोचतात. भारतात मालवाहू ट्रक एक दिवसात 280 कि.मी. प्रवास करतात. तर अमेरिकेत एक ट्रक एका दिवसात 800 कि.मी. अंतर कापतात. तसेच आंतरराज्य कर संपुष्टात येणार असल्यामुळे वाहतूकीचा खर्च देखील कमी होऊन त्याचा लाभ ग्राहक व उत्पादकांना होईल.

जी.एस.टी.चे दुष्परिणाम–

1) किंमतवाढ –

वस्तू व सेवाकराचा दर 28 टक्क्यांपर्यंत वाढविण्यात आल्यामुळे तो कर उपभोक्त्यावर संक्रमित केला जाईल अर्थात वस्तूंच्या किंमती वाढतील. परिणामी अर्थव्यवस्थेत चलनवाढीची परिस्थिती निर्माण होऊ शकते.

बॅकिंग सेवा,टेलिकॉम सेवा, फ्लॅट, तयार कपडे, महिन्याचे मोबाईल बील, टयुशन फी,एसी रेस्टॉरंटमधील खानपान या सर्वांवर 18 टक्के जी.एस.टी. भरावा लागणार आहे. यापूर्वी मोबाईल बील सलून, टयुशन फी या सेवावर 15 टक्के कर द्यावा लागत होता. एक हजार रुपयांपेक्षा जास्त किंमतीच्या कपडयावर 12 टक्के कर द्यावा लागणार आहे. यापूर्वी या कपड्यावर राज्य सरकारचा 6 टक्के व्हॅट भरावा लागत होता. या सर्वांचा परिणाम किंमत वाढण्यावर होईल.

2) राज्य शासनाच्या उत्पन्नात घट –

राज्य शासनाला उत्पन्न मिळवून देणारे विक्रीकर, व्हॅट, प्रवेश शुल्क करमणूक कर, ऐषोरामी कर इत्यादी कर जी.एस.टी.मध्ये अंतर्भूत होतील. त्यामुळे राज्यांना स्वतःच्या मालकीच्या उत्पन्न प्राप्तीच्या कराना सोडून द्यावे लागेल. परिणामी उत्पन्नात घट झाल्याने राज्याच्या विकासावर विपरित परिणाम होऊ शकतो.

3) महानगरपालिकेवर विपरित परिणाम –

जी.एस.टी. लागू झाल्यानंतर जकाती सारखे हमखास उत्पन्न मिळवून देणारे साधन महानगरपालिकेच्या हातातून जाणार आहे. मुंबई हे व्यावसाईक केंद्र असल्यामुळे मुंबई महानगरपालिकेला जकातीपासून मोठ्याप्रमाणात उत्पन्न मिळते. वस्तू व सेवाकरामुळे जकातीची रक्कम केंद्राकडे जाणार आहे आणि त्याच्या परताव्यासाठी सतत केंद्राकडे याचना करावी लागणार आहे. ज्याचा परिणाम मुंबईच्या विकासावर होणार आहे. मुंबईच नव्हे तर थोड्या फार फरकाने सर्वच मोठ्या शहरातील महानगरपालिकांची हीच अवस्था होणार आहे.

4) आय.टी.क्षेत्रावर विपरित परिणाम –

आय.टी. कंपन्या अनेक ठिकाणच्या केंद्रावरुन एकाच कराराद्वारे विविध सेवा सध्या पुरवितात. मात्र जी. एस.टी. लागू झाल्यानंतर त्यांना प्रत्येक केंद्रावरुन पुरविल्या जाणाऱ्या सेवांसाठी वेगळा करार करावा लागेल. उत्पादित वस्तूवरील कर सध्या 14 ते 15 टक्के आहे. जी.एस.टी. लागू झाल्यानंतर तो वाढून 18 आणि 28 टक्क्यावर जाणार असल्याने इलेक्टॉनिक वस्तू,मोबाईल फोन, लॅपटॉप इत्यादी महाग होतील.

5) विमा क्षेत्रावरील परिणाम –

जीवन विमा, आरोग्य विमा आणि वाहन विमा यांच्या प्रिमिअमच्या हप्त्यामध्ये 3 ते 4 टक्क्यांनी वाढ होण्याची शक्यता आहे. जी.एस.टी. लागू झाल्यामुळे विमाधारकांना अधिक खर्च करावा लागणार आहे.

वरील दुष्परिणाम अर्थव्यवस्थेच्या विविध घटकांवर होणार असले. तरी जी.एस.टी.लागू झाल्याने अर्थव्यवस्थेतील अनेक अडथळे, अडचणी, गुंतागुत कमी होणार आहे. जी.एस.टी. लागू करण्याच्या प्रयत्नात राजकारण बाजूला ठेवून सर्वांनी एकत्रित येऊन प्रयत्न करणे गरजेचे आहे. तसे झाले तर भारतीय करप्रणाली जगात एक आदर्श करप्रणाली म्हणून उदयास येऊ शकते.

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STUDY OF GOODS AND SERVICES TAX (GST)

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Abstract:

This paper is an analysis of what the effect of GST (Goods and Services Tax) will be on Indian Tax Situation. Goods and Services Tax — GST — is an indirect tax and is an all-inclusive tax duty on manufacture, sale and consumption of goods and services at a national level. Through a tax credit instrument, this tax is collected on value-added goods and services at each platform of sale or purchase in the supply chain. The system agrees the set-off of GST paid on the attaining of goods and services against the GST which is payable on the supply of goods or services. However, the end consumer stands this tax as he is the last person in the supply chain. 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. The forthcoming GST structure in India proposes dual structure. GST shall have two components- Central GST and State GST. The model shall be implemented by multiple statutes- one for CGST and SGST statute for every state. However, it is planned that basic feature of laws related to chargeability of tax, definition of taxable event, taxable person, basis of classification, basis of value for chargeability of tax shall remain uniform. Standard GST rate in most countries vary between 10-28%. In India, it is to be fixed at 18%. And also through this paper let's discuss about the background, silent features, objectives, characteristics, benefits, Suggestions and Recommendations, Limitations, Conclusion etc. of the GST.

Keywords*: Goods and Services Tax, Tax Rate, Value Added Tax, Central Value Added Tax,*

Introduction:

One of the major taxation reforms in India — the Goods and Service Tax (GST) — is all set to combine State economies and further overall growth. GST will create a single, unified Indian market to make the economy stronger. Finance Minister Pranab Mukherjee while presenting the Budget on July, 2009, said that GST would come into effect from 1st April, 2010. The completion of GST will lead to the eradication of other taxes such as octroi, Central Sales Tax, State-level sales tax, entry tax, stamp duty, telecom licence fees, turnover tax, tax on consumption or sale of electricity, taxes on transportation of goods and services of taxation that currently existing in India. 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 specialty of indirect tax reforms in India. If the VAT is a major enhancement 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 a further significant improvement – the next logical step – towards a inclusive indirect tax reforms in the country observance this objective.

➢ **Goods & Services Tax Model For India**

It is important to take note of the significant administrative issues involved in designing an effective GST model in a federal system with the objective of having an overall harmonious structure of rates. Together with this, there is a need for upholding the powers of Central and State Governments in their taxation matters. Further, there is also the need to propose a model that would be easily implementable, while being generally acceptable to stakeholders.

➢ **Salient features of the GST model**

Keeping in view the report of the Joint Working Group on Goods and Services Tax, the views received from the States and Government of India, a dual GST structure with defined functions and responsibilities of the Centre and the States is recommended. An appropriate mechanism that will be binding on both the Centre and the States would be worked out whereby the harmonious rate structure along with the need for further modification could be upheld, if necessary with a collectively agreed Constitutional Amendment. Salient features of the proposed model are as follows:

1) GST would be applicable on supply of goods or services as against the present concept of tax on the manufacture of goods or on sale of goods or on provision of services.

2) A Combined GST (IGST) would be levied on inter-State supply (including stock transfers) of goods or services. This would be together by the Centre so that the credit chain is not interrupted.

3) Import of goods or services would be preserved as inter-State supplies and would be subject to IGST in accumulation to the applicable customs responsibilities.
4) GST would be a destination based tax as against the present concept of origin based tax.
5) It would be a dual GST with the Centre and the States simultaneously levying it on a common base. The GST to be levied by the Centre would be called Central GST (CGST) and that to be levied by the States would be called State GST (SGST).

- **Which other nations have a similar tax structure?**

Almost 150 countries have already implemented the GST. Most of the countries have a unified GST system. Brazil and Canada follow a dual system where GST is levied by both the Union and the State governments. France was the first country to introduce GST system in 1954.

Country	VAT or GST
Australia	0-10%
Bangladesh	15%
Brazil	17-25%
Canada	5-15%
China	17%
Germany	19%
India	0-28%
United States	0-11%

- **What will be the rate of GST?**

The combined GST rate is being discussed by government. The rate is expected around 14-16 percent. After the total GST rate is arrived at, the States and the Centre will decide on the CGST and SGST rates. Currently, services are taxed at 10 percent and the combined charge indirect taxes on most goods are around 20 percent.

VAT or GST Rate	Goods or Services
0%	Milk, Eggs,Curd, Lassi,Unpacked Foodgrains, Unpacked Paneer, Gur, Unbranded Natural Honey, Fresh Vegetables, Kajal, Educations Services, Health Services,Children's Drawing & Colouring Books,Unbranded Atta,Unbranded

	Maida, Besan, Prasad, Palmyra Jaggery, 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)

- **What are the items on which GST may not be applied?**

  Alcohol, tobacco, petroleum products are likely to be out of the GST regime.

- **What are the benefits of GST?**

Under GST, the taxation weight will be distributed equitably between manufacturing and services, concluded a lower tax rate by increasing the tax base and minimizing exemptions. It is predictable to help build an apparent and corruption-free tax administration. GST will be is levied only at the starting point point, and not at various points from manufacturing to retail channels .Presently, a manufacturer requirements to pay tax when a complete product moves out from a factory, and it is again taxed at the retail channel when sold.

- **For business and industry**

  A. Easy amenability: a forceful and widespread IT system would be the foundation of the GST organization in India. Therefore all tax payer services such as registrations, returns, payment etc would be available to the tax payers online which would make submission easy and apparent.

B. Identical tax rates and structures: GST will make sure that indirect tax rates and structures are common through the country thereby increasing inevitability and ease of doing business. In other words, GST would make doing business in the country impersonal, unrelatedly of the choice of doing business.

C. Exclusion of falling: A system of many tax credits over and done with the value chain and across boundaries of states, would certify that there is a minimum falling of taxes. This would reduce concealed cost of doing business.

D. Enhanced competiveness: decrease in transaction costs of doing business would ultimately lead to an enhanced attractiveness for the trade and industry.

E. Gain to manufacturers and exporters: the incorporating of major central and state taxes in GST complete and comprehensive set-off of input goods and services and phasing out of central sales tax (CST) would reduce the cost of faraway manufactured goods and services. This will increase the competitiveness of Indian goods and services in the international make and give boost to Indian exports.

- **For central and state Governments.**

A. Unassuming and easy to administer: Several indirect taxes at central and state levels are being interchanged by GST. Supported with forceful end to end IT system, GST would be simpler and easier to administer than all the other indirect taxes of the central and state imposed so far.

B. Superior control on outflow: GST will result in improved tax amenability due to hearty IT infrastructure. Due to the many transfer of input tax credit from one state to another in the chain of value addition, there is an intrinsic contrivance in the design of GST that would incentivize tax compliance by traders.

C. Advanced revenue proficiency: GST is probable to decrease the cost of collection of tax revenues of the Government and will therefore prime to higher revenue efficiency.

- **For Consumer:**

A. Single and crystal clear tax comparable to value of Goods and services: due to multiple indirect taxes being imposed by the centre and state with complete or no input tax credits available at progressive stages of value addition, the cost of most goods and services in the country today are weighed down with many unknown taxes. Under GST there would be only one tax from the manufacturer to the consumer, leading to transmission of taxes paid by the final consumer.

B. Assistance in generally tax burden: because of efficiency of administration and anticipation of outflows the overall tax burden on most commodities will come down which will benefit consumer.

- **What are the Impact of GST?**

The GST is said to have a positive waves on the economy as a whole. But when it comes to sectorial-wise classification, the GST have both positive as well as negative impact on each of the sectors. Here are some sectors given and its GST is given below:

1. **Technology:** The GST system of indirect taxation has made the duty on the manufacturing goods from 14% to 18-20%. As a result, the prices of the software products will be at high which will give either a neutral or slightly negative impact on the Technology Sector as a whole. But they will be benefited through the reduction of tax and benefits of other industries and can somewhat mitigate it.
2. **Real estate:** Real estate gives about nearly 13.6% of India's GDP and it is the largest initiator of employment immediately after IT. Real estate is said to get a positive impact under the GST system immediately after its operation.
3. **Broadcastings:** The broadcastings sector is presently paying the tax at the rate of 15% which is expected to be increased during the GST regime. And, it is assumed to be around 18% which will be projected to be passed over to the customers and this gives a picture that GST will adversely affect this sector.
4. **Medications:** Presently, the Pharma companies are paying taxes around 09 - 20%. Since, there is no clear picture of tax treatment for Pharma if it is less than 15% it would be a positive effect on the Sector but if it is above 15% then it will cause some slight negative impact.
5. **Automobiles:** The Automobile industry is currently paying a tax rate of a range between 18-28%. And it is expected that after GST the rate will be around 18% which will be a huge positive for the automobile industry and which will be profitable to both the Manufacturers/ dealers and the ultimate consumers.
6. **Financial Services:** The Financial services such as banking, Stock Trading firms are currently paying 14.5% as VAT which is likely to be increased to 15 to 18% in the near future under the GST system. And the services are likely to be pricier.
7. **Media and Entertainment:** The tax rate for the Media is around 25% as of now and since the authority for the levy of taxes remains to be the right of the local bodies, it is expected that the

cinema fares are expected to come down after the GST regime and the cost of DTH and cable television services are likely to become costlier.

8. **Consumer durables:** The current of tax rate of this industry is around the range between 18-28%. And under the GST regime it is considered to be lower around 15-18% which will be positive impact to this industry.

➢ Suggestions and Recommendations:

- ❖ To provide reading ability and awareness about the GST
- ❖ Effective outlay on efficient Tax administration staff
- ❖ Thriving maintenance and numerous follow ups of GSTN (Goods and Service Tax Network) portal for better relationship with various shareholders.
- ❖ In order to escape the superfluous loss of revenue to the state government, the central government may reflect about the considerable percentage of GST which will be helpful for all investors of GST.
- ❖ Approval from all situations and recommendations from every state for improvement of GST and the source of Tax revenue.
- ❖ The loss of Tax revenue should be accomplished and recompensed properly through proper modification of funds without burden to anyone.
- ❖ The Central and the State government should be in proper understanding and cooperative with each other for the successful execution of GST.

➢ Limitations of the study:

1) The study is completely based on the secondary sources

2) No Quantitative data were collected

3) The Study is not based on the research

➢ Conclusion:

The GST is very critical tax reform since freedom of India, so it must be superior controlled with paramount care and considered well before fulfilling it. And, the government both central and state have to conduct awareness programmes and various literacy programmes about GST to its various investors.

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Seventy Third Report Of Standing Committee on Finance (2012-2013)

TO STUDY THE IMPACT OF GOODS & SERVICE TAX ON TOURISM SECTOR

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Abstract

India's prevalent tax reform up till now has been met with an identical measure of commend and criticism. While the implementation of the Goods and Service Tax promises to add a significant edge to the Indian economy, by reducing costs for customers, integrating taxes, and reducing business transaction costs, it will also increase costs for businesses as well the burden of compliance. The hospitality and tourism industry is one such sector in the economy that is deliberating over the new tax regime. Hospitality is one of the most competitive and steadily growing industries in the country. The tourism industry contributes nearly $136 billion to India's GDP and is expected to further grow to US$ 280.5 billion by 2026. Hospitality and tourism are also among the highest employment generating sectors and among the top 10 sectors in the country with the highest volume of foreign direct investment. In addition to being one of the top sources of foreign exchange, tourism is also among the highest tax generating sectors in the country. The paper aims to address, to examine the impact of GST on Travel and Tourism industry in India.

Keywords: *GST, Tourism Sector, Tourist, Hospitality Industry.*

Introduction

"Athithidevobhavha" (Guest is God) has been one of central tenets of Indian culture since times immemorial.

Indian Tourism sector is one of the great contributors to the economy. Tourism represents world's third largest export avenue in terms of global earnings after fuel and chemicals. Modern tourism is closely linked to socio- economic development. Tourism is responsible for one out of 11 jobs and 10% of the world's economic output. Apart from providing employment, income and foreign exchange for the country, the trade in the tourism sector has an economically positive impact on other associated industries such as food manufacturing, services, construction, agriculture, handicrafts etc.

Total contribution by travel and tourism sector to India's GDP is expected to increase from US$ 136.3 billion in 2015 to US$ 275.2 billion in 2025. The growth rate of the tourism sector of Indian economy was recorded as 17.3% in the previous year. The foreign exchange earned by tourism sector is worth 21,828 crore rupees.

Hospitality is not only a high foreign exchange grosser; it is also among the largest tax generators. There are multiple taxes charged on the same Service/ Product offering by the Central as well as State Governments. It is an understanding that the Taxes levied on Inbound Tourism is amongst the highest in the country, and this is one of the major reasons for India losing Foreign Tourists to competing South East Asian Countries.

According to report of the World Travel and Tourism Council (WTTC), India's travel and tourism sector ranks 7th in the world regarding its aggregate commitment to the nation's GDP.

For raising the awareness on the importance of tourism for the country's economy, January 25th is marked by the Indian government to be observed as the National Tourism Day in India

Objectives:

- To understand the impact of GST on Tourism industry.
- To evaluate the effect of pre and post GST impacts on Tourism and Hospitality industries in India

Methodology: secondary data collected from various articles, magazines, news papers.

GST IMPACT ON TOURISM SECTOR

1. Pre and Post GST: How the Situation Has Changed

The hospitality industry, like every other sector in the Indian economy, was liable to pay multiple taxes (VAT, luxury tax, and service tax) under the previous VAT regime. A hotel where the room tariff exceeded INR 1,000 was liable for service tax at 15 percent. An abatement of 40% was allowed on the tariff value, thus bringing the effective rate of service tax down to 9%. The Value Added Tax (ranging between 12 percent to 14.5 percent) and luxury tax, would apply on top of this. However, for restaurants, there was 60% abatement which meant that the service tax was charged at an effective rate of 6% on the F&B bills, apart from VAT (12 percent to 14.5%). Bills for bundled services like social functions (seminars, marriage etc.), were taxed with an abatement of 30%. The cascading effect of the VAT regime where the end consumer paid a tax on tax, increases the end cost. Hoteliers and hospitality businesses did not get any input tax credit on the taxes they paid, as central taxes like service tax, could not be set off.

2. Under the GST Regime

Under the Goods and Service Tax, the hospitality sector stands to reap the benefits of standardized and uniform tax rates, and easy and better utilization of input tax credit. As the final cost to end user decreases, we can expect the industry to attract more overseas tourists than before. This would ideally result in improved revenues for the government, and there are many pros to this new tax regime which could help the industry's growth in the long run. For instance, complementary food (like breakfast) was taxed separately under VAT, but now it will be taxed under GST as a bundled service. Let's have a look at the rates for this industry in detail:

Impact of GST on Tourism Sector

SR.No	Particulars	Place of supply	Applicable Taxes
1.	Room with rental uptoRs. 2000.	Location of Hotel, Guest House, Club, Resort, boat, vessel	No Tax
2.	Room with rental from Rs. 2000 to Rs. 7500	Location of Hotel, Guest House, Club, Resort, boat, vessel	18%
3.	Room with rental above Rs. 7500	Location of Hotel, Guest House, Club, Resort, boat, vessel	28%
4	Restaurant Services turnover of less than Rs 50 lakh	Location of Restaurant	5%
5	Non-AC restaurants	Location of Restaurant	12%
6	AC restaurants	Location of Restaurant	18%
7	5 star rated	Location of Restaurant	28%
8	Rent a Cab Services / Air Tickets/Train Tickets/Cruise & Ship Services/State Transport Service	Location of Service Recipient if recipient is registered	5%

Positive Impact

Tourism sector shall be impacted both positively and negatively under the GST regime.

Positive

1. Uniformity in Taxes

The multiple taxes would be replaced by one single tax, the rate of which is likely to be between 16%-18%. The sector may benefit in the form of lower tax rates which should help in attracting more tourists in India.

2. Increased Revenue for State Government

Under GST the place of supply is shifted to the place where immovable property is situated in case of Hotels, Restaurant & Monuments for sightseeing. This will increase the revenue of such states where immovable property is located. Currently, on such income, States charges local Luxury Tax on hotel stay and VAT on food supplied. While Union Government gets revenue from Service Tax on such services. Because of GST, the States having maximum tourist places, hotels or restaurants for tourist shall earn the maximum revenue by way of SGST which will be equivalent to CGST.

In the case of Passenger traveling, the state with the maximum outbound journey shall earn the highest revenue so the station or the port having highest outbound flights, train journey or local cab journey shall earn substantial revenue.

3. Saving in Food and Beverage operations

Companies specializing in food and beverages operations could be the biggest beneficiaries of GST within the hospitality sector. Food and beverages bills have multiple components which inflate the bills by 30- 35%. It is expected that GST to result in savings of 10-15% on the overall bill.

Negative

1. Multiple Registrations

Service providers having centralized registration will have to get registered in each state from where they provide services. Although Government has been claiming "One Nation One Tax", practically it is not going to be so. Service providers will have an option to take different registration for separate business verticals which need to be examined on a case by case basis. Every state has been constitutionally granted right to collect GST on services.

2. Increased Compliance Burden

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 concept of credit matching under GST would be very difficult to handle and would lead to increase in working capital requirements.

The frequency and number of returns to be filed will go up. In place of a half yearly service tax return, under GST law, one will be required to file state wise monthly three GST returns along with an annual return will also be required to be filed.

3. No Credit on Work Contract Services

The hotel industry spends a lot of money on construction and renovation. The money paid as taxes on the works contract services when supplied for construction of an immovable property is not allowed for this sector when such services are not used for the further supply of works contract service. This would have a negative cascading effect despite strong promises being made by the government in this regard.

Any proposal to make supplier of goods or services liable to pay tax under reverse charge when receiving supply from an unregistered supplier can increase burden in case of B2B transactions on registered assesses.

4. Liquor not included

Liquor should have been included in GST to ensure the seamless credit for the tourism industry. Exclusion of liquor from GST regime defeats the very purpose of bringing in a uniform tax structure across the nation.

Impact on Consumers

In Pre GST era, there was a composite levy of both Service tax i.e. 6%, as well as, Value Added Tax i.e. 14.5% (Vary from State to State) on food and beverages served by hotels and restaurants which finally put the burden of 20.5% in the pocket of ultimate consumers. However, some relief was provided for Non-AC Restaurants supplying food and beverages as no service tax was levied on these restaurants.

Post GST, the scenario shall be completely different. As discussed above that supply of food and drinks in a restaurant shall be treated as a supply of services. Hence, only GST shall be levied on such services @ 18% which saves around 3% as compared to the previous regime.

Erstwhile, Non AC Restaurants were exempt from levy of Service Tax. But State vat was charged at 12%. In Present System, Restaurant not having the facility of air-conditioning or central heating at any time during the year and not having a licence to serve liquor is liable to tax at GST Rate of 12%. Overall things shall continue to remain status quo as far as pricing goes.

Further, staying in a good hotel is going to be very costlier as the rate of tax has been doubled from 9% to 18%. Even Luxury Hotels of 5 stars or above-rated charging room rent Rs. 7,500/- or above will attract 28% tax.

The Pros of GST

1. **Administrative Ease**

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

2. **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.

3. **Improved Quality of Service**

   How many times have you had to wait in the hotel lobby wondering if you would miss your flight back home because your bill was still being prepared? 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.

4. **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.

The Cons of GST

1. Increased Technological Burden

When the service tax was first introduced, there were a lot of mix ups. GST, thankfully, has very clear guidelines on how each industry needs to manage their accounts and file returns but it will require businesses to become technologically adept, increasing the technological burden and cost for compliance.

2. Increased Costs

In Maharashtra, for instance, hotel rooms were earlier taxed at 19% and food and beverage at 18.5%. Even with GST charged at 18%, there is only a minimal cost reduction in both cases. Businesses will also look to recover the additional cost of technology and new systems from their customers, which might – in some instances – lead to higher tariffs.

3. Lack of Parity with Asian Counterparts

As India becomes an even bigger player in the global hospitality and tourism industry, we need services to be at par with global rates. Our Asian neighbors such as Japan and Singapore have very low tax rates for their hospitality sector (8% and 7% respectively) which is an important reason for them ranking high on tourist wishlists. India is a global tourism hotspot, but it still loses out on the backpacker crowd due to these high rates.

Impact of GST

1. Export of services definition

The Export of services does not include the hospitality and tourism sector as per GST Bill draft. Therefore, to be able to know the benefits in this sector, the definition needs to be updated.

2. Effect of taxes

The hotel and tourism industry are one of the industries which are levied with multiple of taxes.There are mainly three taxes involved i.e. the VAT and luxury tax by the state govt. and the Service tax by the central govt. The value of Vat tax varies from 12 to 14.5% according to state. The luxury tax varies from zero to 12% depending on room type and state whereas the service varies according to the type of service provided.

When all these three taxes are combined, the taxes go up to 20 to 27%. With the implementation of GST, the cascading taxes would combine and a single tax regime would reduce it to just 17 to 19%. The tourism and hotel industry will thus be benefitted as more tourists will visit India due to the low tax rate. However, as the luxury tax is not levied on all transactions, GST would be high or at par in such case.

3. Impact on electricity and alcohol

One of the worries of the hotel industry is the non-inclusion of electricity and alcohol tax in GST. There won't be a single GST for the same. Hotels are known to consume tolls of electricity and not covering it under GST means not being able to fetch benefit from the input credit of the two items.

4. Taxes paid on renovation and construction

A huge amount is spent on renovation and construction by the hotel industry. The taxes levied on the cost of construction and renovation will not be included in GST to input credit and set off taxes paid on the services as they are subject to variation.

5. R&D cess

The research and development cess applicable on technical know-how and franchise fees are likely to be a part of GST regime.

So, this is how hotel and tourism industry would likely be affected or rather be impacted by the GST.

Highlights of New Gst Rates

Current Tax Rate on Hotel Industry

The tax regime under the current tax rate system with respect to the rates for the state of Madhya Pradesh is discussed. While the rates may vary subject to the state.

The taxability on luxuries (services) provided in a Hotel can be summarized as under:-

- The owners of Hotels are liable to pay tax @10% on the turnover.
- Rs.10 lacs of turnover per annum is the threshold limit for being liable to pay tax.
- If the rate of charges per day is Rs. 3000/- or less, there is no payment of Luxury Tax on hoteliers.
- There is a exemption from payment of Luxury Tax for a period of 5 years or 8 years depending upon the location of the Hotel for the Hotels newly formed.
- There is no **Service Tax** on services provided in a Hotel.

Tax liability on Hotels under GST regime

- Luxury Tax on services provided in a Hotel is leviable @10% on receipt basis.
- All services under GST regime are to be taxed @18% on the transaction value of supply of services while the present rate of Service Tax is 15%.
- Hotels and lodges charging per day tariff of Rs 2,000 will be exempt from GST. Rate for hotels with tariff of Rs 2,000 to 7,500 per day would be 18 per cent while GST rates for hotels charging Rs 7,500 and more tariff per day for room will have to pay 28 per cent.
- The threshold limit under GST regime on supply of services is aggregate turnover of Rs.20 lacs per annum.
- The supplier of Hotel services will be entitled to input tax rebate on the inputs, capital goods and input services used by them in the course or furtherance of business.
- Alcoholic liquor for human consumption being a super luxury, it may attract a higher rate in the interest of state revenue.
- No Input Tax credit will be available to sale of alcoholic liquor for human consumption as it is outside the GST regime.

Hotel Bookings:

GST on hotel services will depending on the kind of room you stay in. If the room tariff is less than Rs 1,000, your stay will be **tax-free**. However, if the room tariff is between Rs 1,000 – Rs 2,500, you'll be taxed **12%**. If the tariff is between Rs 2,500 to Rs 7,500, the stay will be taxed **18%**. For luxury hotels, where the tariffs are more than Rs 7,500, GST tax rate of **28%** will be applicable.

Restaurant:

There are different tax slabs for restaurants depending on their turnover and whether theyhave air-conditioning or not.Restaurants with a **turnover of less than Rs 50 lakh** will be levied a tax rate of **5%**. **Non-AC restaurants** will be charged **12%** Goods & Service tax on food bill. Tax rate for **AC restaurants** and those with the liquor license will be **18%**, whereas restaurants in **5-star hotels** will attract a GST rate of **28%**

Restaurants with a turnover of less than Rs 50 lakh will be levied a tax rate of 5 percent.

Non-AC restaurants will have a 12% tax rate. AC restaurants will have to shell out 18% tax.

Hotels, lodges with tariffs less than Rs 1,000 will be taxed at 0%.

Hotel lodges with tariffs between Rs 1,000 – Rs 2,500 will be charged 12% tax

Hotel lodges with tariffs between Rs 2,500 – Rs 7,500 will be charged 18% tax

Hotel lodges with tariffs above Rs 7,500 will be charged 28% tax

Restaurant under GST regime

Sr.no.	Services	Rate of Tax
1.	Services by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, having declared tariff of a unit of accommodation less than one thousand rupees per day or equivalent	Exempted Services.
2.	Renting of hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes having room tariff Rs.1000 and above but less than Rs.2500 per room per day.	12%
3.	Renting of hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes where room tariff of Rs 2500/ and above but less than Rs 7500/- per room per day.	18%
4.	Accommodation in hotels including 5 star and above rated hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes, where room rent is Rs 7500/- and above per night per room.	28%
5.	Supply of Food/drinks in restaurant not having facility of air-conditioning or central heating at any time during the year and not having license to serve liquor.	12%
6.	Supply of Food/drinks in restaurant having license to serve liquor.	18%
7.	Supply of Food/drinks in restaurant having facility of air-conditioning or central heating at any time during the year.	18%
8.	Supply of Food in catering service	18%

Basic Room	Before GST	After GST
Room Tarriff	2,700	2,700
Luxury Charge on stay charges (10% as per Maharasthra)	270	
Service tax @9%	243	
GST@18%		486
Total	**3,213**	**3,186**
Room with Complimentary Breakfast	**Before GST**	**After GST**
Room Tarriff	2,200	2,200
Complimentary breakfast	500	500
Luxury Charge on stay charges (10% as per Maharasthra)	220	
Service tax @9%	198	
VAT@14.5% on food	73	
GST@18%		486
Total	**3,191**	**3,186**
Luxury with Complimentary Breakfast	**Before GST**	**After GST**
Room Tarriff	8,000	8,000
Complimentary breakfast	2,500	2,500
Luxury Charge on stay charges (10% as per Maharasthra)	800	
Service tax @9%	720	
VAT@14.5% on food	363	
GST@28%		2,940
Total	**12,383**	**13,440**

Transport Sector

Taxation on transport sector at a national level will result in

- more efficient cross-state transportation
- less paperwork for road transporters
- bringing down logistics costs

Presently, all 29 states collect taxes at different rates on goods that move across their borders. As a result, tax on freight is collected multiple times. Also, there are long delays at interstate checkpoints owing to review by state authorities who examine and apply the relevant taxes and other levies. Truck delays are an average 5-to-7 hours at interstate checkpoints. The planned GST system for transport sector seeks to replace around 15 state and federal taxes and tariffs for a single tax at the point of sale. GST will, thus, score over the existing regime in the transport sector.

Roadways

- Cab rides could get marginally cheaper for customers. The incidence of tax will come down **to 5% from 6%** for bookings made on cab aggregators like Ola and Uber.
- 100% tax will be payable by E-commerce aggregator under **reverse charge** mechanism for service of Radio taxi or Passenger Transport Services provided by a Taxi driver or Rent-a-cab operator to any person.
- Moreover, buses (including mini-buses) and pick-up vans, carrying **more than 10 individuals**, will be subject ed to **no extra cess**.

Airways

Under the new regime,

- The tax rate for **economy** class flight tickets lowered to **5%**.
- **Business** class tickets will attract a higher tax at **12%.**

Comparison of Prices

With this reduction in rates on domestic air travel, budget traveling will clearly get better.

Example – Economy Class base fare – Rs. 2000

FARE(before GST)	AMOUNT	FARE (after GST)	AMOUNT
Base fare	2000	Base fare	2000
Airline fuel charge	700	Airline fuel charge	700
CUTE charge	50	CUTE charge	50
Passenger service fee	239	Passenger service fee	239
User development fee	150	User development fee	150
Airline service tax@5.6%	154	Airline service tax@5%	137.5
Other surcharge	12	Other surcharge	12
Total fare	3305	Total fare	3288.5

However, business class travel is going to get costlier with a marginal increase from 9% to 12%.

Example – Business Class base fare – Rs. 8000

FARE(before GST)	AMOUNT	FARE (after GST)	AMOUNT
Base fare	8000	Base fare	8000
Airline fuel charge	2800	Airline fuel charge	2800
CUTE charge	200	CUTE charge	200
Passenger service fee	700	Passenger service fee	700
User development fee	400	User development fee	400
Airline service tax@5.6%	1016.4	Airline service tax@12%	1320
Other surcharge	100	Other surcharge	100
Total fare	13216.4	Total fare	13520

A frequent flier will definitely find the impact of GST on air fares. Also, the reduction in tax rates is a positive development for low-cost domestic carriers as a major portion of the revenue generated from airlines comes from economy travelers.

- Airlines can only claim Input Tax Credit on input services for the economy class.
- But for the business class, they can claim ITC for only spare parts, food items, and other inputs, apart from fuel.

Railways

The transport sector is the most crucial part of a business chain. Roadways will have an advantage in GST on short distances while Railways will se the impact on long distance travels.

- **Non AC** train travel (including in local trains and metro) has been **exempt**
- **AC** train travel will attract **5 %**. Ticket prices for AC trains will **increase** marginally as current service tax is at **4.5 %**.
- The rate is kept low as they will **not be allowed Input Tax Credit**

Exemptions under railways

- Travelling in metro;
- Local trains; and
- Religious travel including Haj yatra

Waterways

GST will be applicable on –

- Transport of coastal goods;
- Transport through National waterways; or
- Transport through Inland waterways services

Exemptions under Transportation

Transportation by:

- **Road except** the services of—
1. a goods transportation agency; or
2. a courier agency.
- **Inland waterways** – Transport of passengers
- **Air**, going to or coming from airport located in Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, or Tripura or at Bagdogra (West Bengal)
- **Non-AC contract carriage** other than

Radio taxi or for the Transportation of passengers (excluding tourism, conducted tour, charter or hire)

Conclusion

Companies specializing in food and beverages operations could be the biggestbeneficiaries of GST within the hospitality sector. Food and beverages bills havemultiple components and can inflate the bills by 30-35%. A single-slab tax willbenefit consumers and should lead to savings of 10-15% on the overall bill.

The restaurant industry has been burdened with high and multiple taxations.

However, liquor should be included in GST. Exempting it defeats the very purposeof bringing in a uniform single tax structure. This allows states to have their owntaxes without a cap with separate accounting requirements and results in doublecompliance for the restaurant / hotel industry. This is neither beneficial for 'Ease ofdoing business' nor for the customers,

"Everybody likes consolidation of taxes as it leads to greater transparency and willhelp guests and buyers understand overall costs. We welcome the development,"said Raj Rana, CEO, South Asia, for hotel group Carlson Rezidor.Some states have luxury tax and that impacts room rates. If India aspires to be competitive, then the tax structures too need to be competitive."

Luxury and other service taxes in hospitality amount to more than 22%, compared with the proposed 18% under the GST regime. Overall, GST should be positive for the sector assuming the multiplicity of taxes will go away in food and beverages.

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. Hopefully, GST is going to be pinnacle which aims at evolving an efficient and harmonized

Electronic Interdisciplinary International Research Journal (EIIRJ)
A Peer Reviewed Interdisciplinary Journal UGC Approved Journal No 48833
EduIndex Impact Factor 5.20 ISSN 2277-8721

consumption or destination based tax system and will remove the problems faced by the sector leading to cost optimization and free flow of transactions.

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जी. एस. टी. सुधारित दर कपात – एक अभ्यास

श्रीमती घोणे पुनम रामचंद्र
सहाय्यक प्राध्यापक, वाणिज्य विभाग,
प्रा. संभाजीराव कदम महाविद्यालय, देऊर ता. कोरेगांव जि. सातारा

गोषवारा :–

जी.एस.टी. म्हणजे वस्तू व सेवा कर होय. देषाच्या आर्थिक वाढीला चालना देण्यासाठी आणि जी.डी.पी. वाढविण्यासाठी तयार केलेली अप्रत्यक्ष कररचना आहे. 150 पेक्षा अधिक देषांनी आतापर्यंत जी.एस.टी. लागू केला आहे. सन 2000 मध्ये वाजपेयी सरकारने भारतात जी.एस.टी.ची संकल्पना मांडली होती. परंतु बी.जे.पी. सरकारने जी.एस.टी. ची गरज लक्षात घेऊन 6 मे 2015 रोजी जी.एस.टी. बील लोकसभेत मंजूर करून घेतले. परंतु त्याची प्रत्यक्ष अंमलबजावणी 1 जुलै 2017 पासून करण्यात आली. प्रत्याक्ष अंमलबजावणीनंतर वाढत्या महागाईला आळा घालण्यासाठी व विविध वस्तू व सेवांवरील विवाद कमी करण्यासाठी वस्तू व सेवा कर परिषदेची बैठक दि. 10 नोव्हेंबर 2017 रोजी आयोजित करण्यात आली. त्यामध्ये परिषदेने षिफारस केलेल्या जी.एस.टी. दर कपातीचा आढावा घेणे महत्वाचे ठरेल.

प्रस्तावना :–

वस्तू व सेवा कर ही एक व्यापक संकल्पना आहे. देषाच्या आर्थिक वाढीला चालना देऊन जी.डी.पी. वाढविण्यासाठी महत्वाची कररचना आहे. करबुडवेगिरीला आळा बसविण्याचे एक उपयुक्त षस्त्र म्हणून त्याकडे पाहिले जात आहे. जगात सर्वप्रथम कॅनडा या देषाने सन 1905 मध्ये प्रायोगिक तत्वावर जी.एस.टी. आकारण्याचा प्रयत्न केला, परंतु खऱ्या अर्थाने त्याची प्रत्यक्ष अंमलबजावणी सन 1991 नंतरच झाली. भारतामध्ये सन 2006 मध्ये तत्कालीन पंतप्रधान डॉ. मनमोहन सिंग यांच्या नेतृत्वाखाली संयुक्त आघाडी सरकारने जी.एस. टी.ची संकल्पना मांडली, परंतु त्यात यष आले नाही. सध्याचे पंतप्रधान मा. नरेंद्र मोदी यांच्या नेतृत्वाखाली 6 मे 2015 रोजी जी.एस.टी. बील लोकसभेत मंजूर करण्यात आले. त्यानुसार 198 पानी मसुदा आराखडा तयार करण्यात आला. जी.एस.टी.ची प्रत्यक्ष अंमलबजावणी 1 जुलै 2017 पासून अंमलात आलेली असून एकूण 1200 वस्तू व 500 सेवांचा समावेष करण्यात आला आहे.

वस्तु आणि सेवा कर हा अप्रत्यक्ष कराचा एक प्रकार आहे. हा कर वस्तुचे उत्पादन, विक्री आयात आणि सेवा या सर्वांवरील राष्ट्रीय पातळीवरील सर्वसमावेषक कर आहे. केंद्र सरकार आणि राज्य सरकार जे निरनिराळे कर आकारत होते, त्या सर्व करांची जागा जी.एस.टी. ने घेतली आहे. सध्या V.A.T., उत्पादन शुल्क सेवा कर अषा तीन कराऐवजी एकच वस्तू व सेवा कर आकारला जातो. म्हणजेच यामध्ये करपात्र वस्तूचे वर्गीकरण 5%, 12%, 18%, 28%, असे केले आहे.

''एक देष एक कर'' हे वस्तू आणि सेवा कराचे म्हणजे जी.एस.टी. चे तत्व आहे. आधुनिक युगात हा कर सर्वात प्रगतषील मानला जातो. ''एक देष एक कर'' हे सूत्र वस्तू आणि सेवा कराचा प्राण असले तरी

आपल्याकडे हा कर अंमलात येतानाच तो तब्बल चार पातळयांवर सुरू करण्यात आला आहे. म्हणजेच करपात्र वस्तूंचे वर्गीकरण 5%, 12%, 18%, 28% असे केले आहे.

वरील वर्गीकरणाच्या प्रत्यक्ष अंमलबजावणीनंतर वाढत्या महागाईला आळा घालण्यासाठी व दरकरांबाबत असणारे विवाद सोडविण्यासाठी वस्तू व सेवा कर परिषदेची बैठक दि. 10 नोव्हेंबर 2017 रोजी आयोजित करण्यात आली. त्यामध्ये परिषदेने षिफारस केलेल्या वस्तू व सेवा दर कपातीचा अभ्यास सदर षोधनिबंधात करण्यात आलेला आहे.

संषोधनाची उद्दिष्टये :—

- जी.एस.टी. ची नवीन दर पध्दती अभ्यासणे.
- जी.एस.टी. चे फायदे—तोटे अभ्यासणे.
- जी.एस.टी. दर कपातीच्या उपाय योजना अभ्यासणे.

संषोधन पध्दती :—

सदर षोधनिबंधासाठी दुय्यम स्त्रोतांचा वापर केलेला आहे. यामध्ये प्रामुख्याने विविध दैनंदिन वर्तमानपत्रे, मासिके, संदर्भग्रंथ, वेबसाईटस् इत्यादीचा वापर करण्यात आला आहे.

वस्तू व सेवा करांची नवीन दर प्रणाली :—

वस्तू व सेवा कर परिषदेची बैठक दि. 10 नोव्हेंबर 2017 रोजी आयोजित करण्यात आली. त्यामध्ये परिषदेने षिफारस केलेली जी.एस.टी. कर कपात पुढीलप्रमाणे—

5% वरून 0% :—

यामध्ये प्रामुख्याने रताळे, सुकविलेल्या भाज्या, काम न केलेले नारळाचे आवरण, करवंटया, गोठविलेले मासे, खांडसरी साखर इ. समावेष होतो.

12% वरून 5% :—

यामध्ये सुका नारळ, इडली, डोसा पीठ, अंतिम चामडे, षामाई आणि कॉम्पोक्षिषन चामडे, मासेमारी जाळे आणि हुक्स इत्यादीचा समावेष होतो.

18% वरून 5% :—

यामध्ये तांदूळ, चिक्की षेंगदाणा, तेलबियांची चिक्की, रेवडी, तीळरेवडी, खाजा षेंगदाण्यापासून तयार केलेले गोड पदार्थ, चटणी पावडर, षुध्द गंधक, विषिष्ट ब्रॅण्ड नेमसह एखाद्या युनिट कन्टेनरमधील बटाटयाचे पीठ इ. वस्तूंचा समावेष होतो.

तसेच वातानुकुलीतसह सर्व रेस्टॉरन्टच्या बीलावरील जी.एस.टी. 18% वरून 5% पर्यंत कमी झाला आहे. त्याचबरोबर अन्नाच्या पार्सल सुविधेचाही यामध्ये समावेष होतो. तसेच प्रतिदिन 7500 रू. पेक्षा कमी भाडे असलेली हॉटेल सेवा इ.चा यामध्ये समावेष होतो.

18% वरून 12% :–

यामध्ये आटवलेले दूध, रिफाईंड साखर, खडी साखर, पास्ता करी पेस्ट, मिश्र लोणचे, साठविलेल्या भाज्या, डायबेटिक अन्न, वैद्यकीय श्रेणीचा ऑक्सिजन, छपाईची षाई, ज्यूट व कॉटनच्या हॅण्ड बॅग्ज, षॉपिंग बॅग्ज, विणकाम केलेल्या टोप्या, आकर्षक चष्मा फ्रेम, पूर्णतः बांबू/केनपासून तयार केलेले फर्निचर इ. वस्तूंचा समावेष होतो.

28% वरून 18% :–

यामध्ये फर्निचर, मॅट्रेस, बेडिंग व तत्सम वस्तू फेसवॉष, प्रवासी बॅग्ज, डिटर्जंट, षॅम्पू, केस कलर, सौंदर्य प्रसाधने, सॅनिटरी वेअर, प्लॅस्टिकच्या वस्तू, मनगटी व भिंतीवरील घडयाळे, लेदर, फरचे कपडे, कटलरी, स्टोव्ह, कुकर, ॲल्युमिनीयमचे दरवाजे, खिडक्या व चौकटी, सिमेंट वॉलपेपर्स, सर्व प्रकारच्या काचा, आरसे, साऊंड रेकॉर्डिंग, कोका बटर, चॉकलेटस्, च्युईंगम, वायर, केबल्स, फायबर बोर्डस् व प्लायवूड, व्यायामाची साधने, गॉगल्स इत्यादींचा समावेष होतो.

प्रतिदिन रू. 7,500 किंवा त्यापेक्षा जास्त भाडे असलेली हॉटेल सेवा, कॅटरिंग सुविधा इ. सेवांचाही समावेष होतो.

अषा प्रकारे 28% जी.एस.टी. करकपातीची व्याप्ती 224 वस्तू व सेवांवरून फक्त 50 वस्तू व सेवांपर्यंत कमी करण्यात आली आहे. संबंधित वस्तू व सेवा वर्गीकरणातील विवाद किमान पातळीवर राखण्यासाठी व सुलभीकरणासाठी अनेक वस्तूवरील जी.एस.टी. दरामध्ये बदल करण्यात आला आहे. हे सर्व बदल दि. 15 नोव्हेंबर 2017 पासून लागू करण्यात आले आहेत.

जी.एस.टी. दर कपातीचे फायदे :–

- देषात वस्तू व सेवांवर समान कर आकारणी होत आहे.
- प्रत्येक घरात वापरल्या जाणाऱ्या सामान्य वापराच्या एकूण 178 वस्तूंच्या दरामध्ये 28% वरून 18% मध्ये कपात झाली आहे.
- सर्वसामान्यांसाठी हॉटेलमधील जेवण व खाद्यपदार्थ स्वस्त झाले आहेत.
- उपहारगृहे व त्या बाहेरील कॅटरिंग सेवाही स्वस्त झाल्या आहेत.
- वाढती महागाई कमी झाली आहे.
- करबुडवेगिरीला आळा बसून पारदर्षी व्यवहारात वाढ होत आहे.
- वातानुकुलीत लॉजिंग सेवाही स्वस्त झाल्या आहेत.
- करभरणा प्रक्रिया सहज व सुलभ झाली आहे.

जी.एस.टी. दर कपातीचे तोटे :–

- सरकारला मिळणारे करउत्पन्न कमी होणार आहे.
- जी.एस.टी. प्रक्रिया ऑनलाईन असल्यामुळे व्यवहारांच्या नोंदी करण्यात अडचणी येत आहेत.
- जी.एस.टी. दरकपातीनुसार कर आकारण्यात माहिती अभावी अडचणी येत आहे.
- बऱ्याच वस्तू व सेवांच्या बाबतीत दरकपातीचा प्रत्यक्ष लाभ ग्राहकांना मिळत नाही.
- दरकपातीबाबतची जनजागृती सामान्यांपर्यंत न झाल्याने त्याचा फायदा ग्राहकांना होत नाही.
- जी.एस.टी. चा महत्तम दर 28% असल्याने महागाईचे प्रमाण वाढतच आहे. सरकारने केवळ 28% जी. एस.टी. कराची व्याप्ती 224 वस्तू व सेवांवरून फक्त 50 वस्तू व सेवांपर्यंत कमी केली आहे. त्यामुळे ही दरकपात स्वागतार्ह वाटत नाही.

उपाययोजना :–

सर्वसामान्यांपर्यंत जी.एस.टी. दरकपातीबाबतची माहिती सुलभ व सहजपणे पोहोचविण्यासाठी खालील उपाययोजना करता येतील.

- प्रत्येक दुकानाच्या बोर्डवर जी.एस.टी. दरकपातीचा स्पष्ट उल्लेख करणे गरजेचे आहे.
- जी.एस.टी. दरकपातीची प्रत्यक्ष अंमलबजावणी होत आहे/नाही याचा प्रत्यक्ष आढावा घेणे.
- दरकपातीचा प्रत्यक्ष ग्राहकांना लाभ मिळवून देण्यासाठी ग्राहकांमध्ये जागृती निर्माण करणे गरजेचे आहे.
- सुधारित दरकपाती बाबतची माहिती देण्यासाठी स्थानिक पातळीवर कार्यषाळेचे आयोजन करणे महत्वाचे ठरेल.
- षाळा, महाविद्यालयांमार्फत प्रबोधनपर कार्यक्रमांचे आयोजन करणे.
- दरकपातीबाबतची माहिती करवून देणारी पुस्तके, नियतकालिके, प्रादेषिक भाषेत उपलब्ध करून देणे.

<u>समारोप</u>

वस्तू व सेवा करांबाबत असणारे आक्षेप व वाढत्या महागाईला चाप बसविण्याच्या दृष्टीने 10 नोव्हेंबर 2017 रोजी आयोजित करण्यात आलेल्या बैठकीत जी.एस.टी. दर कपाती बाबतचा निर्णय हा सर्वसामान्यांना दिलासा देणारा आहे. यामध्ये 28 जी.एस.टी. दर कपातीची व्याप्ती 224 वस्तू व सेवांवरून 50 वस्तू व सेवांपर्यंत कमी करण्यात आली आहे. त्यामुळे साहजिकच वाढती महागाई काही प्रमाणात कमी होण्याची षक्यता आहे. हॉटेलिंग, केटरिंग व पर्यटन सारख्या सेवांही दरकपातीमुळे स्वस्त होणार आहे. वस्तू व सेवांना असणारी मागणी वाढल्यामुळे साहजिकच सरकारी उत्पन्नातही वाढ होणार आहे.

अषा प्रकारे जी.एस.टी. दर कपातीमुळे ग्राहकांना विविध लाभ मिळण्यास मदत होणार आहे.

<u>संदर्भ सूची</u>

सी. ए. उमेष षर्मा (2018) जी.एस.टी. आपल्यासाठी, साकेत प्रकाषन.

व्यापारी मित्र 2017

अर्थसंवाद 2017

दैनंदिन सकाळ 16/11/2017

विविध संकेतस्थळे.

Electronic Interdisciplinary International Research Journal (EIIRJ)
A Peer Reviewed Interdisciplinary Journal UGC Approved Journal No 48833
EduIndex Impact Factor 5.20 ISSN 2277-8721

IMPACT OF GOODS AND SERVICE TAX ON THE INDIAN ECONOMY

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Abstract:-

GST (goods and services tax) would be a single uniform national tax levied across India on all the goods and services. In GST, all indirect taxes including excise duty, octroi, central sales tax (CST) and value added tax (VAT) will be subsumed under a single regime. It will be a significant step towards a comprehensive indirect tax reform as it is expected to bring efficiency and transparency in the indirect tax structure that is neutral to business processes and geographical locations. Given the enormity of the implication of GST, it requires a consensus among all political parties and states.

The GST is aimed at creating a single, unified market that will benefit both corporate and the economy. The changed indirect tax system GST is planned to be executed in India shortly. Several countries have implemented this tax system starting with France- the first country to introduce GST. GST is new story of VAT which gives a widespread setoff for import tax credit and subsuming many indirect taxes from state and national level. The GST implementation is not yet declared by the Government and drafting of GST law is still under process and clear picture will be available only after the announcement of its implementation.

Introduction:-

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, obtained pursuant to the legislative authority and is any contribution imposed by government whether under the nake of toll, tribute, import duty, custom, excise, subsidy, aid, supply or any other name. Tax policies play an important role in 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.

During the last four decades, GST has become an important instrument of indirect taxation with 130 countries having adopted this, resulting in one-fifth of the world's tax revenue. Tax reform in many of the developing countries has focused on moving to GST. Most of these countries have gained thus indicating that other countries would gain from its adoption too. For a developing economy like India, it is desirable to become more competitive and efficient in its resource usage. Apart from various other policy instruments, India must pursue taxation policies that would maximize its economic efficiency and minimize distortions and implements to efficient allocation of resources, specialization, capital formation and international trade.

Traditionally, India's tax regime relied heavily on indirect taxes including customs and excise. Revenue from indirect taxes was the major source of tax revenue till tax reforms were initialed during the nineties. The major argument put forth for heavy reliance on indirect taxes was that India's majority of population was poor and thus widening the base of direct taxes had inherent limitations. Another argument for reliance on indirect taxes was that agricultural income was not subjected to central income tax and there were administrative difficulties involving in collecting taxes. The framework of value added tax, recognized as GST in several countries, has been one of the major development in taxation structures worldwide. More than 135 countries adopted the GST/VAT framework effectively. With the Indian economy getting more and ore globalised, introduction of an integrated GST to replace the existing multiple tax structures of central and state taxes is not only desirable but also vital in the emerging economic environment. The implementation of GST would ensure that India provides a tax regime that is almost similar to the rest of the world. It will also improve the international cost competitiveness of native goods and services. According to a report by the National Council of Applied Economic Research, GST is expected to increase economic growth by 0.9 % to 1.7 % and exports are expected to increase by 3.2 % to 6.3 %.

Objectives of the Study:-

1. To study the concept of Goods and Service Tax.
2. To study the merits and Demerits of GST.
3. To Study the Impact of GST on Indian Economy.

Research Methodology:-

This present study is totally based on the following secondary data.

1) Reference Books
2) Research Papers
3) Internet
4) Reputed Journals
5) News Papers etc.

Scope and Limitations of the study:-

The present study is limited to the impact of Goods and Service Tax on the Indian economy.

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 for the GDP growth. GST will widen the tax base, improve tax compliance, remove existing unhealthy competition among states and re-distribute the burden of taxation equitably among manufacturing and services.

1. GST will ensure uniformity of taxes across the states, regardless of place of manufacture or distribution.
2. GST would integrate the tax base and allow seamless flow of input tax credit across the value chain of goods and services which will lead to reduced cost of goods and services.
3. GST environment would lead to improved disclosure of economic transactions which may have a positive impact on direct tax collections also.
4. The average tax burden on companies will fall which will reduce the costs of Indian goods and services in the international market and give boost to Indian exports.
5. GST also removes the custom duties applicable on exports.
6. It will mitigate cascading and double taxation and enable better compliance through the lowering of overall tax burden on goods and services.

Salient Features of GST:-

1. It would be applicable to all transactions of goods and services.
2. It is to be paid in the accounts of the centre and states separately.
3. The rules for taking and utilization of credit for the central GST and the state GST would be aligned.
4. Cross utilization of ITC between the central GST and the state GST would not be allowed expect in the case of inter-state supply of goods.
5. The centre and the states would have concurrent jurisdiction for the entire value chain and for all taxpayers on the basis of thresholds for goods and services prescribed by the states and centre.
6. The taxpayer would need to submit common format for periodical returns, to both the central and to the concerned state GST authorities.

Merits of GST:-

A. **Benefit to the Taxpayer:-**
   1. GST ensures full utilization of input tax credit. This will encourage suppliers to pay taxes.
   2. With increase in production, the firms will enjoy the benefits of economies of scale.
   3. GST will reduce the cost of locally manufactured goods. As a result price of indigenous goods will decrease and demand will increase. It will lead to more production, thereby helping in the growth of the industry.
   4. After implementing GST, with the elimination of state levied entry tax, logistics and inventory cost will fall.

B. **Benefit to the Government:-**
   1. Growth in the industry will create more employment opportunities and will increase GDP. Experts estimate a GDP growth of 0.9% to 1.6%, thanks to the elimination of tax cascading.
   2. Due to the seamless transfer of input tax credit from one stage to another in the value addition chain, the in-built mechanism will help to control tax leakage and tax evasion.
   3. As the rate of tax levied under GST is lower than the current indirect tax scenario, it will result in better tax collection and it will also broaden the tax base.
   4. GST is expected to lead to higher revenue efficiency, i.e. the ratio of cost of tax collection to tax collected will decrease.

C. **Benefit to the Customer:-**
   1. Individual customer will be benefited as price of goods and services will decrease after implementation of GST.
   2. Benefits of economies of scale will pass on from manufacturers or service providers to the ultimate customers.
   3. With decrease in price of most goods and services, the purchasing power of consumer will increase. As a result, savings and investment will also increase.

Demerits of GST:-

1. India has adopted concurrent dual GST instead of national GST. It makes the GST structure complicated. The centre will have to co-ordinate with 29 states and 7 union territories to implement GST. The sharing of revenue between the centre and states is till a matter of

contention. It also hampers the basic objective of implementing GST, i.e. elimination of cascading effect.

2. Around 57% of GDP of India comes from the service sector. Currently, service tax is levied at the rate of 15%. But after implementation of GST, most of the services will be taxed at the rate of 18%/ As a result most of the services will become costly. It will impact negatively on the overall GDP growth of India.
3. The petroleum products have been a major contributor to inflation in India. But the proposed GST regime intends to keep petroleum products, electricity and liquor for human consumption out of the purview of GST.
4. E-Commerce does not leave sign of transaction outside the internet and as a result, it is next to impossible to track those transactions which can be either business to business or business to customer or customer to customer. The proposed GST seems to ignore the most emerging e-commerce sector.

Implications of GST for the Indian Economy:-

Introduction of value added tax (VAT) at the state level and CENVAT at the central level are considered to be the largest indirect tax reforms in the country and GST is considered to be most reformist step towards making India a unified market. The biggest advantage of GST is economic unification of India. It has potential to end the long standing distortions arising out of the differential treatment of the manufacturing and service sectors.

Further, it would also improve tax compliance by making it easier for businesses to return files, pay taxes and get refunds. For importers, the input tax credit would be available for countervailing duty of customs (CVD) and additional customs duty (ACD) and thus would help them. GST would substantially enhance the competitive edge of both the manufacturing and services industry by removing the disability that domestic producers suffer from.

Impact of GST on Consumers and Businessman:-

The several types of taxes that currently exist such as excise, octroi, sales tax, service tax etc. would come under the GST umbrella. Since this would eliminate double taxation, it is expected to result into fall of prices, thereby relieving the consumers. This is mainly because the GST provides tax credit at every stage of taxation from manufacturing to consumption. Currently, margin is added at every stage and tax is paid on the amount including margins. These taxes on profit and taxes on tax add to the cost of goods and services whose burden is to be borne by the final consumer. GST would provide a continuous chain of set-off from the producer's point to the retailer's point and would consequently result in fall in prices. The chain of set-offs would also result in better tax compliance by industry, trade and businessmen. For businesses, GST would make life easy because of easier compliance(due to absence of multiple taxes) and easier return filing, tax payment and refund process due to robust IT infrastructure, which is considered to be the backbone of its successful implementation.

Impact of GST on Inflation and GDP:-

The GST with its uniform taxation structure can be one of the most important steps towards achieving the task of inflation management and GDP growth. The current indirect tax regime suffers from significant cascading which leads to higher cost of goods and services consumed in the country. There are also numerous examples where the taxpayers or consumers have to pay both the centre and state, taxes on a single sale which adds to increased tax costs for businesses and consumers. Such increased costs add to the inflationary pressure in the economy. In the GST regime, a free flow of credits across transactions decrease the tax cost for businesses. Given that both centre and state taxes would be levied simultaneously on all supplies, the issue relating to dual taxation on certain products would also come to rest. The decrease in tax costs would boost the exports in the country. The reduction of costs in India would make our products more competitive in the international market thereby not only increasing the GDP of the country but also inflow of foreign currency. There are also estimates that GST can add up to 2 % to the GDP.

Impact of GST on 'Make-in-India':-

The' Make in India' campaign proposes to make Indian a world class manufacturing hub. The tax reforms through GST will play a crucial role to attract large scale investment. The proposed GST promises a progressive tax system which avoids tax cascades and helps establish India as a true common market. GST will reduce the cost of production and allows the hassle free supply of goods. As per a report of the World Bank Group on Ease of Doing Business and Paying Taxes, India ranks at 130th and 157th place among 189 countries of the world this ranking is expected to improve substantially with the implementation of the GST.

Recommendations:-

To implement a flawless GST the following recommendations are suggested-

1. Government should ensure that the basic GST framework be common across states so that uniformity and GST can be maintained.
2. There should not be any distinction between goods and services. Distinction between goods and services could lead to overlapping of taxes.

3. The proposed GST model does not subsume all the indirect taxes. To avoid multiple tax levy and complexity of indirect tax system, all the indirect taxes should necessarily be subsumed in GST.
4. It is recommended that the rate structure should be common for CGST and SGST, common for both goods and services and common across all states.
5. Under GST regime it is very important to define the taxable events, like supply of goods or supply of services, in an unambiguous manner.

Conclusion:-

Due to various merits, more than 160 countries have implemented GST. But before India, the concurrent dual GAST model was adopted by only two countries (Brazil and Canada). Critics claim that CGST, SGST and IGST are nothing but new names for CENVAT, VAT and Central Sales Tax; hence GST brings nothing new to the table. No doubt GST will simplify the existing heterogeneous indirect tax system by eliminating multiple tax levies and cascading effect of taxation. The switchover to a flawless GST would be a big reform in the indirect taxation system as it will increase in economic activity leading to increase in developmental activates. But the positive impacts are dependent on how neutrally and rationally the GST is being implemented in India.

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A STUDY ON IMPACT OF GOODS & SERVICE TAX ON BANKING SECTOR & IT'S SERVICES

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Abstract

The banking sector is one of the largest service sector in India. The landscape Of India's financial sector is changing widely. Banking adopted in differentiated channels and technology could help in a multi-fold increase of reach in rural and remote areas. GST also known as the Goods and Services Tax is defined as a uniform indirect tax levied on goods and services across a country to support and enhance the economic growth of a country. More than 160 countries have implemented GST so far. Goods and service tax for the financial services sector would be a major transformation as it would have an impact on the financial product. In present paper it has been shown that banking sectors are positively or negatively affected by GST. GST may come into expanding the cost of saving money and budgetary administrations. Numerous compliance issues may likewise emerge with the use of GST while the banking sector suggests that GST must not cover monetary and manage an account administrations.

Keywords

Financial product, Transaction system, GST, NBFC, E Banking, Customers, Mobile Banking, Internet Banking, Online Banking

Introduction

The Goods and Services Tax (GST) is a vast concept that simplifies the giant tax structure by supporting and enhancing the economic growth of a country. It will change the indirect tax structure of the nation, taking it towards a single tax system. Goods and Services Tax (GST) will replace the existing central and state taxes levied by the government. It will cover everything including manufacturing, sale or consumption of goods and services. All the authority to administer and levy GST will rest with only one body, the Union Government. One tax system will reduce the tax evasion from the country, giving rise to transparency. Additionally, elimination of inter-state taxes will decrease the procedural compliance and paperwork to a great extent. The consumers will be most benefitted by free movement of goods across the nation and reduction in the tax burden.

GST which would replace 11 indirect taxes in India has impact on all major business sectors. Banking industry would get impacted significantly. Obtaining separation of registration in each State, identifying inter-state transactions, valuation, operational restructuring, reconciliation of branches State wise, filing of returns on monthly basis are some of the challenges. In this article, we have discussed few issues which could impact the banks. Banks would be having multiple branches spread across different states and the transactions would also be voluminous. GST levy is on supply concept which is very wide. Banks need to review all the income transactions to assess GST impact. All reports and returns are being automated in GST law. Therefore, compliance plays a key role in GST and it is expected that compliance would substantially increase for the banks due to the numbers.

In Goods and Sales Tax (GST) regime, most of the indirect taxes such as central excise duty, service tax, Value Added Tax, Sales tax and entry tax would get subsumed. The banking sector is one of the largest service sectors in India. The implementation of the Goods & Services Tax (GST) will likely prove to be a challenge for the sector on two counts –

- First, due to the higher GST rates compared to the current service tax rate and
- Second, due to the vast geographical reach of most banks.

Banks have always been a huge pillar of the Indian economy and taxpayers are literally banking on them for GST payments / financial needs. Given this, the GST Council shall provide clarity on the imposition of taxes for the banking sector as well as shed light on several open ended issues that are plaguing them currently.

The successful implementation of GST will make a revolutionary impact on the economy of India. It might benefit some, and some might have to change their strategy to be successful. GST being one tax for Central and state will give rise to transparency in the functioning of the nation.

Objectives of the Study

The objective of the study is to understand the concept of the impact of GST on banking sector & it's services.

Methodology

Various secondary data is collected from various articles, magazines, news papers.

GS|T Impact on Banking Sector

Banks would be having multiple branches spread across different states and the transactions would also be voluminous. GST levy is on supply concept which is very wide. Banks need to review all the income transactions to assess GST impact. All reports and returns are being automated in GST law. Therefore, compliance plays a key role in GST and it is expected that compliance would substantially increase for the banks due to the numbers.

Complexities in the nature of transactions

The banking industry has come up with many ways of doing business where the transaction trials are very difficult to identify even for the banking employees. All the banking transactions are routed through CBS (Core Banking System) where debits and credits of lakhs of transactions happen on real time basis. Banks deal with number of diversified partners right from the Government till the individual citizens. Further the accounts are maintained at home branch where in the services are received by the customer at any of its branches located anywhere in the world which would be transacting branch.

The GST impact needs to be analysed at each level of operations like cheque / Drafts/ cards/ issue process, ATM operation, credit wing, securities, letter of credit, net banking, cash backs and reward points, loans and advances, deposits, point of sale transactions and it goes on and on. The conditional free services say free cheque books for maintaining minimum balance of certain amount could be subjected to valuation issues unless care taken.

The major challenge for each bank would be to identify and understand its own nature of supplies, the transaction flow and then the place & time of supply of such supplies, the valuation in absence of consideration and majorly identification of the location from where the service is rendered.

Banks have the practice of providing a number of facilities to its officers (staff at various grades) like free /concessional accommodation, food, travel, health kits, vehicles, loans, etc provided over and above the terms of employment. These benefits are liable to GST.

Registration woes

Unlike service tax law, there is no concept of centralised registration in GST. State wise registration needs to be obtained in each state where there is business. Even if ATMs are installed without actual branches, then also registration could be required under GST, though it could the fixed establishment of the vendor who manages them. More number of registrations lead to more administrative woes. Keeping track of expenditures incurred, ascertaining the type of tax applicable, distribution of credits etc. would pose challenge as these aspects to be taken care at state level rather than at central level.

Normally banks have one Head Office, multiple Zonal Offices and then Regional Office and then comes the branches. Selection of principal place of business in each State itself could be an issue. Adding all the other place of business in the registration would be a practical challenge considering the number of branches in a state.

If there are common expenses incurred at a particular location, then there is also a need for obtaining input service distributor (ISD) registration in GST to distribute input tax credits. If there is inter-unit billing system, this need may not arise.

Increased compliance

State wise registration warrants State wise record keeping, assessment and audit compliances. It also means State wise filing of returns. The common returns to be filed in GST are GSTR-1 (outward supplies), GSTR-2 (inwards supplies) and GST-3 (Consolidated return). If the banks obtain ISD registration, then there is an additional return to be filed in form GSTR-6. There is a matching concept which is being introduced in GST for credits. If the details of outward supplies uploaded by suppliers and disclosed by assesses are not matching, then there is a threat to credits. Therefore, there is a need for reconciliation of inward and outward supply details on monthly basis. Such reconciliation is needed for each registered state. Considering the number of branches a bank can have in a State, the reconciliation would take substantial time and would need automation.

Cost of compliance could also go up as banks would be filing returns broken into 3 different days every month for each State as against one ST-3 return on half yearly basis at central location.

Further, banks need to keep track and record of services provided to other branches located in other States and the services provided to State/ Central Government which are subject to reverse charge mechanism at registration level.

Even the statements issued by the banks in lieu of invoices need to contain all the mandatory requirements of a tax invoice except the consecutive serial number and the address of the recipient of service. This would certainly increase the compliance work at each transaction level.

Impact on input tax credit

Normally banks do not avail credit of VAT paid on procurements as generally there would not be any sale of goods. In rare cases, there could be sale of repossessed assets from customers on account of payment default. Service tax paid on input services is eligible as credit. However, as the interest income of banks are exempt from service tax, there is an option of availing 50% Cenvat credit of service tax paid on input services. This is under Cenvat credit rules 2004. The excise duties or import duties paid on capital goods are allowed to the extent of 100%.

Section 17(4) of CGST law also allows 50% credit benefit on input services. However, the law requires 50% credit availment even on capital goods which would be disadvantageous for banks as earlier they were eligible for 100% credit. However, there would be increase in credit as banks would get credit of tax paid on purchase of all inputs including security stationeries, debit/ credit cards, printed materials and huge amount of business assets like computer equipment which hitherto was not eligible. Tax paid on all stationery items such as bill books, cheques, challans etc would be eligible for credit of 50%. This 50% restriction is not applicable for inter unit billings. In other words, if there are inter branch billings, full credit of tax charged in invoice would be allowed if such branches have common Permanent Account Number (PAN).

Updating location of customers to identify type of tax payable

In case of banking services, the place of supply of services for levy of GST would be location of service receiver on records of bank. Not updating the locations of customers especially business customers could result in payment of wrong type of tax and denial of credit to customers. For example, for a customer who is in other state, if local CGST and SGST is charged, the customer would not be able to claim credit. This results in refund scenario and all of us know that getting refund from government department would not be easy. There is a need to update customer profiles to ensure that correct type of taxes are charged with proper registration number of customer.

Where the customer is located outside India, the place of supply would be the location of bank and accordingly local SGST & CGST needs to be discharged on such transactions.

Tax payable on inter branch billings

In case of inter branch billings wherein branches have separate registration numbers, GST would be payable on any supply of goods or services. At each branch level, such transactions to be tracked for payment of GST.

Identification of individual support services rendered among interstate branches itself is practically impossible for any banking company. The representations have been made to the Government to exclude the inter unit transactions from the GST net for the banking and financial institutions which is uncertain till date.

However, the value which is charged by one branch to another in different states would be deemed to be the open market value for the purpose of valuation. This comes as a major relief to the banking industry as valuation method adopted in case of inter branch billings would not be subject to litigation. Still the reasonable mechanism to arrive at the value of inter branch services would have to be identified for better compliance.

The valuation mechanism should be configured in systems as all the banking processes are automated. Till today self-service or self-supply of goods was not subject to tax. In GST regime, this would change. Banks need to prepare well for implementing these changes for better compliance under GST.

GST and Banks

Banks charge a transaction fee for all the transactions that happen through them, this cost will rise from the 15% tax in the current regime to 18 % with GST. What this means is that a person must pay Rs.3 extra per Rs.100 for banking transactions.

Most banks have now applied transaction charges on cash withdrawals from different bank ATMs or cash withdrawals from branch. So, 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.

GST and Loans

Let's a delve a little bit into the matter of GST and its impact on borrowing. The view is that there would be a marginal rise in cost at points where the GST comes into play, for example say a personal loan, service tax in the earlier tax regime was levied upon the processing fee and prepayment charges, these are expected to rise but not to levels that would cause worry.

For example, processing fee, depending on the lender was charged at 1-2% of the loan and this fee would attract a service tax of 15%, now this would rise to 18%. A marginal increase in the cost of borrowing is also applicable for home loans, auto loans and personal loans.

GROUNDS	**BEFORE GST**	**AFTER GST**
Registration	Banks follow the Zonal or Regional structure for every large State.	Banks having branches in multiple States and Union Territories (UTs) shall register in each such State or Union Territory.
Accounts and Administration	Simple.	Cumbersome as transactions between two branches of same bank is set to trigger a tax.
Place of Supply of Goods and Services	A Customer having an account in Raipur may do the transaction from Chennai and can transfer money to persons from Delhi having account in Chennai.	Supply identification will be required for taxation purpose under GST regime.

Levy of Service Tax	The power to levy and collect Service Tax on all services is with the Centre.	With the introduction of GST, the States would also be empowered to levy GST on services.
Services	Banks provide different types of services to customers like Credit Card, Debit Card, Cheque Clearance, Internet banking, NEFT, RTGS, IMPS, Funds Transfer, Demand Account, Demand Draft, Wealth Management services, Savings account, Personal loan, home loans, etc. while Bank head offices provide some other services.	All these will become taxable under the ambit of Goods and Sales Tax.
Repossession of Assets of Defaulters	When a bank repossesses assets from a defaulter of loan and sells the same, Bank pays the VAT, as a dealer' in terms of State VAT laws.	Such treatment is liable to change under GST.
Invoicing	N/A	Requires uploading of invoices on GSTN (Goods and Services Tax Network) by 10th of every month.

GST Rates

Under the GST, most of the financial services would attract a higher tax of 18% as against 15% as of now. Banks and insurance companies have been already sending messages and mails to their customers about the new tax rates which would be charged. Common banking services that would attract higher service tax include debit card, fund transfer, ATM withdrawal beyond the number of free services, home loan processing fee, locker rentals, issuance of cheque books/drafts/duplicate passbooks, collection of bills, collection of outstation cheques, cash handling charges and SMS alerts.

1.Investment banking services-18% 2.Central banking services-18% 3.Services related to investment banking such as mergers & acquisition services, corporate finance & venture capital services-18% 4.Services by an acquiring bank, to any person in relation to settlement of an amount upto two thousand rupees in a single transaction transacted through credit card, debit card, charge card or other payment card service-18% 5.Services by the Reserve Bank of India-18% 6.Other financial services -18% 7.Services by way of: (a) extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount (other than interest involved in credit card services); (b) inter se sale or purchase of foreign currency amongst banks or authorised dealers of foreign ex- change or amongst banks and such dealers-Nil 8.Financial transactions processing and clearing house services-18% 9.Rupee notes when sold to the Reserve Bank of India-Nil. 10.Unused postage, revenue or similar stamps of current or new issue in the country in which they have, or will have, a recognised face value; stamp-impressed paper; banknotes; cheque forms; stock, share or bond certificates and similar documents of title-12%

Ironically, your actual financial transactions will reduce your finances due to the increase of tax on services to 18% (from earlier 15%) So, your life, health, car insurance premiums will increase. Cost of taking out a loan will also increase due to the service component in loan processing etc. Banking services charge 15% service tax currently which will increase to 18% under GST. Most banks have applied transaction charges on cash withdrawals from different bank ATMs, cash withdrawals from branch (first 5 for both are free). All these attracted 15% service tax which has increased to 18% under GST regime.

Objectives of GST

One of the main objective of Goods & Service Tax (GST) would be to 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 which leads 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.

Difficulties to Banking Industry

1. All the bank need to register for their all office location.
2. They have to maintain separate books of account to have a control for all input tax credit and utilized and unutilized credit.
3. Due to registration of all location Many banks and financial institutions may be in for a lot of trouble as they could just see the complexity in paying taxes increase under the GST.
4. Complying with the requirements of reverse charge and partial reverse charge mechanism would add to further compliance costs.

Benefits to banking industry

1. Under the existing CENVAT mechanism, banks are eligible to take partial credit of excise duty and service tax paid on procurement of qualifying goods and services which are used for provision of output service. However, banks do not get input tax credit of State VAT paid on any goods procured by them. As all these indirect taxes will be subsumed in GST, banks will be able to take credit of GST paid on procurement of goods as well, subject to appropriate disallowances, if any.

2. Further, unlike CENVAT regime where input tax credit is denied on procurement of various specified goods and services, under GST regime, input tax credit is proposed to be allowed on majority of goods and services which would be used or intended to be used by a bank for making an outward supply in the course of furtherance of business.
3. Lastly, since one of the objectives of GST is to reduce tax evasion by curbing the parallel economy and widen the tax base, the business of banking in general is expected to increase due to additional demand of funds and greater volume of accounted transactions.

Above issues have been noticed on the first reading of Model Law and there may be many more issues which may require clarification or modification in the Model Law. Nevertheless, to start with, the Government should forthwith consider the abovementioned issues as these are fundamental for starting any work for developing the IT systems and other processes in the banking sector.

4. Input tax credit is not allowed as per current CENVAT rules. But under GST regime input tax credit will be allowed which would be used by a bank for making outward supply in the course of GST Will help to reduce tax evasion. Under GST doing business will be easy. The increase in business will lead to additional demand of funds. Addition demand of funds will lead to increase in number of transactions in the bank as the business and current scenarios ask to go for digital transaction.
5. Bank will be able to set off their GST liabilities against credit received on purchase of goods. Banks do not get input tax credit of State VAT paid on any goods procured by them. As all these indirect taxes will be subsumed in GST, banks will be able to take credit of GST paid on procurement of goods as well.

Conclusion

The Goods and Services Tax is a necessary change that is expected to take India to a simpler and advantageous tax structure which will augment growth, but no implementation is without difficulty. The slight increase in costs in the financial sector should be taken as a bitter pill for a better future. Implementation of GST will create a fuss for banking sector. Consumer will be charged 3% more under GST. There is a lot of confusion about how banking sector should charge their customers. Intra-state and inter-state transactions will also become a cumbersome task for the bank. Banks will have higher compliance cost due to registration of bank branches and inter branch services. With the implication of GST on the financial sector as well, its impact on banks and NBFCs will need to reconsider its operations, accounting, compliance and transactions entirely. Moreover, the IT system will have to be vigilant enough to solve the complexities related to GST procedures and compliance at a higher volume. Banks would for sure face lot of challenges for transition to GST from present indirect taxation system. Professionals have a major role to play in assisting the banking sector for implementation of GST for smoother transition. Chartered accountants with knowledge of IT are more suited for this job.

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"A STUDY ON UNDERSTANDING OF NEW TAX LAW FOR INDIA – GOODS AND SERVICE TAX (GST)"

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Abstract:

A single common "Goods and Services Tax (GST)" was proposed and given a go-ahead in 1999 during a meeting between then Prime Minister Atal Bihari Vajpayee and his economic advisory panel. Mr. Vajpayee set up a committee headed by the then finance minister of West Bengal, Asim Dasgupta to design a GST model. Later, Finance Minister P Chidambaram in February 2006 continued work on the same. It finally was implemented on July 1st, 2017 to be a comprehensive, destination-based indirect tax that has replaced various indirect taxes that were implemented by the State and Centre such as VAT, excise duty, and others. The government of India also formed a GST Council to govern the rules the Goods and Services Tax.

In the pre-GST regime, tax on tax was calculated and paid by every purchaser including the final consumer. This tax on tax is called Cascading Effect of Taxes.

***GST** avoids this cascading effect as the tax is calculated only on the value-add at each stage of transfer of ownership.GST will improve the collection of taxes as well as boost the development of Indian economy by removing the indirect tax barriers between states and integrating the country through a uniform tax rate.*

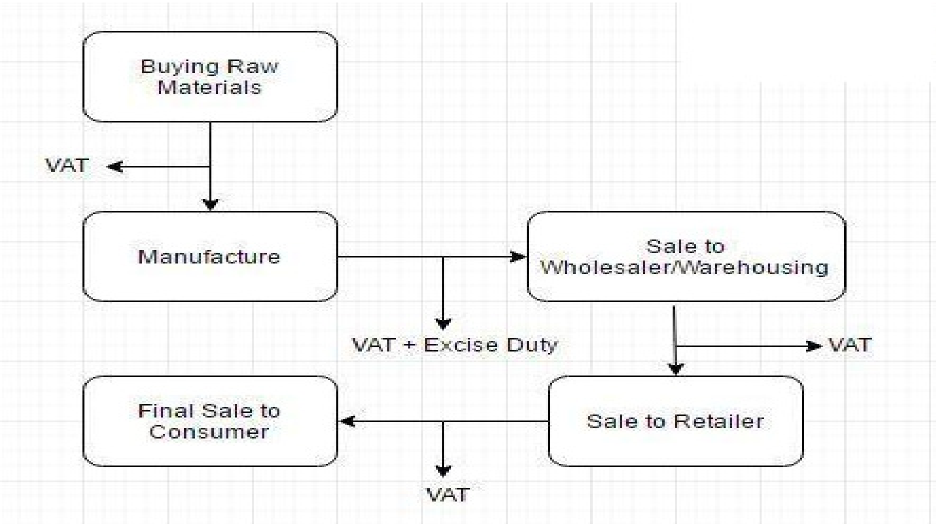
Present paper is descriptive in nature which tries to understand new tax law GST, its advantages, and components of the same. It also tries to highlights Pre- GST regime taxes existed in India. An effort is also made to clear the concepts of GST taxes with the help of illustration wherever possible.

Keywords: *Goods and Service Tax (GST)*

1. Introduction

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.

So, before Goods and Service Tax, the pattern of tax levy was as follows:



Under the GST regime, the tax will be levied at every point of sale. In case of interstate sales, Central GST and State GST will be charged. Intra-state sales will be chargeable to Integrated GST.

2. Objectives :

1. To know taxes before GST
2. To understand concept of GST
3. To study advantages and Components of GST .

3. Research Methodology:

Being an explanatory research it is based on secondary data of journals, articles, newspapers and magazines. Considering objectives of study descriptive type research design is adopted which tries to understand new tax law GST, its advantages, and components of the same. It also tries to highlights Pre- GST regime taxes existed in India. An effort is also made to clear the concepts of GST taxes with the help of illustration wherever possible. The accessible secondary data is intensively used for research study.

4. Review of Literature :

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 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.

Ehtisham Ahmed and Satya Poddar (2009) studied, "Goods and Service Tax Reforms and

Intergovernmental Consideration in India" and found that GST introduction will provide simplier and transparent tax system with increase in output and productivity of economy in India. But the benefits of GST are critically dependent on rational design of GST.

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

Pinki, Supriya Kamma and Richa Verma (July 2014) studied, "Goods and Service Tax- Panacea For Indirect Tax System in India" and concluded that the new NDA government in India is positive towards implementation of GST and it is beneficial for central government , state government and as well as for consumers in long run if its implementation is backed by strong IT infrastructure.

5. Data Interpretation

5.1 Tax Laws before GST :

In the pre-GST regime, there were many indirect taxes levied by both state and center. States mainly collected taxes in the form of Value Added Tax (VAT). Every state had a different set of rules and regulations.

Interstate sale of goods was taxed by the Center. CST (Central State Tax) was applicable in case of interstate sale of goods. Other than above there were many indirect taxes like entertainment tax, octroi and local tax that was levied by state and center.

This lead to a lot of overlapping of taxes levied by both state and center.

For example, when goods were manufactured and sold Excise Duty charged by the center was charged by the center. Over and above Excise Duty, VAT was also charged by the State. This lead to a tax on tax also known as cascading effect of taxes.

The following is the list of indirect taxes in the pre-GST regime:

- Central Excise Duty
- Duties of Excise
- Additional Duties of Excise
- Additional Duties of Customs
- Special Additional Duty of Customs
- Cess
- State VAT

- Central Sales Tax
- Purchase Tax
- Luxury Tax
- Entertainment Tax
- Entry Tax
- Taxes on advertisements
- Taxes on lotteries, betting, and gambling

All these taxes have been replaced with Central GST, State GST, and Integrated GST.

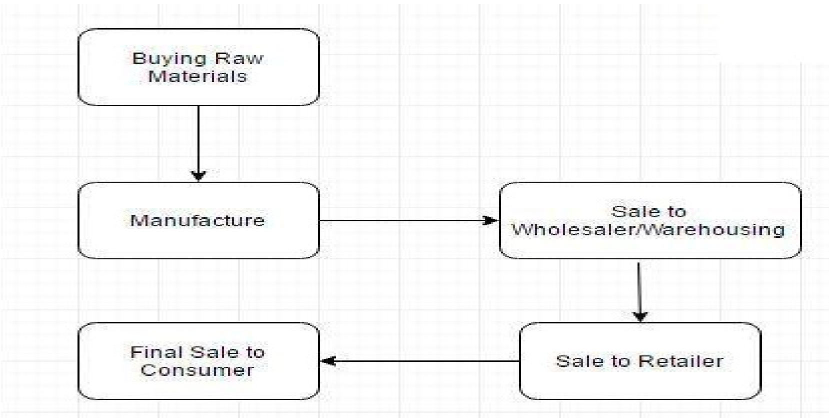
5.2 Definition of GST

Now let us try to understand the definition of Goods and Service Tax – "GST is a comprehensive, **multi-stage**, **destination-based indirect tax** that will be levied on every **value addition**."

5.2.1 Multi-stage

There are multiple change-of-hands an item goes through along its supply chain: from manufacture to final sale to the consumer.

Diagram No: 1 Multi Stage



Source : Source: www.gst.gov.in

From above diagram it is clear that Manufacturer purchases raw material, processes and sale it to wholeseller or stores it in the warehousing. From warehousing it will be sold to retailer and retailer will sell it to final consumer. Goods and Services Tax will be levied on each of these stages, which make it a multi-stage tax.

5.2.2 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.

GST 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.

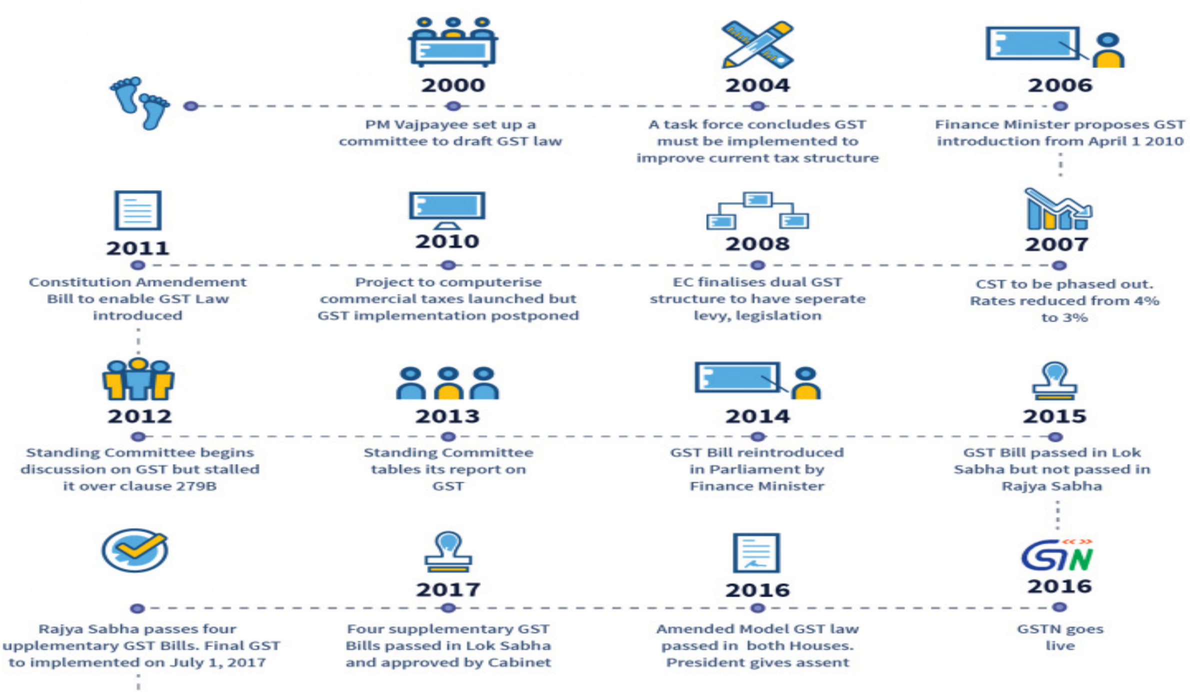
5.2.3 Destination-Based

Consider goods manufactured in Maharashtra and are sold to the final consumer in Karnataka. Since Goods & Service Tax (GST) is levied at the point of consumption, in this case, Karnataka, the entire tax revenue will go to Karnataka and not Maharashtra.

5.3 Journey of GST in India

The GST journey began in the year 2000 when a committee was set up to draft GST Law. It took 17 years from then for the Law to evolve. In 2017 the GST Bill was passed in the Lok Sabha and Rajya Sabha. On 1st July 2017 the GST Law came into force.

Diagram No.2 : Journey of GST in India.



Source: www.cleartax.in

Electronic Interdisciplinary International Research Journal (EIIRJ)
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EduIndex Impact Factor 5.20 ISSN 2277-8721

5.4. Advantages of GST

GST will mainly remove the Cascading effect on the sale of goods and services. Removal of cascading effect will directly impact the cost of goods. The cost of goods should decrease since tax on tax is eliminated in the GST regime.

GST is also mainly technologically driven. All activities like registration, return filing, application for refund and response to notice needs to be done online on the GST Portal. This will speed up the processes. Following are the advantages of GST

- Removing cascading tax effect.
- Composite scheme for small businessmen
- Online procedure for GST
- Lesser Compliances
- Defined treatment for e-commerce.
- Increased efficiency in logistics.
- Regulating un-organized sector.

5.5. Components of GST?

There are 3 taxes applicable under GST: CGST, SGST & IGST.

- **CGST:** Collected by the Central Government on an intra-state sale (Eg: Within Maharashtra)
- **SGST:** Collected by the State Government on an intra-state sale (Eg: Within Maharashtra)
- **IGST:** Collected by the Central Government for inter-state sale (Eg: Maharashtra to Tamil Nadu)

In most cases, the tax structure under the new tax law system will be as follows:

Transaction	**New System**	**Old System**	
Sale within the State	CGST + SGST	VAT + Central Excise/Service tax	Revenue will be shared equally between the Centre and the State
Sale to another State	IGST	Central Sales Tax + Excise/Service Tax	There will only be one type of tax (central) in case of inter-state sales. The Center will then share the IGST revenue based on the destination of goods.

6. Conclusion

In the pre-GST regime, tax on tax was calculated and paid by every purchaser including the final consumer. This tax on tax is called Cascading Effect of Taxes.

GST avoids this cascading effect as the tax is calculated only on the value-add at each stage of transfer of ownership.

GST will improve the collection of taxes as well as boost the development of Indian economy by removing the indirect tax barriers between states and integrating the country through a uniform tax rate.

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Electronic Interdisciplinary International Research Journal (EIIRJ)
A Peer Reviewed Interdisciplinary Journal UGC Approved Journal No 48833
EduIndex Impact Factor 5.20 ISSN 2277-8721

AGRICULTURAL SECTOR AND GST

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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 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.

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- *Agriculture Commodities, GST, VAT, Indirect tax*

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 (NSS th66 Round). 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 would lead to efficient allocation of resources. Terms of trade move in the favor of Agriculture as compared to manufacturing sector. This will increase prices of some commodities like milk, tea, etc. thus, boon the millions of farmers in India. In nut shell we can say that it will effect directly and indirectly to agriculture sector.

Goods and Service Tax:

What it is 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 all the 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.

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.

Features of Indian GST

- It will be collected on VAT method i.e. tax at every stage of value addition.
- It will be imposed at an uniform rate @20 per cent (Centre state share = 12 and 8 per cent respectively)·
- Indian government will also apply an integrated GST that means only Centre can collect GST in case of inter-state trade and commerce and further this tax will be divided between Centre and state based on recommendation of GST council advisory body. Furthermore, indirect tax will not be subsumed into GST.

Benefits of GST-

1. 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.
2. CST will be removed and need not pay. At present there is no input tax credit available for CST.
3. Many indirect taxes in state and central level included by GST, You need to pay a single GST instead of all.
4. Uniformity of tax rates across the states.
5. Ensure better compliance due to aggregate tax rate reduces.

6. By reducing the tax burden the competitiveness of Indian products in international market is expected to increase and there by development of the nation.

GST New for Nothing

- Central sale tax will continue in different from and Central sale tax will be collected by central government for first two years but depending on the recommendation of GST council it may be extended further and thus disturbing the very purpose of introducing GST.
- Certain items are exempted from GST like

1. Alcoholic liquor
2. Aviation turbine fuel/high speed diesel
3. Petrol
4. Stamp duty
5. Customs duty

But it is very well known that 40 per cent of state government revenue is from these items and thus the very purpose of introducing GST is at stake. GST is expected to build a business friendly environment, as it leads to charge a uniform tax rate. Indian economy is highly affected by the indirect taxes like service tax, VAT tax, duties sales tax etc. They are all affecting Indian economy in different area because most of indirect tax applied by state government in their particular state and that make differentiation in the form of rate of indirect taxes. Rahul Bajaj, chairman of the Bajaj Group, told Reuters in November 2012. Some states fear that a uniform tax rate, if lower than their existing rates, will dent collections. However, the central government has said it will compensate states for the potential revenue loss. Mr. Chidambaram (former finance minister) has set aside Rs. 9,000 Crore towards the first installment of the balance of central sales tax (CST) compensation

Impact of GST on Farm sector:

- The execution of GST is expected to boost the agricultural market as taxation under a subsumed single 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.
- Interstate trading of a particular product often is subjected to various taxes, permission, license required for different states at every point of their transaction. This had often created hindrance in trading of products across the country for many traders in the past. So implementing GST would be the first step towards liberalizing the marketing of agricultural products and creating a smooth transaction of goods.

- GST would make the agro-machineries affordable to the small and marginal farmers in India which was beyond their reach due to high excise duty on the machinery.
- Agricultural products were always subject to diversity in the taxation rates so a single rate of goods and service tax would benefit the national agricultural market and help the farmers and traders to sell their products in any part of the country and receive the best price for their product.
- The proposed GST rate should provide consistency in tax of processed and unprocessed food items so that processed food comes within the reach of all the consumers.
- The slab for GST rate of processed food should be different for different income group to make the benefit of such food available for all the consumers.
- Currently, there is no tax to procure milk from farmers. We only pay 2 per cent central VAT on sale of milk powder to a company. When GST gets implemented, the tax can be 12.5per cent or 15per cent or 18per cent. There will be a straight cost hike in milk and milk product prices. India ranks first in milk production covering around 18.5per cent of the world production. Its annual production for the year 2015-2016 amounted to 155.49 million ton (India stat) and records an increase every year, and milk being a basic necessity in many households, an increase in the price would not be readily welcomed by the consumers.
- 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 interstate movement of agricultural commodities which would improve marketing efficiency, facilitate development of virtual markets through warehouses and reduce overhead marketing cost.

Conclusions

GST is the most logical steps towards the comprehensive indirect tax reform in our country since independence. GST is livable 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.

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.

Electronic Interdisciplinary International Research Journal (EIIRJ)
A Peer Reviewed Interdisciplinary Journal UGC Approved Journal No 48833
EduIndex Impact Factor 5.20 ISSN 2277-8721

GOODS AND SERVICES TAX (GST) AND ITS IMPACT ON INDIAN LOGISTIC INDUSTRY TO BOOM IN FUTURE PROSPECTIV

Surojit Saha **Deepak Singh Parmar**

Abstract:

Logistics sector plays a very significant role in the development of our nation. The Indian logistic industry is expected to grow steadily, led by e-commerce penetration, economy revival, proposed GST implementation and government initiatives like "Make in India", National Integrated Logistic Policy, 100% FDI in warehouses, food storage facilities, etc. Goods and Service Tax (GST) is India's greatest tax reform. In India, GST is implemented to unify the entire country into a single market with only one value-added tax levy on all the goods and services across states at the point of consumption, comprising up to 16 different taxes. The specific objective of this article is to analyse the impact of Goods and Service Tax (GST) on logistics and specifically on warehouses situated in India. Indian logistics industry is expected to reach over USD 2 billion by 2019. Rise of e-commerce logistics and increased domestic consumption will lead the way for the industry in the coming years. With a promise of growth and improvements, the service oriented logistics industry is ready to expand beyond the horizons in the latter half of this decade.

Introduction:

Logistics is the management of movement of things between the point of origin and the point of consumption in order to meet requirements of the clients. The logistics of physical items usually involves the combination of information flow, material handling, production, packaging, inventory, transportation, warehousing and often security.

The prevalent view is that the term logistics comes from the late 19th century: from French logistique (loger means to lodge) and was first used by Baron de Jomini.

The Oxford English Dictionary defines logistics as "the branch of military science relating to procuring, maintaining and transporting material, personnel and facilities". However, the New Oxford American Dictionary defines logistics as "the detailed coordination of a complex operation involving many people, facilities, or supplies," and the Oxford Dictionary on-line defines it as "the detailed organization and implementation of a complex operation". As such, logistics is commonly seen as a branch of engineering that creates "people systems" rather than "machine systems."

Logistics Sector in India is highly fragmented. Due to increased industrial activities, the India logistics industry has gained immense significance over the years and a major contributor of Indian GDP. The India logistics industry is projected to grow at CAGR of 15-20% during the financial year 2016 to the financial year 2020.The primary bottleneck in driving economic growth of this sector is due to multiple tax charged by authorities at interstate check posts. This results in high logistics costs putting extra cost burden on the customers. The logistics costs in India is high (13 per cent of GDP) as compared to developed countries (8-9 per cent of GDP). The India logistics sector is primarily categorized into four segments comprising transportation, warehousing, freight forwarding and value-added logistics. Transportation alone holds 60 per cent share of the logistics industry and rest 40 per cent is contributed by warehousing, freight forwarding and value-added logistics. GST implementation will be a game-changing event for businesses and particularly for organized logistics players. Logistics is considered to be the backbone of manufacturing and trading activities in the economy. It has a critical role to play for developing countries like India wherein consumption is growing and demand is always high.

The historic GST or goods and services tax has become a reality. The new tax system was launched at a function in Central Hall of Parliament on 1st July ,2017 (Friday midnight). GST, which embodies the principle of "one nation, one tax, one market" is aimed at unifying the country's $2 trillion economy and 1.3 billion people into a common market. 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.

Under GST, the tax on warehouse, storage and other labour services has increased from 15% to 18%. Implementation of GST will free the decisions on warehousing from tax considerations and decisions will be purely based on operational and logistics efficiency. This will lead to change in dimensions for logistics requirements of the clients forcing logistics service providers to rethink their business operations including creating new warehousing and logistics locations and expanding / closing existing warehouses at certain locations.

Review of Literature:

❖ GST to help cut costs of transport, logistics . The cost of logistics is currently very high in India, making up about 14-15% of GDP whereas it is only 7-8% in mature markets. In GST, the curtailment of layers of movement of goods is inevitable. And GST will no doubt bring down the dominance of the unorganised element in logistics. (The Hindu MAY 17, 2017)

- ❖ GST impact on the logistics sector is Initial uncertainties, courtesy goods and services tax (GST), could affect profitability of the logistics sector in the short run, but operational efficiency is bound to improve in the long run. (Live Mint AUGUST 08, 2017)
- ❖ The passage of GST bill, when it happens, can spur large warehouse related investors by logistics providers to derive cost savings from route and warehouse optimization (Business Line JULY 03, 2016).
- ❖ GST, a revolutionary tax reform that unifies India's USD 2 trillion economy into a common market with its simple and unified approach aims to immensely benefit the warehousing sector in India-GST a positive impact on the warehousing sector in India(Industry news digest JULY 07,2017)
- ❖ Logistics is one tricky sector that is surely going to benefit once the Good and Service Tax (GST) gets rolled out from July 1. However the results won't be too quick-Here's how GST is going to be 'legendary' for logistic industry in India(Business Insiders MAY 26, 2017)

Objectives of the Study:

1. The first objective of the paper is to highlight the impact of GST on Indian logistic industry especially on Warehouses.
2. The second objective is to present the advantages to Logistics Industry in India after GST implementation.

Methodology of the Study:

Being an explanatory research, the methodology is based on secondary data which includes compilation of research articles of the experts in the field published in journals, articles, news paper and magazines.

Overview of Indian Logistic Industry:

The Indian logistics industry has come a long way from being a labour intensive during 60's to the present technology oriented system that provides wide range of logistics services. The concept of 3PL is a recent past culture in India. Traditionally, manufacturing companies in India managed their own logistics requirements in-house. The country then gradually evolved from the stage where the Indian organizations outsourced their labour requirement in order to avoid labour related problems. Subsequently, basic services such as transportation and warehousing were outsourced to different service providers known as the (Second-Party Logistics) 2PL service providers. With the increasing demand, the service providers started providing integrated services together with other value added services, while the organizations focus on the core competencies and streamline their supply chain.

In terms of infrastructure, road is the dominant mode of transport which accounts for 68% of freight movement in India. Trucks are the most widely used mode of transportation in India. At present, around 1.5 million trucks operate on the Indian roads and the number of trucks increases around 10% a year. Railways are considered a relatively cheaper mode of transport and are used mainly for transporting bulk materials over long distances. About 89% of its freight traffic is contributed by major commodities such as coal, fertilizers, cement, petroleum products, food grain, finished steel, iron ore and raw material to steel plants. The balance 11% is other commodities moving in bulk and containers.

The country's logistics industry which is worth around USD 160 billion is likely to touch USD 215 billion in the next two years with the implementation of GST, Economic Survey said. "With the implementation of GST, the Indian logistics market is expected to reach about USD 215 billion in 2020, growing at a CAGR of 10.5 per cent," Economic Survey 2017-18 tabled in Parliament said. The Indian logistics industry which provides employment to more than 22 million people has grown at a compound annual growth rate (CAGR) of 7.8 per cent during the last five years, it said.

The Global Ranking of the World Bank's 2016 Logistics Performance Index shows that India jumped to 35th rank in 2016 from 54th rank in 2014 in terms of overall logistics performance. India has improved its rank in all the six components of logistics performance index, it added.

Impact of GST on Logistics Industry:

The Goods and Service Tax (GST) – taxation on goods and services consumed on value additional basis without any distinction is the directive in the Indian tax reforms with effect from July 1, 2017. It is expected to play a crucial role in integrating the fragmented logistics industry, a major contributor in improving supply chain efficiency and product cost. The $130 billion Indian logistics industry is growing at 15% CAGR. The real backbone of the Indian economy, it is currently reeling under heaviness, making it unattractive, the main reasons for it being the unorganized stature of the players, absence of clarity in taxation, multi-layered effects, and harassment at each cross-over point, all adding to the cost to the customer and productivity delays. Classification of logistics service provider as a goods transport agency (GTA) or courier service agency is a main debated discussion in the Pre-GST regime, the reason being the complicated procedures applicable on GTA services drives all operators to declare them as courier service agency. Post-GST, there is expected to have a clear understanding, bifurcation of services, classification / application of appropriate taxes enabling a seamless flow of credit in the entire chain. So far, logistics players in India have been maintaining multiple warehouses across states to avoid CST levy and state entry taxes. Most of these warehouses are operating below their capacity and thus adding to their operational inefficiencies. However, once GST sees the light of the day, most of the current challenges of this industry will be a story of the past as India will become one single market wherein goods can move freely inter-state without any levy. This will further bring warehouse consolidation across the country and we can witness mega logistic hubs and high investments in infrastructure wherein 100% FDI has already been allowed. As an outcome of GST, warehouse operators and e-commerce players have already shown interest in setting up their warehouses at strategic locations such as Nagpur, which is the zero-mile city of India and is well connected throughout. We are sure to witness more transformations happening as we go forward. Initial uncertainties, courtesy goods and services tax (GST), could affect profitability of the logistics sector in the short run, but operational efficiency is bound to improve in the long run. The logistics sector broadly comprises the road transport sector (consisting of unorganized small businesses, trucking, fleets and large transport companies), the storage and warehousing sector and finally third-party logistics (3PL). These can be further classified into big and small players and asset heavy/light companies. Given this classification, comparing industry performance as a whole is a complicated exercise. We tackle this by analyzing data pertaining to 166 companies during 2010-2015 from the Centre for Monitoring Indian Economy (CMIE)'s industrial database to arrive at some useful insights into the industry's performance. We look at two key performance measures—profit after tax (PAT) as percentage of income and profit before interest, taxes, depreciation and amortization (PBITDA) as percentage of income. Between 2010 and 2015, PAT has declined for all sub sectors and shows volatility for the logistics and the storage sector (see graphic). PBITDA is an important measure that reflects operating efficiency and ranges between a low of 7% for the road transport sector to a high of approximately 20% for the storage sector.

How The Introduction Of Goods And Service Tax (GST) Would Benefit The Indian Logistic Industry?

The planned dual GST model (central GST and state GST) proposes to replace around 29 state and federal taxes and tariffs for a single tax at the point of sale. The current combined Centre and State statutory rate for most goods works out to be 26.5% (CENVAT of 14%, and VAT of

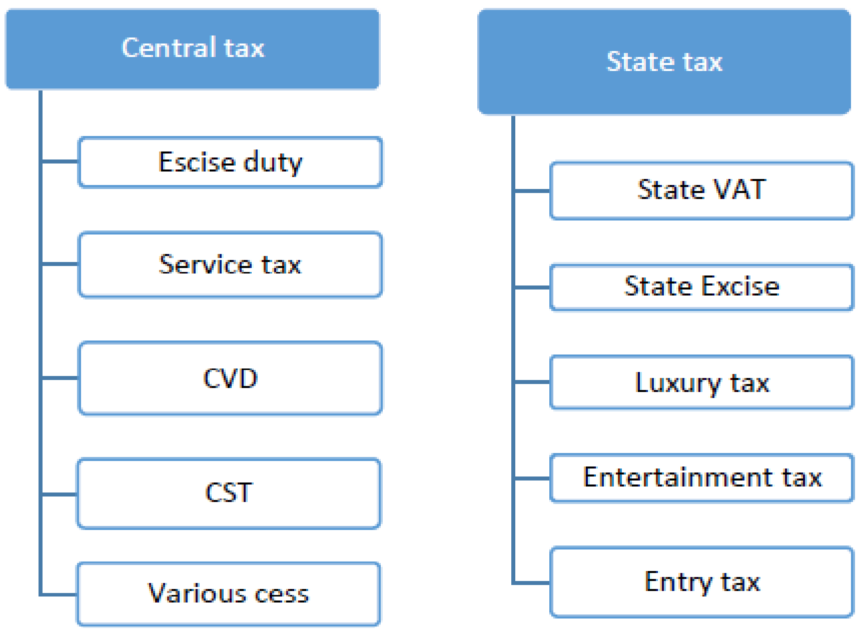
12.5%), whereas post GST implementation the same is expected to reduce to standard rate of about 18-21% which will be levied on most goods and all services.

GST – Before and After:

Let us consider the example of a manufacturing company in Chennai, which moves its goods to New Delhi. The actual sale happens in New Delhi and the finished goods have to be transported from Chennai to New Delhi across different states. As per the current taxation norms, one has to pay Central Sales Tax (CST) when moving a good to another state and selling it in the other state. However, if the good is moved for stocking and not for sale, then CST need not be paid. So many companies in order to avoid paying CST, they show this movement as moving to stock and not moving to sell. To do this, companies have warehouses in every state where the finish goods are stored and then the goods are transported for sale from the warehouse in each state.

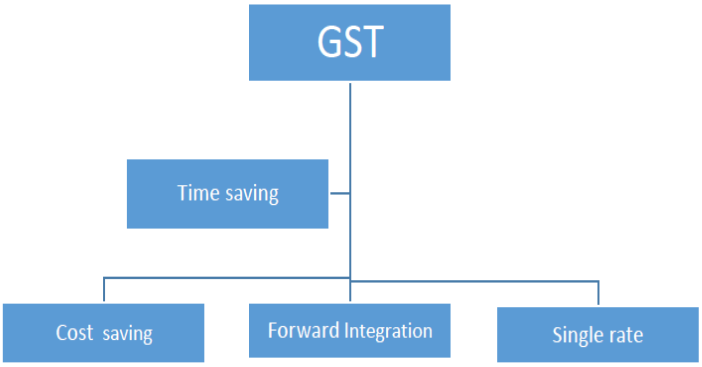
Let us consider another example of a city called Hosur in Tamil Nadu which is approximately 30km from Bangalore. Shipping the goods from Bangalore warehouse to Hosur requires the company to pay CST as Hosur in Tamil Nadu and Bangalore is in Karnataka. So, the companies ship goods from Chennai warehouse, which is approximately 250km to Hosur to avoid CST.

With the implementation of GST, the companies will be free to setup their own warehouses to optimize cost and improve customer service. The following central and state taxes are integrated into GST.



Electronic Interdisciplinary International Research Journal (EIIRJ)
A Peer Reviewed Interdisciplinary Journal UGC Approved Journal No 48833
EduIndex Impact Factor 5.20 ISSN 2277-8721

Advantages of GST to Logistic Companies:



Cost / Time:

Saving Bigger warehouses and end market driven logistics planning is likely to result in meaningful costs savings over time. On account of entry taxes and heavy paper work at state check posts, there is an additional 5-7 hours added to the transit time for inter-state transport of goods. Abolishment of entry tax and easier tax compliance procedures is likely result in easier movement of goods across the country.

Forward Integration:

As these companies gather scale, that will enable them to offer services at lower costs. As a result, companies for whom transportation is not a core part of their business will increasingly outsource their logistics operations to third party logistics (3PL) and fourth party logistics (4PL) service providers.

Single Rate:

Standard tax rates will allow corporations to move away from the practice of building a warehouse in different states to adhere to each state's tax code. A big packaged consumer goods company could thus make do with one large mother warehouse at critical points in the country and employ logistics companies to manage distribution and supply chains

Limitations:

- ❖ GST has the potential to accelerate growth in the logistics industry. However, its complete impact can only be understood after the announcement of the final GST Law and Rules.
- ❖ State-border checkpoints, which are tasked with material scrutiny and location-based tax compliance, negatively impact the overall production and logistics time and account for roughly 60% of a truck's transit time.

- With GST's imminent implementation, the logistics industry should start exploring different supply chain models with their clients and at the same time develop a completely synchronized ERP accounting system to support inventory supply management as required under the GST regime.

Model of Logistic Industry after GST:

The proposed goods and services tax (GST) will help companies reduce logistics cost by redesigning their supply chains with four key structural changes

- India becomes one big market, there will be fewer and larger warehouses.
- GST will result in larger trucks on road while the overall number of vehicles will go down. The new tax will result in greater adoption of a hub-and-spoke model in segments such as warehousing, cold chain, container freight stations and inland container depots.
- GST will also bring in scale to logistics companies as there will be a lot of savings, stoppage of wastage and lower delays.
- These above changes will lead to greater economies of scale for transport operators and lead to more companies outsourcing their logistics operations.

Conclusion:

GST is a win-win solution for all the stakeholders. It is a significant aid for increased prosperity. GST could lessen 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 bang for the logistics sector which is leading to accelerated economic growth. We can conclude that it is in the favour of warehouse industry to introduced GST, so that warehouses will enjoy the benefit of it.

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Electronic Interdisciplinary International Research Journal (EIIRJ)
A Peer Reviewed Interdisciplinary Journal UGC Approved Journal No 48833
EduIndex Impact Factor 5.20 ISSN 2277-8721

GST IMPACT ON HOSPITALITY INDUSTRY

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Abstract:

On the historic midnight of 30th June 2016, India's PM Narendra Modi ushered the country into the age of GST – 'One Nation One Tax'. Being an impartial tax framework, the effects of GST can be seen across all domains. With the motto ***"Atithi Devo Bhava"*** *('The guest is equivalent to God') Indian tourism industry was expected to reap great benefits under the new GST regime. Due to uniform tax rates and better use of input tax credit, the final cost for end-user was perceived to decrease which in turn would attract more foreign tourists. This meant more revenue for the government and assist in the growth of the industry. GST is a non-discriminatory tax, and its effect will be seen across verticals. In this article, the GST impact on the hospitality and tourism industry is discussed.*

Keywords: *GST, Government, Taxation*

Introduction:

The Indian hospitality and tourism industry, which was pegged at US$ 136.2 billion at the end of 2016 is one of the sectors which will see major changes post- with effect from July 01, 2017. 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. The growth rate of the tourism sector of Indian economy was recorded as 17.3% in the previous year. Experts observe that the implementation of GST will help the sector by reducing costs for customers, harmonizing taxes, and reducing business transaction costs, but will also have its own set of challenges.

Objectives:

1) To identify Pre and Post GST.
2) To study the pros and the cons of GST framework and current taxation system.

Pre and Post GST: How the Situation Has Changed

The hospitality industry, like every other sector in the Indian economy, was liable to pay multiple taxes (VAT, luxury tax, and service tax) under the previous VAT regime. A hotel where the room tariff exceeded INR 1,000, was liable for service tax at 15 percent. An abatement of 40% was allowed on the tariff value, thus bringing the effective rate of service tax down to 9%. The Value Added Tax (ranging between 12 percent to 14.5 percent) and luxury tax, would apply on top of this. However, for restaurants, there was 60% abatement which meant that the service tax was charged at an effective rate of 6% on the F&B bills, apart from VAT (12 percent to 14.5%). Bills for bundled services like social functions (seminars, marriage etc.), were taxed with an abatement of 30%. The cascading effect of the VAT regime where the end consumer paid a tax on tax, increases the end cost. Hoteliers and hospitality businesses did not get any input tax credit on the taxes they paid, as central taxes like service tax, could not be set off against state taxes (VAT) and vice-versa.

Under the GST Regime

Under the Goods and Service Tax, the hospitality sector stands to reap the benefits of standardized and uniform tax rates, and easy and better utilization of input tax credit. As the final cost to end user decreases, we can expect the industry to attract more overseas tourists than before. This would ideally result in improved revenues for the government, and there are many pros to this new tax regime which could help the industry's growth in the long run. For instance, complementary food (like breakfast) was taxed separately under VAT, but now it will be taxed under GST as a bundled service. Let's have a look at the rates for this industry in detail:

GST Rates for hotels Based on Room Tarriff	
Tariff per night	**GST Rate**
<INR 1,000	No tax
INR 1,000-2,500	12%
INR 2,500-7,500	18%
>INR 7,500	28%

GST Rates for the Hotel Industry

The Pros of GST:

1. **Administrative Ease:** GST will abolish several other taxes, leading to a reduction in procedural steps and more chances to streamline the taxation process.
2. **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.

3. **Improved Quality of Service:** How many times have you had to wait in the hotel lobby wondering if you would miss your flight back home because your bill was still being prepared? 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.
4. **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.

A breakup of hotel prices pre and post GST

Basic Room	**Before GST**	**After GST**
Room Tarriff	2,700	2,700
Luxury charge on stay charges(10% as per Maharashtra)	270	-
Service tax @9%	243	-
GST @18%	-	486
Total	**3213**	**3186**
Room with complimentary breakfast	**Before GST**	**After GST**
Room Tarriff	2,200	2,200
complimentary breakfast	500	500
Luxury charge on stay charges(10% as per Maharashtra)	220	-
Service tax @9%	198	-
VAT @ 14.5% on food	73	-
GST @18%	-	486
Total	**3191**	**3186**
Luxury with complimentary breakfast	**Before GST**	**After GST**
Room Tarriff	8,000	8,000
complimentary breakfast	2,500	2,500
Luxury charge on stay charges(10% as per Maharashtra)	800	-
Service tax @9%	720	-
VAT @ 14.5% on food	363	-
GST @18%	-	2940
Total	**12383**	**13440**

The Cons of GST:

1. **Increased Technological Burden:** When the service tax was first introduced, there were a lot of mix ups. GST, thankfully, has very clear guidelines on how each industry needs to manage their accounts and file returns but it will require businesses to become technologically adept, increasing the technological burden and cost for compliance.
2. **Increased Costs:** In Maharashtra, for instance, hotel rooms were earlier taxed at 19% and

food and beverage at 18.5%. Even with GST charged at 18%, there is only a minimal cost reduction in both cases. Businesses will also look to recover the additional cost of technology and new systems from their customers, which might – in some instances – lead to higher tariffs.

3. **Lack of Parity with Asian Counterparts:** As India becomes an even bigger player in the global hospitality and tourism industry, we need services to be at par with global rates. Our Asian neighbors such as Japan and Singapore have very low tax rates for their hospitality sector (8% and 7% respectively) which is an important reason for them ranking high on tourist wishlists. India is a global tourism hotspot, but it still loses out on the backpacker crowd due to these high rates.

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 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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Electronic Interdisciplinary International Research Journal (EIIRJ)
A Peer Reviewed Interdisciplinary Journal UGC Approved Journal No 48833
EduIndex Impact Factor 5.20 ISSN 2277-8721

IMPACT OF GST ON TOURISM SECTOR

Shivanjali Bhagat

Abstract:

As per the report of the World Travel and Tourism Council (WTTC), India's travel and tourism sector ranks 7th in the world regarding its aggregate commitment to the nation's GDP.

The growth rate of the tourism sector of Indian economy was recorded as 17.3% in 2016. The foreign exchange earned by tourism sector is worth 21,828 crore rupees. The tourism industry provided more than 23.5 million jobs in 2015 and the employees that work in the tourism industry is over 9% in 2016.

On the historic midnight of 30th June 2016, India's PM Narendra Modi ushered the country into the age of GST – 'One Nation One Tax'. Being an impartial tax framework, the effects of GST can be seen across all domains. The Indian Tourism industry which was valued at US$ 136.2 in 2016 has also faced the impact of GST.

Due to uniform tax rates and better use of input tax credit, the final cost for end-user was perceived to decrease which in turn would attract more foreign tourists. This meant more revenue for the government and assist in the growth of the industry.

Assigning GST rates for hotels and restaurants against annual turnovers is a progressive move by the authorities. One of the major benefits of GST to the hospitality and tourism sector is that it will eliminate multiple taxation by subsuming all taxes previously levied under one single entity. The promise of 'one nation, one tax' will also increase the ease of doing business in the country with the provision of standardized tax rates and flexible criteria to avail input tax credit.

Keywords : *GST, Tourism, India.*

Introduction:

The Indian tourism and hospitality industry has emerged as one of the key drivers of growth among the services sector in India. Tourism in India has significant potential considering the rich cultural and historical heritage, variety in ecology, terrains and places of natural beauty spread across the country. Tourism is also a potentially large employment generator besides being a significant source of foreign exchange for the country.

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. In effect, GST provides revenue for the government. With the motto "Atithi Devo Bhava" ('The guest is equivalent to God') Indian tourism industry was expected to reap great benefits under the new GST regime. For raising the awareness on the importance of tourism for the country's economy, January 25th is marked by the Indian government to be observed as the National Tourism Day in India.

Problem Statement:

Confusion and lack of lucidity around GST has complicated the process and created trouble for consumers booking hotels during peak tourist season. As per government guidelines hotels with declared tariffs of Rs 7500 and above can charge 28% GST. But hotel owners explained that declared tariff was imprecise and unclear as prices of hotel rooms vary with seasons. Depending on the influx of people hotels could implement new tariffs several times during a year. Hence the term is misunderstood and creates confusion among travelers.

Objectives of the Study:

The Indian government has realized the country's potential in the tourism industry and has taken several steps to make India a global tourism hub. The Tourism sector remains divided on the predicted impact of Goods and Services Tax, most players in the industry have welcomed the move to the new tax regime with great enthusiasm and the long-term impact. However, remains to be seen and GST does accelerate growth in the sector. This paper evaluates the impact of GST and how GST will be benefit for and make a comparison of Pre and Post GST impact on the Tourism and Hospitality industry in India.

Tourism sector and GST: Before and after:

In the former indirect taxation regime, the state government would first charge VAT, luxury and entertainment tax, while the central government would then levy a whole different set of taxes such as excise duty, service tax, customs duty and central state tax. Consider the VAT, for instance, which is often charged by state governments on a value already including an excise duty. Hence, with different states having their own tax rates, hotels and hospitality businesses had option to avail an input tax credit since the burden of central taxes cannot be set off against state taxes like VAT, or vice versa.

In the previous regime, a hotel with room tariffs exceeding Rs. 1,000 would be liable to pay 15 percent service tax. A deduction of 40% allowed on the tariff value would bring the effective rate of service tax down to 9%, but its effect was negligible since the VAT and luxury tax would still apply. Such a cascading effect of the tax regime rolls down right to the end customer, who bears the burden of paying taxes on taxes.

One of the benefit of GST to the tourism sector is that it will eliminate multiple taxation by subsuming all taxes previously levied under one single entity. The rates in the overall hospitality sector, however, have a complex classification and are on the higher end. The GST rates for non-AC restaurants are 12% on food, while AC restaurants and those with liquor licence, including restaurants in five-star hotels will be levied with 18% GST. Hotels with room tariffs between Rs. 2,500 and Rs. 7,500 will be charged 18% tax while those with daily tariffs above Rs. 7,500 will be levied a GST of 28%. There is good news for budget conscious travellers as small and budget hotels with daily room tariffs of Rs. 1,000 will be exempt from the GST schedule, while those charging up to Rs. 2,500 per day will pay 12%. Further, restaurants that have an annual turnover below Rs. 50 lakhs will be charged the lowest rate at 5% GST. Allotting a lower tax bracket to small restaurants and budget hotels will help them grow and enable them to enhance their service quality and standards on a regular basis. Currently, low to medium budget hotels constitute nearly 80% of India's hospitality market, so a low tax burden on these hotels will also help create thousands of new jobs.

Impact of GST on Tourism Industry:

The tourism is one of the sectors in the economy that is deliberately over the new regime. Hospitality is one of the most competitive and steadily growing industries in the country. The tourism industry contributes nearly 136US dolor billion to India's GDP and is expected to further grow to US$280.5 billion by 2026. Hospitality and tourism are also among the highest employment generating sector and among the top ten sectors in the country with the highest volume of foreign direct investment. In addition to being one of the top sources of foreign exchange, tourism is also among the higher tax generating sectors in the country. One such service which is extensively Used is one of the booming sectors of the Indian economy is travel industry. GST on Travel and Tourism industry is Disappointing. The industry believes that the higher tax slabs will impact and higher growth, putting pressure on the bottom line and squeezing the margins of the players.

Tourism Industry under the GST Regime:

Under GST, the tourism industry sector stands to reap the benefits of standardized and uniform tax rates and easy and better utilization of input tax credit. As the final cost to end user decreases. We can expect the industry to attract more overseas tourists than before. This would ideally result in improved revenues for its governments and these are many prons to this new tax regime which would help the industry growth in the long run. For instance, complimentary Breakfast was taxed under GST. But now it will be taxed under GST as a Bundled services.

Conclusion:

GST is a mixed bag of better and easier rules and regulations and increased costs and compliances. The hotel and 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 business to complete with global chains. The Tourism and Hospitality 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 sectors.

In general a large Indian demographic is still taking its first baby steps in accepting and living – a digital lifestyle. These include people from all sectors – social as well as finance. GST in layman terms makes the government tax revenue generation process better and easier. GST increases costs and compliances for the taxpayer, especially the business owners. Businesses will try to recover the additional cost from their customers. The tax rate on hospitality industry is less than 10% in Japan and Singapore. In order to compete in the global competition, there were suggestions for a GST rate of 5%, but GST Council felt that 18% was the right tax rate. India has been a hotspot for International and local tourists since ages. India's Tourism and Hospitality industry is set poised to grow to US$280.5 billion by 2026. By strong implementation and closing prevailing loopholes, the initial setbacks in policy implementation can surely be overcome. For now, let's just hope that the traveller who visits this beautiful country goes back with memories and experiences worth in Gold.

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Electronic Interdisciplinary International Research Journal (EIIRJ)
A Peer Reviewed Interdisciplinary Journal UGC Approved Journal No 48833
EduIndex Impact Factor 5.20 ISSN 2277-8721

A STUDY OF IMPACT OF GST ON BANKING SECTOR

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Abstract:

Goods and Service Tax was recommended in 1978 and could see the light on 1st July 2017. GST which would replace 11 indirect taxes in India has impact on all major business sectors. Banking industry would get impacted significantly. Obtaining separation registration in each State, identifying inter-state transactions, valuation, operational restructuring, reconciliation of branches State wise, filing of returns on monthly basis are some of the challenges. In this article, we have discussed few issues which could impact the banks.

Banks would be having multiple branches spread across different states and the transactions would also be voluminous. GST levy is on supply concept which is very wide. Banks need to review all the income transactions to assess GST impact. All reports and returns are being automated in GST law. Therefore, compliance plays a key role in GST and it is expected that compliance would substantially increase for the banks due to the numbers

Introduction

The introduction of GST in India is a substantial shift from the current tax regime. It is expected that service sectors will have major impact of GST than the manufacturing or trading sector. 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. Under Model GST Law, the framework does not provide much benefits or consideration to banks and NBFCs on understanding of the type of transactions made by them on a consistent and voluminous basis.

Objectives of the Study:

1. To study the Issues **pertaining to the provisions of GST Law**
2. To overlook the Issues related to revenue recognition under GST
3. To study the Impact of GST on Banks
4. To study the Benefits of GST to Banking industry

Methodology Adopted:

Present study is based on secondary data. Such data is collected from the books, magazines, newspapers and internet website.

Issues pertaining to the provisions of GST Law

1. **Widespread number of branches hassle registration:** Currently, a NBFC, Banks with pan-India operations can discharge its service tax compliances through a single `centralized' registration. However, under GST, such Banks/ NBFCs would need to obtain a separate registration for each state where they operate. In addition to registration, compliance burden about filing of returns has also increased substantially -in terms of the periodicity of returns, number of return formats and level of details required in these returns.
2. **Input Tax Credit leveraged and de-leveraged** : Currently, Banks and NBFCs majorly opt for the option of reversal of 50% of the CENVAT credit availed against inputs and input services whereas CENVAT credit on capital goods could be availed with no reversal conditions. Under GST, 50% of the CENVAT credit availed against inputs, input services, and capital goods is to be reversed which leaves them with position of reduced credit of 50% on capital goods thereby increasing cost of capital.
3. **Assessment and Adjudication made bothersome :** The assessment would be done by the respective state regulators under which the respective branch is registered. Now, every registered branch of banks and NBFCs must justify its position on chargeability in the respective state and reason for utilizing input tax credit in different states. As under GST, more than one adjudicating authority will be involved, each authority may hold a different opinion on the same underlying issue. This contradiction in opinion will prolong the adjudication process. Currently, a taxpayer is adjudged by a single adjudicating authority on an issue involved. Under GST different adjudicating authority may take a different view on the same issue. Clearing up and dealing with the difference of opinion provided by the different adjudicating authority would be difficult.

Issues related to revenue recognition under GST

1. **Account Linked Financial Services :** The place of supply will be the location of the recipient of services on the records of the supplier of services. In the digitized and centralized scenario prevailing in India identifying the state of location of service recipient will be quite difficult. In cases where the service recipients like professionals, manufacturers, traders and other workers often shift from one place to other in search of better opportunities, the service provider may

have different address namely permanent address, current address, the address of communication and KYC address.

2. **Non-Account Linked Financial Services :**The place of supply of service here would be the location of service provider. This will again hit such companies which are widespread in remote locations to establish their presence but operate and transact from a back office located in some other state.
3. **Actionable Claims:** Actionable claims do not constitute as a service under Service Tax, and hence no tax is payable under the current regime. Under GST actionable claims are now included in the definition of supply of goods. Services provided from bills discounted to securitization will now be taxed as an effect B2C and B2B majorly

Impact of GST on Banks

1. Complexities in the nature of transactions

The banking industry has come up with many ways of doing business where the transaction trials are very difficult to identify even for the banking employees. All the banking transactions are routed through CBS (Core Banking System) where debits and credits of lakhs of transactions happen on real time basis. Banks deal with number of diversified partners right from the Government till the individual citizens. Further the accounts are maintained at home branch where in the services are received by the customer at any of its branches located anywhere in the world which would be transacting branch.

The GST impact needs to be analyzed at each level of operations like cheque , Drafts, cards, issue process, ATM operation, credit wing, securities, letter of credit, net banking, cash backs and reward points, loans and advances, deposits, point of sale transactions and it goes on and on. The conditional free services say free cheque books for maintaining minimum balance of certain amount could be subjected to valuation issues unless care taken. The major challenge for each bank would be to identify and understand its own nature of supplies, the transaction flow and then the place & time of supply of such supplies, the valuation in absence of consideration and majorly identification of the location from where the service is rendered.

Banks have the practice of providing a number of facilities to its officers (staff at various grades) like free /concessional accommodation, food, travel, health kits, vehicles, loans, etc provided over and above the terms of employment. These benefits are liable to GST. Schedule I covers for the same. Segregation of so many facilities into either gifts, or supply of goods or services would be difficult for the management.

2. Registration woes

Unlike service tax law, there is no concept of centralized registration in GST. State wise registration needs to be obtained in each state where there is business. Even if ATMs are installed without actual branches, then also registration could be required under GST, though it could the fixed establishment of the vendor who manages them. More number of registrations lead to more administrative woes. Keeping track of expenditures incurred, ascertaining the type of tax applicable, distribution of credits etc. would pose challenge as these aspects to be taken care at state level rather than at central level.

Normally banks have one Head Office, multiple Zonal Offices and then Regional Office and then comes the branches. Selection of principal place of business in each State itself could be an issue. Adding all the other place of business in the registration would be a practical challenge considering the number of branches in a state. If there are common expenses incurred at a particular location, then there is also a need for obtaining input service distributor (ISD) registration in GST to distribute input tax credits. If there is inter-unit billing system, this need may not arise.

3. Increased compliance

State wise registration warrants State wise record keeping, assessment and audit compliances. It also means State wise filing of returns. The common returns to be filed in GST are GSTR-1 (outward supplies), GSTR-2 (inwards supplies) and GST-3 (Consolidated return). If the banks obtain ISD registration, then there is an additional return to be filed in form GSTR-6. There is a matching concept which is being introduced in GST for credits. If the details of outward supplies uploaded by suppliers and disclosed by assesse are not matching, then there is a threat to credits. Therefore, there is a need for reconciliation of inward and outward supply details on monthly basis. Such reconciliation is needed for each registered state. Considering the number of branches a bank can have in a State, the reconciliation would take substantial time and would need automation.

Cost of compliance could also go up as banks would be filing returns broken into 3 different days every month for each State as against one ST-3 return on half yearly basis at central location. This would certainly increase the compliance work at each transaction level.

4. Impact on input tax credit

Normally banks do not avail credit of VAT paid on procurements as generally there would not be any sale of goods. In rare cases, there could be sale of repossessed assets from customers on account of payment default. Service tax paid on input services is eligible as credit. However, as the interest income of banks are exempt from service tax, there is an option of availing 50% Cenvat credit of service tax paid on input services. This is under Cenvat credit rules 2004. The excise duties or import duties paid on capital goods are allowed to the extent of 100%.

Section 17(4) of CGST law also allows 50% credit benefit on input services. However, the law requires 50% credit availment even on capital goods which would be disadvantageous for banks as earlier they were eligible for 100% credit. However, there would be increase in credit as banks would get credit of tax paid on purchase of all inputs including security stationeries, debit/ credit cards, printed materials and huge amount of business assets like computer equipment which hitherto was not eligible. Tax paid on all stationery items such as bill books, cheques, challans etc would be eligible for credit of 50%. This 50% restriction is not applicable for inter unit billings. In other words, if there are inter branch billings, full credit of tax charged in invoice would be allowed if such branches have common Permanent Account Number (PAN).

5. Updating location of customers to identify type of tax payable

In case of banking services, the place of supply of services for levy of GST would be location of service receiver on records of bank. Not updating the locations of customers especially business customers could result in payment of wrong type of tax and denial of credit to customers. For example, for a customer who is in other state, if local CGST and SGST is charged, the customer would not be able to claim credit. This results in refund scenario and all of us know that getting refund from government department would not be easy. There is a need to update customer profiles to ensure that correct type of taxes are charged with proper registration number of customer.

Where the customer is located outside India, the place of supply would be the location of bank and accordingly local SGST & CGST needs to be discharged on such transactions.

6. Tax payable on interbranch billings

In case of inter branch billings wherein branches have separate registration numbers, GST would be payable on any supply of goods or services. At each branch level, such transactions to be tracked for payment of GST. Identification of individual support services rendered among interstate branches itself is practically impossible for any banking company. The representations have been made to the Government to exclude the inter unit transactions from the GST net for the banking and financial institutions which is uncertain till date.

However, the value which is charged by one branch to another in different states would be deemed to be the open market value for the purpose of valuation. This comes as a major relief to the banking industry as valuation method adopted in case of inter branch billings would not be subject to litigation. Still the reasonable mechanism to arrive at the value of inter branch services would have to be identified for better compliance.

The valuation mechanism should be configured in systems as all the banking processes are automated. Till today self-service or self-supply of goods was not subject to tax. In GST regime, this would change. Banks need to prepare well for implementing these changes for better compliance under GST.

Benefits of GST to Banking industry:

- Bank will be able to set off their GST liabilities against credit received on purchase of goods.
- Under the existing CENVAT mechanism, banks are eligible to take partial credit of excise duty and service tax paid on procurement of qualifying goods and services which are used for provision of output service.
- Banks do not get input tax credit of State VAT paid on any goods procured by them. As all these indirect taxes will be subsumed in GST, banks will be able to take credit of GST paid on procurement of goods as well.
- Input tax credit is not allowed as per current CENVAT rules. But under GST regime input tax credit will be allowed which would be used by a bank for making outward supply in the course of
- GST Will help to reduce tax evasion. Under GST doing business will be easy. The increase in business will lead to additional demand of funds. Addition demand of funds will lead to increase in number of transactions in the bank as the business and current scenarios ask to go for digital transaction.

Conclusion:

The issues discussed above are only illustrative. Banks would for sure face lot of challenges for transition to GST from present indirect taxation system. Professionals have a major role to play in assisting the banking sector for implementation of GST for smoother transition. Chartered accountants with knowledge of IT are more suited for this job.

With the expectation of further details to emerge, financial sectors face a can of worms in terms of the manner of transacting business, customer profiles, services matrix, IT systems and operation to capture the data at both front and back end. IT systems will need to be more vigilant in terms of serving the purpose of solving the complexity related to GST compliance and procedures at a higher volume. 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.

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ONE NATION ONE TAX: GOODS AND SERVICES TAX (GST)

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Abstract

GST will reduce the overall tax burden of goods on the consumers. The implementation of GST will improve tax collections and boost India's economic development by breaking tax barriers between the states and integrating India through a uniform tax rate. It will build a transparent and corruption-free tax administration, by simplifying procedures of taxations and reducing the tax burden, though increasing the ambit of taxation. it is likely to super economic growth and it is estimated to increase the country's GDP by 1.5% to 2.

1. Introduction:

The GST, once it comes through will be a significant step towards indirect tax reforms, that will amalgamate a large number of Central and State taxes into one tax and prevent double taxation to pave the way for common national market. The first country to introduced GST was France in the year 1954. Presently, there are 140 other nations that follow the GST system.

GST will reduce the overall tax burden of goods on the consumers from the current 25% to 30% to around 15% to 17%. Considering that it would make our products more competitive in the national and international market, it is likely to super economic growth and it is estimated to increase the country's GDP by 1.5% to 2%. The four supplementary Bills of Goods and Services Tax (GST) include the Central Goods and Services Tax Bill (CGST), the Integrated Goods and Services Tax Bill (IGST), the Goods and Services Tax (Compensation to States) Bill and the Union Territory Goods and Services Tax Bill (UTGST).

The CGST and SGST would be levied at rates, which will be mutually agreed upon by the centre and the states and the IGST would be levied on inter-state supply of goods or services.

2. Objective of Research paper:

1. To study the historical background about GST.
2. To study the constitutional amendment of GST.
3. To Examining the GST.
4. To study the features of GST.
5. Problems of GST.

3. Data Collection:

The present research paper based secondary data. The secondary data have been collected by reference books, research journals, news paper and internet.

4. Historical Background:

In the year 2000 the idea of GST was first mooted by NDA Government. This was given the task of designing the GST model overseen and the IT back-end preparedness for its implementation.

In May 10, 2007, Later, the UPA Government took it up and the Union Finance Ministry, Mr . P Chidambaram announced the setting up of a Joint Working Group to prepare a road map for introduction of GST in India.The Joint Working Group, after intensive internal discussions as well as interaction with experts and representatives of Chambers of Commerce and Industry, submitted its report to the Empowered Committee on November 19, 2007.

In April 30, 2008 the basis of this discussion and the written observations of the states, certain modifications were made, and a final version of the views of empowered Committee at that stage was prepared and was sent to the Central government .

In March 2011 the constitutional Amendment bill for GST was originally introduced in the LokSabha the UPA government and was also examined by the parliamentary standing committee by finance, which subsequently submitted its report . However, due to certain observation made by the Parliamentary Standing Committee and amendment recommended their to, besides, the inability of Parliament to function due to various disruptions by the opposition the Bill could not be passed

The 122 nd Constitutional Amendment bill

The union cabinet after due deliberation approved the constitutional amendment bill for the roll out of goods and service tax (GST) on 17th Dec 2014. This was a circular steps before it could be introduced in parliament.

The cabinet's decision come after the central and state reached a consensus on the broad contours of the proposed tax on15th Dec.2014.

The 122nd Constitutional Amendment bill for approval of the GST was introduced and passed by Lok Sabha in May 2015 and subsequently in Rajya Sabha in Aug 2016 . A constitution amendment requires support of 2/3rd of members present, and voting separately, in both the houses of the parliament.

Finally The Constitutional Amendment bill was passed in parliament of 18th Aug 2016 after approval from both the houses of the parliament. A total of 19 states of 29 rectifies the bill in a record 23 days and bill got presidential ascent on 18th Sept 2016.The passage of the Constitutional Amendment bill paved the way by setting a decision making body for the GST called the GST COUNCIL.

Formation of GST Council

The Govt. notified 12th Sept 2016 as the date from which the procedure for setting up GST Council was initiated. The GST Council was constituted under 101st Constitutional amendment .The council is headed by finance minister Arun Jaitley and comprised of a Minister of state for Finance and Representative from all 29 states and 2 union territorie. The Loksabha passed all the four supplementary GST Bills on 29th March 2017 . The bill was passed after negating all the amendments put forward by the Opposition. As brought out above being a Finance Bill the GST bills Will be deemed to have been passed after 14 days of it being tabled in the upper house and is well within reach to meet the 01st July deadline for its implementation

5. Examining the GST

At present tax is collected through a tax credit mechanism on value-added goods and services at each stage of sale or purchase in the supply chain i.e. tax is paid during the procurement of goods and services and subsequently, again value added tax is paid while selling the goods or services to the end user.

Thus, the consumer bears this cumulative tax burden as he is the last person in the supply chain. The implementation of GST will lead to the abolition of other taxes such as Octroi, Central Sales Tax. State-level sales tax, entry tax, stamp duty, telecom licence fees. turnover tax, tax on consumption or sale of electricity, taxes on transportation of goods and services etc, thus avoiding multiple layers of taxation that currently exists in India.

Since, multiple layers of taxation will be subsumed into the GST; it will reduce the overall tax burden of goods and services on the consumers from the current 25% to 30% to an average of around 18% to 20%,V Consequently, the end user will have to pay lesser cost comparatively.

Besides, the reduced cost Would make our products more competitive in the national and international market. Therefore, the new tax regime is likely to spur economic growth and it is estimated to increase the country's GDP by 1.5% to 2%.

The GST Council has finalized a four-tier GST tax structure of 5 per Cent; 12 per cent, 18 per cent and 28 per cent, with lower rates for essential items and the highest for luxury and demerits goods, including luxury Cars, SUVs and tobacco products, that would also attract an additional ce ss .

Moreover, with a view to keeping inflation under check, essential items including food, which presently constitute roughly half of the consumer inflation basket, will be taxed at zero rate. The cess is expected to provide additional resources to the central government to compensate states for losses incurred in revenue after GST is implemented.

Features of GST:

1. The CGST and SGST would be revied at rates, which will be mutually agreed upon by the centre and the states, through a body called the Council of GST, comprising of concerned representatives from states and centre.
2. All goods and Services, barring a few exceptions, will be brought into the GST base. There will be no distinction between goods and services.
3. GST would be applicable on supply of goods or services as against the present concept of tax on the manufacture or on sale of goods or on provision of services.
4. A common threshold exemption would to both CGST and SGST. Company's with an annual of less than Rs 20 lakh will be exempted from paying GST. This threshold will be Rs 10 lakh for special category status that is Himalaya and north eastern state.
5. Every business entity will have to self-assess and files tax returns on a monthly basis submitting.

   I)Details of supply provided

   II)Details of supply received, and

   III)Payment of tax in addition to the monthly returns, an annual returns will have to be filed by each taxpayer.
6. The GST council has laid an upper cap on the tax rates, e.g. for ach CGST and SGST the tax rate will not exceed 20% and the rate of IGST will not exceed 40%.
7. The Central GST Bill allowance certain taxpayers with turn over less than Rs 50 lakh to pay CGST at a flat rate on turnover ad of the value of supply of goods and services.
8. The liability to pay GST in relation to supply of goods and services will arise on the date of issue of invoice and receipt of payment which ever is earlier.
9. An integrated GST would be relived on inter states supply of good which will be collected by the centre and after deducting the CGST rate, the balance renew would be transfer to state where the goods or services where every eventually consumed.

10. Import of goods or services would be treated as inter-state supplies and therefore would be subject to IGST in addition to the applicable customers duties.
11. Alcohol and petroleum products have been kept our of the ambit of GST in the initial year. However, entry tax will be included in GST.
12. The GST shall have two components one levied by centre and other levied by the states. Rates for Central. Rates for Central GST and State GST would be approved appropriately, reflecting revenue considerations and acceptable.
13. The central GST and the State GST would be applicable to all transticitions of goods and services made for a consideration except the exempted goods and services.
14. The tax payer would need to submit periodical returns, in the common format as far as possible, to both the Central GST and State GST authority.

10. Benefits of GST

1. The implementation of GST will improve tax collections and boost India's economic development by breaking tax barriers between the states and integrating India through a uniform tax rate.
2. The overall taxation burden will be divided equitably between manufacturing and services, through a lower tax rate by increasing the tax base and minimizing exemptions.
3. It will build a transparent and corruption-free tax administration, by simplifying procedures of taxations and reducing the tax burden, though increasing the ambit of taxation.
4. The ease of doing business will improve after cumbersome layers of taxes are removed and business deals will become more transparent as various hidden taxation will not be present.
5. Since, both centre and State GST will be collected at the place of sale of a product, it will be charged on the manufacturing cost only, and hence, the cost of product come down.
6. The four-tier GST tax structure and the upper cap laid on the tax rates, will ensure that the essential commodities of daily use and food items will be placed at minimum tax rate or even exempted from tax.
7. To safe guards the interests of the states, in terms of revenue collections. Alcohol, tobacco, petroleum products have been kept out of the GST regime.
8. Lastly, greater clarity in the taxation system through GST is likely to expand the tax base and incentivize foreign investments into India.

11.Problems of GST

1. Smaller company with turnover less than 20 lakh will not fall in the ambit of GST. So,

these companies will continue to pay excise or value added tax, the rate of which is higher than GST.

2. The key beneficiaries will be big companies from the organized sector, as their overall tax liability will reduce. However, the small players, mostly formed the unorganized sector will perhaps be affected adversely.
3. Since, unorganized will get adversely affected and lose its competitiveness, there is a fear of higher attrition rate of workers or layoffs by such small com
4. Panies to cut cost.
5. The small companies to remain profitable will Have to boost their sales to cross the 20 lakhs threshold to come into folds of GST; there is a likelihood that short term increase in prices of products may take place.
6. Some economists are saying that GST in nothing more than ‘old wine served in new bottle’ and the rates of taxation will not change substantially.
7. Lastly, GST may be fundamentally considered as anti-federal, as the states will be unable to increase or reduce taxation, as hither-to-fore to suit the socio-political specific requirements during certain special and unforeseen circumstances.

12. Conclusion:

1. The new tax regime will be an effective step towards improving revenue generation by increasing the tax base and reducing the tax liability.
2. Since, government will have higher revenue collections and encourage foreign investors to “Make in India”, it will improve the fiscal deficit state of country.
3. A calibrated introduction, hi-tech cyber backend support and judicious implementation of this biggest tax reform since independence, will be required to ensure its flawless and smooth functioning.

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IMPACT OF GOODS AND SERVICE TAX ON THE INFORMAL ECONOMY

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Abstract:

A very significant improvement over the local sales tax system is Goods and Services Tax . 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. The markets are about the shift to the goods and services tax . One factor driving this optimism is the anticipated shift of business from small, unorganized firms in some sectors to organized ones. Since the latter are already in the formal economy, comply with regulations, are generally larger in size and pay taxes, the switch will be much easier for them, which will ultimately translate into increased market share. lists of companies that will benefit in sectors such as apparel, tiles and sanitaryware, plywood, textile, footwear, electrical equipment and appliances, and plastics and packaging. All these sectors have a high composition of unorganized firms .

Keywords: *GST, Informal Economy*

Introduction

Goods and Services Tax (GST) is an indirect tax reform which aims to remove tax barriers between states and create a single market. For that to happen the constitution first needs to be amended to remove different layers of governments' exclusive powers to levy taxes. 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**.** Goods and services are divided into five tax slabs for collection of tax - 0%, 5%, 12%,18% and 28%. Petroleum products and alcoholic drinks are taxed separately by the individual state governments. There is a special rate of 0.25% on rough precious and semi-precious stones and 3% on gold. In addition a cess of 22% or other rates on top of 28% GST applies on few items like aerated drinks, luxury cars and tobacco products. The tax came into effect from July 1, 2017 through the implementation of one hundred and first amendment by the Government of India. The tax replaced existing multiple cascading taxes levied by the central and state governments. The tax rates, rules and regulations are governed by the Goods and Services Tax Council which comprises finance ministers of centre and all the states.

Informal Economy:

The informal sector, informal economy, or grey economy is the part of an economy that is neither taxed, nor monitored by any form of government. Unlike the formal economy, activities of the informal economy are not included in the gross national product (GNP) and gross domestic product (GDP) of a country. The informal sector can be described as a grey market in labour. Other concepts which can be characterized as informal sector can include the black market shadow economy, underground economy. Although the informal sector makes up a significant portion of the economies in developing countries it is often stigmatized as troublesome and unmanageable. However the informal sector provides critical economic opportunities for the poor and has been expanding rapidly since the 1960s. As such, integrating the informal economy into the formal sector is an important policy challenge

The original use of the term 'informal sector poes' is attributed to the economic development model put forward by W. Arthur Lewis, used to describe employment or livelihood generation primarily within the developing world. It was used to describe a type of employment that was viewed as falling outside of the modern industrial sector. An alternative definition uses job security as the measure of formality, defining participants in the informal economy as those "who do not have employment security, work security and social security. While both of these definitions imply a lack of choice or agency in involvement with the informal economy, participation may also be driven by a wish to avoid regulation or taxation. This may manifest as unreported employment, hidden from the state for tax, social security or labour law purposes, but legal in all other aspects .

Need of Goods And Service Tax

Imposing several taxes on goods and services can lead to high cost and inefficient tax structure which can subject to shirking and revenue disclosures. The need for GST in Indian Taxation System will add value at each stage and will set off the rates both at state and at central level. Introducing GST, will increase the efficiency of taxation, improves the economic growth and it will bring whole nation to one national market. What happen in previous scenario taxation system is very complex and very confusing, corruption chance is there, which leads to distrust of government, there are hidden tax for exports, whereas no charge applicable on Importing of Goods/Services from one state to another.Just to overcome these issues, Rajya Sabha introduced GST bill, which will bring transparency to taxation and consumer will get to know how much tax amount they are paying to government for sale/ purchase/ manufacturing.

Objectives of the Study:-

1) To understand the goods and service tax
2) To study the scope and need of GST
3) To know the issue in informal sector
4) To study the challenges of GST in inform economy

Scope and Limitations:-

The study is limited for informal sector which affect GST. The switch to GST will increase the size of the formal part of the economy and increase productivity, but it will also extract a cost from the most vulnerable firms and workers. Goods and Services Tax Council to examine issues relating to goods and services tax and make recommendations to the Union and the States on parameters like rates, exemption list and threshold limits.

Advantages of GST

Few advantages which would accrue to Citizens, Trade/Industry and the Central/State Government with the introduction of GST. The advantages to the Citizens are listed as:

- a. Simpler tax system.
- b. Reduction in prices of goods and services due to elimination of cascading.
- c. Uniform prices throughout the country.
- d. Transparency in taxation system.
- e. Increase in employment opportunities.

The advantages accruing informal industry:-

- a. Reduction in multiplicity of taxes.
- b. Mitigation of cascading/double taxation.
- c. More efficient neutralization of taxes especially for exports.
- d. Development of common national market.
- e. Simpler tax regime-fewer rates and exemptions.

Research Methodology :-

The study focuses on extensive 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

Significant Informal Segment:-

Many of the firms operating in this part of the economy make profits largely due to tax evasion and non-compliance with regulatory norms, which allows them to offer products at comparatively lower prices. However, in the GST-era, it will be a struggle for survival for such firms because they will be faced with taxes, lower margins and a sharp spike in the cost of compliance. Some firms in the unorganized sector may go under, while others could find their profits curtailed. To be sure, in some instances the two sets of companies cater to different customers, but there is always some overlap. And it is not just the manufacturers in the informal economy who will suffer but also the smaller dealers and wholesalers.The economics of logistics under the GST regime also favour large companies in the organized sector.A final decision on e-way bills, which will have a significant impact on the logistics sector and logistics cost of manufacturers, is pending. When implemented, this should result in a decline in transit time due to elimination of multiple checkpoints and consolidation of warehouses. This will aid large companies that operate across India and offset some of the cost advantages that regional and small firms, usually those in the unorganized sector, enjoy. The point is that the squeeze on the informal economy may well lead to job losses, which could then start hurting demand. So while companies in the organized sector could benefit, there could be distress in the informal economy. Indeed, the situation could be a repeat of what happened during demonetization, when the informal sector was the hardest hit.

GST challenge for small business :-

With the implementation of GST, the owners of small businesses have been the ones who have been negatively impacted the most. They are fraught with hesitation while working in the new regime and rightly so, but the business owners should understand that the teething problems will only prevail for a short time, as in the case of demonetisation. The government is continuously working on simplifying the compliance procedure and easing the transitional pain for the taxpayers.

Filing GST is complicated

They have trouble understanding and adopting the necessary requirements to comply with the new system of indirect taxation. Filing three returns in a month, registration rules, complex refund rules - there are multiple compliance issues that are worrying the businesses. In these past three months of GST implementation, the government identified the pain-points that were making compliance difficult.

Blockage of Working Capital

Liquidity crunch is another challenge for small businesses and particularly exporters. In GST, funds will be maintained in the form of an electronic credit ledger with the tax department. This credit ledger will keep a record of all your tax liabilities. In the case of services' sector, the rates have been increased from 15% to 18%. This will force the taxpayers in the sector to face some blockage of working capital

All the necessary GST compliances have to be done online

This is proving to be a very difficult task for the small and medium businesses as most of them lack the necessary technical resources for the same. There are many ASPs that will help the small businesses ensure end-to-end GST compliance without the requirement of a continuous internet connection.

Goods Transport Agencies having trouble providing services to the unregistered persons

GST council decided that the services provided by a GTA to an unregistered person will be exempt from GST. Furthermore, the implementations of TDS/TCS provisions, e-way bill have also been postponed. The provision of reverse-charge also was resulting in a bias against the small service providers. The proposal to defer reverse charge compliance is also a very important and necessary relaxation as it will benefit small businesses and substantially reduce their compliance costs.

Prior to the recent GST council meeting, the small dealers and manufacturers were required to pay GST on advances received

This was proving to be very burdensome for the businesses in this sector. In order to ease their hardships, the GST council has decided that the taxpayers having an annual aggregate turnover up to Rs 1.5 crores shall not be required to pay GST at the time of receipt of advances on account of supply of goods. The GST on such supplies shall be payable only when the supply of goods is made.

Conclusion:

The move to the new tax regime has the potential to cause immense disruption to the shadow economy that is the source of livelihood for many, although it is nobody's case that firms that survive by flouting regulations and evade taxes continue to do so.There are many SMEs who are ill-prepared for the transition. Those of them who fail to make it on time will be out of business, thus leading to increase in unemployment, at least initially, caution analysts. The switch to GST will increase the size of the formal part of the economy and increase productivity, but it will also extract a cost from the most vulnerable firms and workers. 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. Cascading tax revenues have differential impacts on firms in the economy with relatively high burden on those not getting full offsets. This results inloss of income and welfare of the affected economy. 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 AND ITS IMPACTS ON INDIAN ECONOMY

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Abstract:

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 Parliament has finally passed Amendment of 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. 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.

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.

Key Words: *Goods n services tax, economic development, Indian economy and value added tax.*

Introduction:

The replacement of the Central excise duty of the government of India by the Central Value Added Tax (hereafter referred to as 'CENVAT') and sales tax system of the State governments by the VAT marked a major mile stone in the reform process of indirect taxes in India. It addressed the cascading effect under the erstwhile system by giving set-off for tax paid on inputs as well as tax paid on previous purchases and resulted in a major simplification of the rate structure and broadening of the tax base. But both the CENVAT and the State VAT have certain incompleteness. The CENVAT has yet not been extended to include chain of value addition in the distributive trade below the stage of production. Again, several Central taxes viz. additional excise and customs duties, surcharge etc. also have Manuscript received February 12, 2011. Vasanthagopal is an Associate Professor with the P.G and Research Department of Commerce, The Cochin College, Kochi-682002, Kerala, India not been subsumed in the CENVAT, and thus keep the benefits of comprehensive input tax and service tax set-off out of the reach of producers/traders. Likewise, in the State VAT system, the cascading effect of CENVAT load on the goods has remained unrelieved. Hitherto, several taxes in the States viz. entertainment tax, luxury tax etc. have not been subsumed in the VAT. Thus, even after a number of initiatives by the various machineries at the Centre the present taxation regime is marked as cumbersome, complicated and unfriendly. It is in this perspective that the Central government has entrusted Dr.Vijay Kelkar, Chairman of 13th Finance Commission to suggest a rational, scientific, simplified and modern but unified system of taxation in tune with developed nations form the base behind the introduction of Goods and Service Tax (here after referred to as 'GST') in India.

GST is a broad based, single, comprehensive tax levied on goods and services at each point of sale of goods or provision of service, in which, the seller or service provider may claim the input credit of tax which he has paid while purchasing the goods or availing the service; the final consumer will thus bear only the GST charged by the last dealer in the supply chain. With the introduction of GST at the State level, the additional burden of CENVAT and services tax would be comprehensively removed and major Central and State taxes will get subsumed into GST which will reduce the multiplicity of taxes. Thus it marks a major improvement over the previous system of VAT. Again, the transparent and complete chain of set-offs, GST will help-widening the coverage of tax base and improve tax compliance. This may lead to higher revenue which further results in lowering of tax burden. Although there are many hurdles to be crossed before the implementation of GST like consensus over rates, constitutional amendment, compensation mechanism for States losing out on revenue, varying models, dispute resolution etc. the Central government has reiterated its commitment towards the adoption of a 'flawless' GST for the survival of the India's economy in the face of increasing international competition consequent to globalization and liberalization. Despite the various impediments to the proposed transition, until the time GST is implemented, it would be worthwhile to assess its positive impacts on the various development areas in India. This aspect is the subject matter of this paper.

Indirect Tax Reforms:

- 1974 Report of LK Jha Committee suggested VAT
- 1986 Introduction of a restricted VAT called MODVAT
- 1991 Report of the Chelliah Committee recommends VAT/GST and recommendations accepted by Government
- 1994 Introduction of Service Tax
- 1999 Formation of Empowered Committee on State VAT
- 2000 Implementation of uniform floor Sales tax rates Abolition of tax related incentives granted

by States

- 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 finalizes the view on GST structure in April 2008

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.

Objectives:

1. To highlight the impact of GST on Indian Economy.
2. To explain the working mechanism of GST in India.
3. To understand the implications of implementing GST in India

Definition of Goods and Service Tax:

New Article 366(12A) of the Indian Constitution defines Goods and Services Tax (GST) to mean any tax on supply of goods or services or both except taxes on the supply of the alcoholic liquor for human consumption.

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 follows:

- 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.

Positive Impact of GST in India:

1. 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.
2. 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.
3. 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.
4. GST would not be charged at every point of sale like other indirect taxes so in this way, market would be developed.
5. Corruption-free taxation system. GST would introduce corruption-free taxation system

Negative Impact of GST in India:

1. 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.
2. For consumers, it will be a mixed bag as some goods become cheaper while others will be expensive.
3. Services will become expensive e.g. Telecom, banking, airline etc.
4. Being a new tax, it will take some time for the people to understand its implications.
5. It is easier said than done. There are always some complications attached. It is a consumption based tax, so in case of services the place where service is provided needs to be determined.
6. If actual benefit is not passed to consumer and seller increases his profit margin, the prices of goods can also see a rising trend.

Effects of GST on various sectors

So, how has GST really impacted India? Let's take a look.

1. Effect on Consumer Goods and Services

The good news is that food products are charged 0%. The not so good news is that services in general are seeing an increase of 18% from 15%.the implementation of GST increases the tax on footwear and garments priced at INR 500 from the previous 14.41% to 18% but those priced lower than INR 500 are taxed lower at 5%. For ready-made garments, the rates are lowered to 12% from 18.16%. Mobile services rates are slightly increased, though, because of the new 18% rate, from

15% before. When it comes to direct-to-home and cable services, the new fixed rate of 18% can be considered a general reduction as compared to the previous 10%-30% range and the additional service tax of 15%.

2. **Effect on Transportation**

Under GST, cab and taxi rides are taxed lower, from 6% to 5%. For those who travel by air, GST is favorable as the tax rate is lowered to 5% for the economy class and 12% for business class. Train fare, meanwhile, is mostly unaffected as the change is minimal, from 4.5% to 5%. Those who travel by sleeper are not affected by the tax rate change but those who travel first class are charged more.

3. **Effect on the Entertainment and Hospitality Industries**

Amusement park rates increase with GST taking effect as the previous tax rate of 15% has been raised to 28%. Movie tickets are similarly increasing as they are categorized under the 28% rate. For hotels, no GST is to be charged for room rates priced lower than INR 1,000. However, room rates higher than INR 5,000 get a 28% tax rate. For 5-star hotel restaurants, the rate is 18% for those that serve alcohol and 12% for those that don't. Smaller hotels and restaurants are only charged 5% if their annual turnover does not exceed INR 50 Lakh.

4. **Major Property or Asset Acquisitions**

GST reduces under-construction property costs as the tax rate is set at 18% but this can still be lowered to an effective rate of 12% as the property builder can avail of input tax credits. On the other hand, buying a car (most models) in India can become slightly less expensive as the tax rate is fixed at 28% with an additional cess of 1%, 3%, or 15% depending on which segment the car being purchased belongs. In contrast, investing in jewelry can become slightly more expensive because of the 3% (from 2% in most states of India) rate on gold and the 5% charged on the crafting of the jewelry.

5. **Effects on Financial Products and Services**

Indians who buy insurance policies, unfortunately, are seeing increases in their premiums with the implementation of GST as the tax rates have been raised for general, health, and life insurance. On the other hand, the tax rate change on mutual fund returns under GST is mostly minimal. This is because the GST is charged on the mutual fund's Total Expense Ratio (TER). The rate is only 3% so the effect is going to be marginal.

Since they belong to the service industry, banking services and the services provided by other financial service companies are subject to the 18% rate, which is higher than the previous

15%. Debit cards, fund transfers, ATM withdrawals, cheque book or draft issuance, bills collections, charges on cash handling, and more are affected. Even money sending services are affected. Companies that provide money transfer services, nevertheless, are expected to try to be competitive so it's worth observing how they change their rates. It's advisable to observe these changes on sites like Moneytransfercomparison.com to find out which ones are trying to be competitive and which ones are taking advantage of GST to justify higher than expected rate increases.

6. **Effect on Startups**

The GST regime is believed to be good for the Indian startup sector as it carries with it tax credit on purchases, a simple compliance model, increased limits for registration, and the ability to promote the free flow of goods and services. It takes away the complication and confusion of the previous VAT laws, especially for those in the ecommerce industry. GST may stir inflation but there's the optimistic view that the undesirable effects will not last long, and will eventually be offset by the positive impact of an improving economy.

7. **Effect on Inflation**

Given the sampling of effects mentioned earlier, it can be said that GST is mostly viewed as an inflationary measure. However, the Indian government believes otherwise. Hasmukh Adhia, Revenue Secretary, says that consumer price inflation with GST implemented will go down by 2% by the end of 2017. Naturally, not many are convinced by this claim. The fact that the tax rate on services has been raised to 18% from around 15% is already expected to raise inflation above levels experienced before the institution of GST.

Ideal GST vs. Indian GST

GST is implemented in India and people are still confused with this new tax regime. Critics are wearing their opinion for an ideal GST by differentiating between its Indian and global versions. Generally, when GST is implemented in any country, a single rate of interest is levied all over that specific country to develop a perfectly unified indirect tax system.

The GST reform in India is the most complex reform in the world. With common 18% GST rate in the most of the goods is triggering inflation in the economy. In addition to this, the states and centers may have conflicts for the tax-sharing arrangements. The debt affected state-owned banks should clear their books as soon as possible and the government should focus on immediate job creation and assure social stability for a long term growth. India should also mop-up the corrupted income tax collection system as only 1% Indian pay income taxes according to reports. There is not a single newly implemented tax system is perfect during the time of its inception and India is not an exception. India needs time to be in a position that conforms to the world-class GST standards.

Conclusions:

By the above discussions one can reach following conclusion:

- The macroeconomic impact of GST is significant in terms of growth effects, price effects, current account effects and the effect on the budget balance.
- In developing open economy with growing service sector, a change in the tax mix from income to consumption-based taxes is likely to provide a fruitful source of revenue.
- The proposed structure will simplify the procedure which will end up with equal opportunity for all the markets and in other hand will leads reduced tax evasion.

I would like to conclude that there are some of the major challenges before the government and the industry, ahead of the actual implementation of GST. GST has an important role to play in easing supply bottlenecks. More than baby steps are required to make it a reality. The Budget has moved incrementally, but the big moves are awaited.

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.

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Electronic Interdisciplinary International Research Journal (EIIRJ)
A Peer Reviewed Interdisciplinary Journal UGC Approved Journal No 48833
EduIndex Impact Factor 5.20 ISSN 2277-8721

IMPACT OF GST ON TOURISM SECTOR

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Abstract

India's biggest tax reform yet has been met with an equal measure of praise and criticism. While the implementation of the Goods and Service Tax promises to add a significant edge to the economy, by reducing costs for customers, integrating taxes, and reducing business transaction costs, it will also increase costs for businesses as well the burden of compliance.

The travel and tourism sector holds great strategic importance in the Indian economy providing several socio-economic benefits. Apart from providing employment, income and foreign exchange for the country, the trade in the tourism sector has an economically positive impact on other associated industries such as food manufacturing, services, construction, agriculture, handicrafts etc. In addition, investments in infrastructural facilities such as transportation, accommodation and other tourism related services lead to an overall development of infrastructure in the economy.

Key Words: *Employment, Income and Foreign Exchange.*

Introduction:-

India's biggest tax reform yet has been met with an equal measure of praise and criticism. While the implementation of the Goods and Service Tax promises to add a significant edge to the economy, by reducing costs for customers, integrating taxes, and reducing business transaction costs, it will also increase costs for businesses as well the burden of compliance.

The hospitality and tourism industry is one such sector in the economy that is deliberating over the new tax regime. Hospitality is one of the most competitive and steadily growing industries in the country. The tourism industry contributes nearly $136 billion to India's GDP and is expected to further grow to US$ 280.5 billion by 2026. Hospitality and tourism are also among the highest employment generating sectors and among the top 10 sectors in the country with the highest volume of foreign direct investment. In addition to being one of the top sources of foreign exchange, tourism is also among the highest tax generating sectors in the country.

Tourism Industry in India:-

The travel and tourism sector holds great strategic importance in the Indian economy providing several socio-economic benefits. Apart from providing employment, income and foreign exchange for the country, the trade in the tourism sector has an economically positive impact on other associated industries such as food manufacturing, services, construction, agriculture, handicrafts etc. In addition, investments in infrastructural facilities such as transportation, accommodation and other tourism related services lead to an overall development of infrastructure in the economy. Despite that the Tourism Sector, including Inbound Tourism pay a plethora of taxes and do not get any significant benefits as compared to other Export sectors. There are multiple taxes charged on the same Service/ Product offering by the Central as well as State Governments. It is an understanding that the Taxes levied on Inbound Tourism is amongst the highest in the country, and this is one of the major reasons for India losing Foreign Tourists to competing South East Asian Countries. Tourism sector in some of the key competing destinations in South Asian countries attract much lesser taxes thereby making the products more competitive.

Objectives:-

1) To know the service tax & changing taxes rate.
2) To study the impact of GST on tourism sector.

Significance of tourism industry in India

1. India ranked 7th among 136 countries in terms of travel and tourism's total contribution to GDP in 2017. In India, the sector's direct contribution to GDP is expected to grow by 9.6 % p .a. during 2016–26
2. The travel and tourism sector in India is estimated to account for 9 % of the total employment opportunities generated in the country in 2016, providing employment to around 38.4 million people during the same year. The number is expected to rise by 2 per cent per annum to 46.42 million jobs by 2026
3. Travel & tourism's contribution to capital investment is projected to grow at 6.3 % p. a. during 2016–26, higher than the global average of 4.5 %.
4. Contribution of visitor exports to total exports is estimated to increase at 7.2 % p. a. during 2016–2026 compared to the world average of 4.3% .
5. 100 % FDI is allowed under the automatic route in tourism & hospitality, subject to applicable regulations and laws. 100 % FDI allowed in tourism construction projects, including the

development of hotels, resorts and recreational facilities. Campaigns such as Incredible India & Atithi Devo Bhava were launched to harness the tourism industry's potential.

6. Foreign exchange earnings from tourism accounted for USD21.1 billion in 2015, witnessing growth at a CAGR of 10.5 per cent during 2006–15.

Key Issues facing the Tourism Sector on various fronts are as under:

- ❖ High Multitude and Incidence of Taxes on account of taxation at multiple levels and absence of seamless input credit flow.
- ❖ Lot of business in this sector gets generated through online mediums. Significant amount of clarity is required in the existing laws to deal with e-commerce players and aggregators.
- ❖ Lack of Proper Infrastructure in terms of access, connectivity and services and many unorganised players in the industry.
- ❖ Non-availability of skilled & Semi skilled man power required for the industry to attract foreign tourist as well as promote local tourism specially Eco Tourism & Rural Tourism which lacks professional approach towards service and customer satisfaction .
- ❖ Lack of Marketing, Branding & Promotion efforts for the rural.

Major issues in Present Tax system

- ❖ Taxation of service offerings at multiple levels in the Tour Package. This leads to overall taxation to this sector In the range of 20-27% considering a loss of Input Tax credit of various taxes, like excise duties, import duties, luxury tax, entertainment tax etc.
- ❖ Differential taxes across states which vary frequently in terms of Luxury Taxes and Local Vat.
- ❖ Very confusing abatement patterns to derive the taxable component of the services and that too changing very often .
- ❖ High State Entry/Road Tax on commercial vehicles in certain states, which is a burden on the Foreign Tourists.
- ❖ Many Small Player in the industry so Tax chain break at many level resulting into higher tax credit loss to players
- ❖ No convert credit available for the infrastructure development which is huge cost to the Industry and resulting into higher costing

Taxability under GST:

According to the CGST Law which neither contains the exemptions nor the rates of taxation, it appears that most of the services in relation to Tourism would be subject to levy of GST as the same is to be treated as 'supply'. Since taxable event is supply, it is necessary to understand certain terms like Location of Supplier of Service, Location of Recipient of Service and Place of Supply. Tourism industry supplies bundle of services and hence definition of Composite Supply and Mixed supply also needs to be understood.

Key Terms under GST affecting Tourism Industry:

- **Location of Supplier of Services**

As per Section 2(71) of CGST Law, 'location of the supplier of services' means,— (a) where a supply is made from a place of business for which the registration has been obtained, the location of such place of business; (b) where a supply is made from a place other than the place of business for which registration has been obtained (a fixed establishment elsewhere), the location of such fixed establishment; (c) where a supply is made from more than one establishment, whether the place of business or fixed establishment, the location of the establishment most directly concerned with the provisions of the supply; and (d) in absence of such places, the location of the usual place of residence of the supplier;

- **Location of Recipient of Services**

As per Section 2(70) of CGST Law. 'location of the recipient of services' means,— (a) where a supply is received at a place of business for which the registration has been obtained, the location of such place of business; (b) where a supply is received at a place other than the place of business for which registration has been obtained (a fixed establishment elsewhere), the location of such fixed establishment; (c) where a supply is received at more than one establishment, whether the place of business or fixed establishment, the location of the establishment most directly concerned with the receipt of the supply; and (d) in absence of such places, the location of the usual place of residence of the recipient; Place of Supply As per Section 2(86) of CGST Law, 'place of supply' means,— Place of supply as referred to in Chapter V of the Integrated Goods and Services Tax Act; Mixed Supply As per Section 2(74) of CGST Law, 'mixed supply' means two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply.

(A supply of a package consisting of canned foods, sweets, chocolates, cakes, dry fruits, aerated drinks and fruit juices when supplied for a single price is a mixed supply. Each of these items can be supplied separately and is not dependent on any other. It shall not be a mixed supply if these items are supplied separately.)

Composite Supply As per Section 2(30) of CGST Law, 'composite supply; means a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply;

- Also the key factors in GST is ease of availing input tax credit and therefore it is necessary to understand definition of Input Tax, input, Input Service and Capital Goods to under Input Tax
- As per Section 2(62) of CGST Law, 'input tax' in relation to a registered person, means the central tax, State tax, integrated tax or Union territory tax charged on any supply of goods or services or both made to him and includes— (a) the integrated goods and services tax charged on import of goods; (b) the tax payable under the provisions of sub-sections (3) and (4) of section 9; (c) the tax payable under the provisions of sub-sections (3) and (4) of section 5 of the Integrated Goods and Services Tax Act; (d) the tax payable under the provisions of sub-sections (3) and (4) of section 9 of the respective State Goods and Services Tax Act; or (e) the tax payable under the provisions of sub-sections (3) and (4) of section 7 of the Union Territory Goods and Services Tax Act, but does not include the tax paid under the composition levy;

[So it covers all the tax paid under CGST Act, IGST Act, SGST Act, UTGST Act and Tax Payable on reverse charge basis under CGST, IGST, UTGST or SGST Act]

Input As per Section 2(59) of CGST Law, 'input' means any goods other than capital goods used or intended to be used by a supplier in the course or furtherance of business;

- Input Service As per Section 2(60) of CGST Law, 'input service' means any service used or intended to be used by a supplier in the course or furtherance of business;
- Capital Goods As per Section 2(19) of CGST Law, 'capital goods' means goods, the value of which is capitalised in the books of account of the person claiming the input tax credit and which are used or intended to be used in the course or furtherance of business; The rates are expected to be in the range of rates prescribed for the purpose i.e. 0%, 5%, 12%, 18% and 28%. Apart from tax, maximum Cess up to 12% can be imposed on certain specified luxuries and Sin Goods. So, on removal of exemption and present abatements, GST will increase the tax amount but at the same time because availability of all input credit seamlessly and on existence of Anti Profiteering Measure, taxable value of service may be reduced and benefit of the same shall have be passed on to the consumers. In case of

Business to Business (B2B) transactions, credit of the said tax paid shall be available to business units if these services are used in the course or for furtherance of business.

Taxability in Proposed Tax Structure (Place of Supply generally & Applicable Taxes)

1. Particulars Place of Supply Applicable Taxes Input tax Credit Allowed for :-
2. Room Rental Location of Hotel, Guest House, Club, Resort, boat, vessel CGST & SGST Inputs, equipments, furniture, consumables etc.
3. Restaurant Services Location of Restaurant CGST & SGST Inputs, equipments, furniture, crockery, consumables etc.
4. Exhibition Services/Entertainment Parks & Sports Activity/Entry Fees to Monuments and Public Place. Location of Exhibition, celebration or similar events CGST & SGST Inputs, equipments, furniture, crockery, consumables, Structures used for setting up exhibitions, etc.
5. Rent a Cab Services / Air Tickets/Train Tickets/Cruise & Ship Services/State Transport Service. Location of Service Recipient if recipient is registered CGST & SGST (If location of supplier and place of supply are in same state or union territory). IGST (If location of supplier and place of supply are in different states or Union territories) Aircrafts, Vehicles, Train, Inputs and Consumables used for providing services, lubricants etc.
6. If services provided to unregistered person, place of where passenger embarks on the conveyance is place of supply Services on Board of Aircraft/Train/Ship/Motor Vehicle ,Location of a the first scheduled point of departure of that conveyance for the journey . eg.Inputs, equipments, furniture, consumables etc
7. Money changing Services/Visa Service/Tour Operator Location of Service Recipient eg. Input Services consumed and goods like office equipment, furniture, computers etc.

GST impact States Revenue

Service related to immovable Property Since under GST the place of supply is shifted to the place where immovable property is situated or in case of Hotels, Restaurant & Monuments for sightseeing, it will increase revenue of such states where immovable property is located. Currently on such income, States charge local Luxury Tax on hotel stay or VAT on foods supplied which revenue goes to State Government and Union Government gets revenue from Service Tax on such services. Because of GST, the States having maximum tourist places, hotels o be equivalent to CGST. So, if the rates come to 9% each (i.e. 9% CGST & 9% SGST) than also their total revenue shall substantially increase. As per the Ministry of Tourism record top 5 states with highest local and foreign tourist footfall is Tamil Nadu, Uttar Pradesh, Maharashtra, Delhi & Rajasthan. So, these states' revenue shall increase.

Service Related to Passenger Transportation Also in case of Passenger travelling, the state with the maximum outbound journey shall earn the highest revenue so the station or the port having highest outbound flights, train journey or local cab journey shall earn substantial revenue. In Pre-GST regime, they were not having any share on such income since only service tax was applicable on these transactions and it was charged by centre and entire revenue was collected by the centre only. Now in GST regime since states will also get 50% share of total tax charged along with the centre, it will substantially increase the revenue of the states. So, states like Maharashtra, Delhi, Rajasthan, Karnataka shall be the most beneficiary among all the states.

Conclusion: -

Companies specializing in food and beverages operations could be the biggest beneficiaries of GST within the hospitality sector. Food and beverages bills have multiple components and can inflate the bills by 40-45%. So we would expect GST to result in savings of 10-15% on the overall bill. The lacuna in the present regime of indirect taxation in India demands for the breakthrough in this field for facilitating the ease of doing business effectively and efficiently. Hopefully, GST is going to be an efficient and harmonized consumption or destination based tax system and will remove the problems faced by the sector leading to cost optimization and free flow of transactions. GST is glimmer of hope for the Hotel and Tourism Industry if we can keep the GST rate between 10 to 15%. GST might herald with its uniformity of tax rates, a better utilization of input credit which in turn benefits the end user in terms of affordability. Our country which stills reigns high on tourism even though the tourism industry is not as economical as its neighboring countries are, can possibly attract more tourists, by passing of the GST law, which then will indirectly amount to more revenues generated for the government.

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A PAPER ON GST IMPACT ON TEXTILE INDUSTRY IN INDIA

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Abstract

GST will replace a number of central and state taxes. Though the effect of GST-induced disruptions can't be ignored in the near-term, the Indian textile industry is poised to grow from the long-term benefits that the new legislation offers. Analyzed the probable impact of the new tax laws and the rates announced at different levels of the value chain to understand how things may pan out for the labour-intensive sector. It will definitely affect the companies that cater mainly to the Indian markets. However, the impact of GST on the textile sector will be quite significant. GST will fundamentally change the way the textile sector is presently taxed in India. Taxation of textile sector is presently opaque and non-neutral across its various segments.

Key Words- *GST Rates, Tax Rate Comparison*, *Textiles business hit by GST protests, Textile industry cheers lowering of GST rate on job work, and Impact on textile industry*,

Introduction:

On the whole, the textile sector is lightly taxed and extensively subsidized. Textile exports are supported through payments of un-rebated taxes on textile inputs and other subsidies. So the current impact of GST on textile industry is negative, considering the fact that it is the second largest textile industry in the world after China.

With GST rollout scheduled to commence on July 1, India's textile sector is racing against time to align itself with the new indirect tax regime. While the near-term disruptions could take a potential toll on the financial performance of most players, the textile industry as a whole is poised to grow as organized units gain market share back from their unorganized counterparts that currently constitute nearly 60-70 percent of the industry size.

It is analyzed the probable impact of the new tax laws and the rates announced at different levels of the value chain to understand how things may pan out for the labour-intensive sector.

GST will essentially affect companies that cater mainly to the Indian markets. The export-oriented entities would not face headwinds since the input taxes paid by them on the exported output would be refundable in entirety. Comprehensive documentation and streamlining of input claims will only make things considerably easier than before.

Classification of Indian Textile Industry:

The textile industry can be broadly classified into two categories, the organized mill sector and the unorganized decentralized sector. The organized sector of the textile industry represents the mills. It could be a spinning mill or a composite mill. Composite mill is one where the spinning, weaving and processing facilities are carried out under one roof. The decentralized sector is engaged mainly in the weaving activity, which makes it heavily dependent on the organized sector for their yarn, Silk, Jute, Cotton and Khadi are the major areas in Handloom sector

GST Rates:

Fiber Type	Raw Material	Yarn (Spinning)	Yarn (Weaving)	Garments up to Rs.1000	Garments above Rs.1000	Carpets & Towels	Technical Textiles	Made UPS up to Rs.1000	Made UPS above Rs.1000
Cotton	5%	5%	5%	5%	12%	12%	12%	5%	12%
Synthetic	18%	18%	5%	5%	12%	12%	12%	5%	12%
Silk/Jute	0%	5%	5%	5%	12%	12%	12%	5%	12%
Wool- Standard	0%	5%	5%	5%	12%	12%	12%	5%	12%
Wool- Carded/ Combed	5%	5%	5%	5%	12%	12%	12%	5%	12%
Other Natural Fibers	5%	5%	5%	5%	12%	12%	12%	5%	12%
Source- Ministry of Textiles									

From the rates perspective, barring man-made fibres, the new legislation appears to be in-line with the present tax scenario. This, coupled with easier and faster inter-state movement of goods (buoyed by simplified regulations), is likely to be beneficial for India's regionally-diverse textile industry as a whole in the long run.

The positive impact of GST will be largely felt by companies engaged in manufacturing and/or dealing with fibre and yarn components, since the presence of unorganized units is relatively large compared to the fabric and garment units (where competition is comparatively less and barriers to entry are high due to greater requirement of funds as well as technical know-how).

In the short-run, however, inventory clearance and an impact on margins is a common theme that runs through the value chain.

Tax Rate Comparison for Fabrics (Includes Cumulative Taxes From Fibre Procurement To Fabric Manufacturing)

Particulars	Current Effective Tax Rate-(VAT+ Excise Duty + Central Sales Tax)	GST Rate
Cotton	5-7%	5%
Synthetic	11-14%	13-14%
Blended	11-14%	13-14%
Wool	8-10%	5%
Silk	8-10%	5%

Source- Ministry of Textile

As seen in the table above, on aggregation of all taxes involved till the fabric manufacturing stage (including the partial input credit set-offs, wherever applicable), GST rates seem more or less in line with the existing indirect tax structure in case of cotton and synthetic fabrics, implying that the new law is unlikely to have any material consequence on these fronts. For businesses involved in manufacturing woolen and silk fabrics, the announced rates come across as a positive sign.

Tax Rate Comparison for Garments

Particulars	Current Effective Indirect Tax Rate (VAT + Excise Duty +Central Sales Tax)	GST Rate
Cotton Less than RS. 1000/- Cotton More than RS. 1000/-	7-8 % 8-9 %	5 % 12 %
Synthetic and blended- Less than RS. 1000/- More than RS. 1000/-	8-10 % 9-11 %	5% 12 %

Source- Ministry of Textiles

Prima facie, though the GST rates on garments costing more than Rs 1,000 may result in a price rise and seem marginally negative for the garment manufacturers, tailwinds in the consumer dicretionary spending pan-India will make it easier for these players to pass on the tax increase to the final buyers.

The shift from unorganized to organize is the biggest long-term benefit from GST, notwithstanding the short-term inventory adjustment pangs. The only sub-segment that, prima facie, seems to be adversely impacted is the man-made textiles space, where tax rates have been hiked on man-made fibre and yarn under GST. Increasing use and popularity of synthetic textiles domestically and globally, backed by recent progression and growing competitiveness of India's organized units in comparison to the Chinese players in international markets, is one of the key reasons that warrant some attention towards getting this issue addressed.

Textiles business hit by GST

protests:

Protests and strikes over the Goods and Services Tax (GST) by small manufacturers and traders have adversely affected the industry.

The Indian textiles business has come to a virtual standstill in many parts of the country, following protests and strikes by small manufacturers and traders over various aspects of the recently-introduced Goods and Services Tax (GST) that are showing no signs of abating.

From Surat to Erode and from Amritsar to Ichalkaranji, the protests have been widespread and brought manufacturing in these towns almost to a halt.

"The 5 per cent GST on cloth is not acceptable to anyone who is in the textile business. To raise our voice against this tax, all textile markets in the city will go on indefinite strike from tomorrow, as traders will refrain from any kind of transaction," a joint statement released by the three associations on Sunday said.

According to them, the GST is being levied at 5–18 per cent at all stages of textile production by considering the dyeing, bleaching, colouring and stitching involved in turning yarn into fabric as separate segments. As a result, the taxes would work out to 23 per cent on an average. This would result in a sharp increase in both material and production costs, and would adversely affect all small and medium players in the textiles industry.

Elsewhere in the state, power looms, and dyeing, packing and processing units across the textile towns of Karur, Namakkal, Tiruppur, Palladam, Somanur and Coimbatore have been protesting the imposition of GST on various stages of textile manufacturing.

In a related development, the Indian Texpreneurs Federation (ITF) has again urged the government to reduce the GST on man-made fibres (MMF) yarn from 18 per cent to 12 per cent. The current GST rate on MMF yarn will lead to increase in fabric costs, inability of weavers to compete, and subsequently de-growth. It will also not allow a weaver to take input tax credit (ITC). Reducing the GST on MMF yarn to 12 per cent will result in a 100 per cent efficient MMF value chain that would be capable of competing against other fibres. Weavers will also be able to claim ITC on yarn if the GST is brought down.

The federation has also urged the government to reconsider GST on job work after fabric on apparel of 18 per cent as it truncates the ITC chain, considering that the GST will make weavers unable to utilize full ITC. It will also increase input cost as there's no big ITC for job workers. By reducing the job work on apparel to 5 per cent, weavers can achieve real cascading benefits by availing full ITC on garments and receive working capital benefits for job working units.

Textile industry cheers lowering of GST rate on job work:

This 5 per cent rate will be applicable for job works in apparel, shawls and carpets

The Confederation of Indian Textile Industry (CITI) welcomes the GST Council's move to slash the rate on job work like weaving, cutting, knitting and embroidery to 5 per cent from 18 per cent decided earlier.

The GST Council, headed by Finance Minister Arun Jaitley comprising representatives from all states, last week decided to tax all job works in the textile sector at 5 per cent.

This 5 per cent rate will be applicable for job works in apparel, shawls and carpets.

In a statement, CITI Vice Chairman Sanjay K Jain described it as a big breather to small job work manufacturers in all segments of textile value chain which will allow the free flow of business across the value chain.

"A common rate across the chain would also avoid confusion. All textile job works being manufacturing activities were exempted from service tax in pre-GST regime. But job workers could not avail input tax credit that had been increasing the cost of the products and affecting the export competitiveness and also the domestic consumers," Jain said.

He said the 5 per cent GST rate on job works would enable the industry to claim full input credit and also avoid any inverted duty and strengthen the global competitiveness of the textile sector apart from benefiting the domestic consumers.

However, Jain said the reduction of GST rate for manmade fibre and synthetics from 18 to 12 per cent being postponed are disappointing.

He claimed that imports are now cheaper than domestic products as the countervailing duty (CVD) and special additional duty (SAD) on imports have become Integrated GST.

"Earlier the additional duties, namely, CVD & SAD were a protection against imports. Hence, industry would need some safeguard measures to ensure the Make in India initiative does not wash away in the avalanche of imports (which have post GST become 12 to 16 per cent cheaper).

"We have apprehensions that Indian market would get flooded with imports from China, Bangladesh and Sri Lanka, which would end up in huge job losses," Jain said.

He urged to the government and GST Council to accommodate the textile industry's demand of 12 per cent GST rate on MMF and synthetic yarn or refund of duty under inverted duty incidence at fabric stage as prescribed in GST Act.

GST: Impact on textile industry:

In CNBC-TV18's special series 'Hello GST', today's pick is textile industry, which has enjoyed tax-exemption for all these years.

The politics of Goods and Services Tax (GST) Bill may take some more time to sort out, but its basic impact on various industries can be analysed beforehand.

The natural fibers and cotton are not taxed but because there are duties at the petrochemical level, synthetic ones are taxed, says V Lakshmikumaran, Managing Partner, Lakshmikumaran and Sridharan. However, with the implementation of the much-awaited bill, an input credit will lead to lowered input costs and reduced prices of the finished synthetic textile at the consumer level.

On the contrary, for the natural fibers which are tax-exempt, GST will be an extra cost to the companies and the consumers.

Meanwhile, introduction of this duty will boost Indian textile exports to a great extent easing the prices and making this industry internationally competitive, says Lakshmikumaran.

Hence, integrated companies should see this as an opportunity, as the advent of GST will spur the textile sector with major capital investments bringing the cost of capital goods down, he adds.

Conclusion:

Textile Industry contributes around 4% of GDP, 9% of excise collections, 18% of employment in industrial sector, and has 16 % share in the country's export. India is the largest exporter of yarn in the international market and has a share of 25% in world cotton yarn export market. India contributes for 12% of the world's production of textile fibers and yarn. The overall impact of GST on the textile industry and consumers will depend on how the available policy options are exercised in implementing GST in relation to textiles and make necessary changes in it as per requirement to boost this industry.

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Electronic Interdisciplinary International Research Journal (EIIRJ)
A Peer Reviewed Interdisciplinary Journal UGC Approved Journal No 48833
EduIndex Impact Factor 5.20 ISSN 2277-8721

COMPOSITION LEVY UNDER GOODS AND SERVICES TAX

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GST It is a destination based tax on consumption of goods and services. It is proposed to be levied at all stages right from manufacture up to final consumption with credit of taxes paid at previous stages available as setoff. In a nutshell, only value addition will be taxed and burden of tax is to be borne by the final consumer.

The introduction of Goods and Services Tax on 1st of July 2017 was a very significant step in the field of indirect tax reforms in India. By amalgamating a large number of Central and State taxes into a single tax, the aim was to mitigate cascading or double taxation in a major way and pave the way for a common national market. From the consumer point of view, the biggest advantage would be in terms of a reduction in the overall tax burden on goods, which was estimated to be around 25%-30%. Introduction of GST would also make Indian products competitive in the domestic and international markets. Studies show that this would have a positive impact on economic growth. Last but not the least, this tax, because of its transparent and self- policing character, would be easier to administer.

Composition Levy

Composition Levy under the GST law is applicable for small enterprises. The GST law has many compliance provisions which are burdens to the small traders, to reduce such burdens an option has been provided to these traders to pay a fixed percentage of turnover as fees in lieu of tax and be relieved from the detailed compliance of the provisions of law.

Composition levy would be generally opted by persons who are supplying goods & services or both to the end consumer.

Conditions for registering under Composition Scheme under GST

The person exercising the option to pay tax under section Composition Scheme section 10 shall comply with the following conditions:

(a) He is neither a casual taxable person nor a non-resident taxable person;

(b) the goods held in stock by him on the appointed day have not been purchased in the course of inter-State trade or commerce or imported from a place outside India or received from his branch situated outside the State or from his agent or principal outside the State, where the option is exercised under sub-rule (1) of rule 1;

(c) The goods held in stock by him have not been purchased from an unregistered supplier and where purchased, he pays the tax under sub-section (4) of section 9;

(d) He shall pay tax under sub-section (3) or sub-section (4) of section 9 on inward supply of goods or services or both; (e) he was not engaged in the manufacture of goods as notified under clause

(e) Of subsection (2) of section 10, during the preceding financial year;

(f) He shall mention the words "composition taxable person, not eligible to collect tax on supplies" at the top of the bill of supply issued by him; and

(g) He shall mention the words "composition taxable person" on every notice or signboard displayed at a prominent place at his principal place of business and at every additional place or places of business. The registered person paying tax under section 10 may not file a fresh intimation every year and he may continue to pay tax under the said section subject to the provisions of the Act and these rules.

Procedure for registering under Composition Levy /Scheme

A trader who wants to register his business under a composition scheme has to file GST CMP-02 with the government by logging on online in GST portal of India

At the start of every financial year the dealer has to intimate the government about opting composition scheme or not.

GST rates for a composition dealer

Business type	CGST	SGST	TOTAL
Traders and manufacturers of goods	0.5%	0.5%	1%
Restaurant (not serving alcohol)	2.5%	2.5%	5%

Service providers are not eligible for registering under a composition scheme.

Returns

The dealer under a composition scheme has to file a quarterly return GSTR 4 up to date 18 immediately preceding quarter.

He has to file annual return GSTR 9A till December 31 of next financial year.

The dealer under this scheme need not to maintain records as it is required in regular GST.

Advantages of composition Levy

- Simplifies compliances and makes easy for the businessman to pay tax. there is no need to concise purchase invoice .businessman has to pay fixed rate of tax on turnover/sales
- There Minimum tax liability on the businessman as there are nominal tax bindings on the traders.
- There is Increase in liquidity and cash flow of the enterprise as there is no need to pay output tax at standard rates as the regular enterprise has to pay. which leads to increase in working capital

Disadvantages of composition Levy

- There is limited market for the traders under composition scheme as he cannot make interstate buying or selling of goods.
- The traders under composition levy cannot get input tax credit and cannot pass input tax credit to the buyer. The regular trader will not purchase goods from the dealer under composition levy as he will not get input tax credit.
- The dealer under a composition levy cannot issue tax invoice.
- E-commerce business is excluded from the Composition Levy.
- There are huge penalties to a trader if do not follow the compliances or pay the correct tax.

Conclusion

The composition levy scheme is good only for small enterprises. The business firms which like to expand the business overall the country should register under regular GST and not the Composition Levy

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IMPACT OF GST ON INDIAN ECONOMY…. A PERSPECTIVE.

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Abstract:

The GST Council has approved the rates of taxes on goods and services in its 14th Council met held on May 18, 2017. GST is a value added tax imposed only on the value added at each stage in the supply chain. GST has brought historical change in the indirect tax regime of India. GST is a single tax on all goods and services in the entire economy. It is a tax trigger which will certainly lead to transformation for the industry. The business organizations will have to work on bottlenecks of production cost, supply chain, compliance, logistics etc. In this paper an attempt has been made to examine the major features of GST and its impact on certain prominent sectors of Indian Economy.

Key words: *GST, GDP, Indian Economy.*

Introduction:

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. The Goods and Services Tax is meant to be a unified indirect tax across the country on products and services. In the current system in India, tax is levied at each stage separately, by the Centre and the State, at varying rates, on the full value of the goods. But under the Goods and Services Tax system that is set to be introduced, tax will be levied only on the value added at each stage. It is a single tax (collected at multiple points) with a full set-off for taxes paid earlier in the value chain. Thus, the final consumer will bear only the GST charged by the last dealer in the supply chain with set-off benefits at all the previous stages. More than 150 countries have introduced GST. It has been a part of tax system in Europe for the past 50 years. It is a preferred indirect tax in Asia Pacific region as well.

In India direct and indirect taxes prevail. Indirect tax is a type of tax where the incidence and impact of taxation does not fall on the same entity. In the case of indirect tax, the burden of tax can be shifted by the taxpayer to someone else. Indirect tax has the effect to raising the price of the products on which they are imposed. Customs duty, central excise, service tax and value added tax are examples of indirect tax. The Indian indirect tax regime is characterized by multiple taxes, such as excise duty, Customs duty, VAT, Central sales tax, service tax. It also includes local levies, such as octroi and entry tax. Historically, none of these taxes were creditable against one another. A part of the Customs duty and excise were creditable. Recently, service tax has also been brought into the creditable category. However, VAT, Central sales tax and octroi were entirely non-creditable taxes. In India certain taxes are levied by the Central Government and some are levied by the State Governments. The distribution of power to levy these taxes is clear and unambiguous. As a result, over the period, the Central and the State Governments are rigorously trying to expand their respective tax regime. However 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 significant, since the Centre and the state will legislate the respective GST Acts and both will have power to administer the taxes.

The GST is going to affect all sectors of the Indian economy. Irrespective of the size of the business organization, small or big everyone will have to be well equipped to adapt to GST environment. Henceforth there will not be any distinction between manufacturing or service industry under GST umbrella. The Indian economy is expected to expand at its slowest pace in the last four years. India's GDP growth seen decelerating to 6.5 % in 2017-18 from 7.1 % in 2016 – 17. This will be the lowest growth rate under the BJP led National Democratic Alliance. demonetization. The paper attempts to study the impact of implementation of GST on Indian economy with reference to specific sectors.

Research methodology:

The research paper is based on extensive study of available secondary data. The researcher has used exploratory research technique. The study is based on review of literature available in respective journals, annual reports, newspapers and magazines, research papers published by eminent research scholars.

Objectives:

1. To study GST framework.

2. To study impact of GST after its implementation on Indian economy.

Review of Literature:

According to the views expressed by Shphali Dani, GST will simplify existing tax stem and will help to remove inefficiencies created by the existing heterogeneous taxation system. However it needs a clear consensus over issues of threshold limits, revenue date and inclusion of petroleum products, electricity and real estate. Madhukar Hiregange, C.A., in his speech on "GST: Overview of Model GST Law" emphasized increased reliance on professional standards. He further questions whether Indian tax laws follow standards acceptable across the world. To increase competitiveness and to be a leader in the world economy implementation of GST is a commendable step. In the opinion of Dr. Atul Bansal (2017), GST is the most logical step towards the comprehensive indirect tax reform in India since independence. Under GST the taxation burden will be divided equally between manufacturing and services, through a lower tax rate by increasing the tax base and minimizing exemptions. Finance Minister Arun Jaitley while addressing the country said that while India aspires to evolve from a developing country to a developed nation and an economy that is making an impact globally with fastest growth rate," we are substantially in terms of taxation, a non – compliant society". So, GSt will be a revolutionary step in the field of indirect taxation reform in India. According to Dr.Atul Bansal, under GST, the taxation burden will be divided equally between manufacturing and services, through a lower tax rate by increasing the tax base and minimizing competition. According to Lourdunathan F. (2017) 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 growth for both center and states majorly through widening of the tax base and improvement in tax compliance. Arpit Shailesh and Dr. Taruna (2016) studied that overall GST is helpful for the development of Indian economy. At the same time it will be very much helpful in improving the GDP of the country more than 2%. According to eminent Indian economists, Abhijit Banerjee and Amartya Sen, it was expected that it will be helpful in increasing production and the purchasing power of buy which the GDP will increase by 1% to 3%. However, the statistical data available from Central statistical office show that India's GDP growth is decelerating to 6.5% in 2018 as compared to 7.1% in 2017. In the opinion of T.C.A. Anant, Chief statistician of India, lower GDP growth will affect the fiscal deficit target for 2017-18 from 3.24% of GDP estimated in the budget to 3.29%. In an interview with economic times Mr. Ashok Lavasa, the revenue secretary said, "If we carefully analyzed the trends in the global economy, of which India is a part, the growth rate peaked in 2016-17. It is not that the decisions taken in India contributed to it. It's a global trend. By end of 2016, when the certainty about GST came to be known, a lot of de-shocking took place in the first quarter and that also contributed to slowdown."

Impact of GST on Different Sectors:

Under GST regime, it was expected that 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 world. 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. In practice, the 'One Nation One Tax' slogan seems to be questionable. The government has introduced GST with four tax slabs viz. 5%, 12%, 18% and 28%. The goods and services are categorized as essential commodities, some of which are exempted, and some are taxed at a lowest tax rate of 5%. The luxurious commodities are brought under the tax rate of 28%. On the other hand the unorganized sector is also brought under GST regime so as to widen tax base. Increase in tax collection will certainly increase tax to GDP ratio. It will certainly help the government to boost capital expenditure. As it is rightly said by Mr. Ashok Lavsa, India is moving from developing country to a middle income and developed country, there should be a greater formalization of the economy. In this process of being formalized economy, the greater emphasis has to be on greater tax compliance.

Agricultural Sector:

Agriculture sector is the largest employer in India's economy but contributes to a declining share of its GDP (17% in 2019-14). India ranks second worldwide in farm output. As per model GST Act, "agriculture" includes floriculture, horticulture, sericulture, the raising of crops, grass or garden produce and also grazing, but does not include dairy farming, poultry farming, stockbreeding, the mere cutting of wood or grass, gathering of fruit, raising of man-made forest or rearing of seedlings or plants. GST will affect the cost of cultivation as certain agricultural inputs attract higher taxes and certain attract less after implementation of GST. GST will facilitate the easy and seamless transportation of agricultural commodities across the state borders with higher efficiency and also eliminate some of the transportation inefficiencies by reducing the transit time between source and destination. Hence, GST will facilitate the functioning of e-NAM. GST would have implications for tractor accessories and parts as many parts and accessories have been placed under 18 and 28 percent taxation slabs under GST. Hence the cost of repair and maintenance of tractor and other agricultural implements would be inflated in GST regime. Fertilizer industry is also going to be affected as GST is imposed on branded fertilizers..

Food Sector:

Food includes grains 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. For most of the primary farm produce the GST rate is zero. The rates on fruit and vegetable juices, jam, sauces, purees, mixes, concentrates and a host of processed foods have been set at 12 to 18%. Taking into consideration food consumed by the poor, food grain and milk have been exempted from taxes. Cereals will be taxed at 5%. As per new GST law, exemption is given on unprocessed food. So it is expected to lead to inflammatory prices of processed food which is going to affect the consumers, especially those living below the poverty line.

FMCG Sector:

Increasing household income, increased percentage of young generation and awareness of branded products have boosted FMCG sector. Items of mass consumption like toothpaste, soaps, hair oil etc. have been put under the 18% tax slab. Nearly 81% of all items are in the 18% tax bracket or below. With this rural population may also tend to shift from unbranded products to branded products. The remaining 19% fall in the 28% tax slab. Higher tax rate in paints, baby food, detergents and shampoo is a real dampener since these are daily-use, mass consumption items. Most of the items belonging to the premium category have been put under the highest tax slab of 28%. These include health supplements, skin care, aerated drinks, and liquid soap, among other goods. But this is not going to have a particularly negative impact on manufacturers as they had been paying similar taxes earlier. Currently, FMCG companies pay nearly 24-25% including excise duty, VAT and entry tax and a lower rate of 18% will yield significant reduction in taxes. These companies could generate substantial savings in logistics and distribution costs as the need for multiple sales depots will be eliminated.

Housing and Real Estate Sector:

Housing and real sector is the second largest employer in India after agriculture. Its market share is expected to grow at a CAGR of 11.2% by 2020. Real estate sector is also overburdened by multiple taxes. Currently, 12% GST is imposed on completed construction projects. Developers will get input tax credit for the materials they purchase for civil construction purposes. Abatement on service tax which was earlier available is removed in GST tax regime. Stamp duty will continue under GST. Under works contracts also supply of goods and services will be treated equally. The builders will definitely pass the reduction in tax liability to customers. The affordable housing is exempted from GST tax regime.

Banking Sector:

Banks are the backbone of economy. In India service tax was imposed on banking sector @ 15%. Under GST regime it has been increased to 18% which will definitely result in banking services becoming costlier. All services like credit card payment, levying interest on loan, fund transfer; ATM transactions are chargeable under GST. However interest on fixed deposit receipts, bank account deposits are still exempted under GST. As GST is a destination tax, sometimes it might become difficult to determine whether it is CGST or IGST. Secondly, on one hand the government is encouraging the common man to open and operate bank accounts and promoting cashless economy. On the other hand banking services have become costlier.

Limitations:

The research paper shows just a bird's eye view. GST is so vast that it is hardly possible to cover all sectors of Indian economy and the impact of GST on these sectors. Moreover, GST is recently introduced. It is settling down in the economy. It will take some time to study the exact impact of GST on the Indian economy.

Conclusion:

Introduction of GST happens to be a significant step in the overall reform of indirect taxation in India. Easier administration and enforcement will lead to elimination of cascading effect. Due to complexities involved like negotiations between 29 states, 2 Union territories with legislatures and the Central Government, it took considerable time to finalize the structure and operational aspects of the tax. But after its implementation it has received a welcoming approach from various sectors of the economy. GST is expected to create a single unified Indian market to make the economy stronger. GST is set to integrate state economies and boost overall growth. Petroleum products, electricity, liquor are kept out of the purview of GST. There are certain loopholes in the system. However, overall GST appears to be beneficial for the Indian Economy as a whole. The transparent tax structure will ease the process of tax collection which will ultimately result in minimizing tax evasion. The GST tax reforms would impact national economy, international trade, firms and consumers. As rightly put up by the finance minister Arun Jaitley 'The introduction of the Goods and Service Tax has provided a significant opportunity to improve growth momentum by reducing barriers to trade, business and related economic activities'. The IMF recently predicted that India would grow 7.4% in 2018-19. The actual picture will be clearer in the days to come.

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Electronic Interdisciplinary International Research Journal (EIIRJ)
A Peer Reviewed Interdisciplinary Journal UGC Approved Journal No 48833
EduIndex Impact Factor 5.20 ISSN 2277-8721

GOODS AND SERVICE TAX: AN OVERVIEW

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Abstract

The introduction of Goods and Services Tax on 1st of July 2017 was a very significant step in the field of indirect tax reforms in India. By amalgamating a large number of Central and State taxes into a single tax, the aim were to double taxation in a major way for a common national market. From the consumer point of view, the biggest advantage would be in terms of a reduction in the overall tax burden on goods, which was estimated to be around 25%-30%. Introduction of GST would also make Indian products competitive in the domestic and international markets. In this paper Researcher Studies the current status and overview of GST and also knows the classification and implementation status of various countries.

Key Words: *GST, CGST, SGST, IGST*

Introduction

The idea of moving towards the GST was first mooted by the Union Finance Minister in his Budget for 2006-07. Initially, it was proposed that GST would be introduced from 1stApril, 2010. But actually the Goods and service tax introduced from 1st July 2017 it was very significant step in the indirect reforms in India. By amalgamating a large number of Central and State taxes into a single tax, the aim was to mitigate cascading or double taxation in a major way and pave the way for a common national market. From the consumer point of view, the biggest advantage would be in terms of a reduction in the overall tax burden on goods, which was estimated to be around 25%-30%. Introduction of GST would also make Indian products competitive in the domestic and international markets. In this paper Researcher Studies the current status and overview of GST and also knows the classification and implementation status of various countries. As per caclubin revenue report One crore taxpayers have been registered under GST so far till 24th January, 2018 of which 17.11 lakh are Composition Dealers The total revenue received under GST for the month of December 2017(received in December/January up to 24th January) has been Rs. 86,703 crore. In this paper resercher studied overview and implementation status of GST.

Importance of GST

Goods and services tax is the biggest indirect tax reform in india. GST is a single tax on the supply of goods and services. It is a destination based tax. GST will subsume central excise law, service law, VAT and octroi etc. GST is expected to bring together state economies and improve overall economic growth of the nation. GST is a comprehensive indirect tax levy on manufacture, sale and consumption of goods as well as services at the national level. It replaces all indirect taxes levied on goods and services by states and Central. There are around 160 countries in the world that have GST in place. GST is a destination based taxed where the tax is collected by the State where goods are consumed. In India implemented the GST from July 1, 2017 and it has adopted the Dual GST model in which both States and Central levies tax on Goods or Services or both.

Objective of the Study

1. To take overview of GST.
2. To know the GST implementation status.

Methodology of the Study

Current study is purely depend on secondary data the researcher has been collected information for the study from government websites, Research Journals, Newspaper, GST council websites, Books Various reports published on websites

Features of GST

The salient features of GST are as under:

(i) GST would be applicable on "supply" of goods or services as against the present concept of tax on the manufacture of goods or on sale of goods or on provision of services.

(ii) GST would be based on the principle of destination based consumption taxation as against the present principle of origin based taxation.

(iii) It would be a dual GST with the Centre and the States simultaneously levying it on a common base. The GST to be levied by the Centre would be called Central GST (CGST) and that to be levied by the States [including Union territories with legislature] would be called State GST (SGST). Union territories without legislature would levy Union territory GST (UTGST).

(iv) Import of goods would be treated as inter-State supplies and would be subject to IGST in addition to the applicable customs duties.

(v) Import of services would be treated as inter-State supplies and would be subject to IGST.

(vi) CGST, SGST /UTGST& IGST would be levied at rates to be mutually agreed upon by the Centre and the States under the aegis of the GSTC.

(vii) The list of exempted goods and services would be kept to a minimum and it would be harmonized for the Centre and the States as well as across States as far as possible.

(viii) Exports would be zero-rated.

(ix) Accounts would be settled periodically between the Centre and the State to ensure that the credit of SGST used for payment of IGST is transferred by the originating State to the Centre.

(x) Input Tax Credit (ITC) to be broad based by making it available in respect of taxes paid on any supply of goods or services or both used or intended to be used in the course or furtherance of business.

Benefits of GST

Some Authors & 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.
- It would bring down the prices of goods and services and thus by, increase consumption.
- It would create business-friendly environment, thus by increase tax-GDP ratio.

Structure of GST

1. CGST (Central Goods and service Tax) :- It include Excise duty Tax, Service Tax, Cess etc.
2. SGST (State Goods and service Tax) :- It include Lottery, Betting, Gambling Tax, Entertainment Tax, Purchase Tax, Octrio, LBT, Advertisement Tax, Luxuries Tax etc.
3. IGST (Integrated Goods and service Tax) :- It include Central sales Tax and CVD & SAD etc.

Table No. 1 GST Rates classification for Goods in India

Exempt	5%	12%	18%	28%	28% + cess
Food grains Cereals Milk Joggery Common salt	Coal, Suger Tea & Coffee Drugs & Medicine Edible oil Indian seeets	Fruit juice Vegetable juice Beverages containing milk Bio gas fuel Fertilizers	Capital goods Intermediaries Hair oil Soap toothpaste	Air conditioner Refrigerator	Small cars (1-2%) Luxury cars (15%)

Source: economics times. India times /news/economy/policy.

The above table shows classification of Goods rate in India the above table mentioned only some Goods for various slabs.

Table No. 2 Service Rates classification in India

Exempt	5%	12%- 18%	28%
Education Healthcare Residential accommodation Hotels/lodges With tariff below 1000	Goods transport Rail tickets(other than sleeper class) Economy class air ticket Cab aggregators	Works contract Business class Air travel Tele com. services Restaurant services Hotel/ lodges with tariff below 1000 to 5000	Cinema tickets Betting Gambling Hotel/ lodge with tariff above 5000

Table No. 3 Rate of GST implemented by various countries

Sr. No.	Country	Rate of GST
1	Australia	10%
2	France	19.6%
3	Canada	5% to 15%
4	Germany	19%
5	Japan	5%
6	Singapore	7%
7	Sweden	25%
8	Newzealand	15%
9	Switzerland	8%
10	Indonesia	10%
11	Southkorian	10%
12.	UK	20%
13	Greece	24%
14.	Argentina	27%
15	China	17%
16	India	5%,12%,18%,28%

Source: www. Centrik. In/blogs/list of GST rates

The above tables indicate that's rate of GST of various countries. As per statistics available from centrik. in blogs Argentina and Sweden implemented highest GST rates and then india is second largest GST rate in the leading countries in the world. Above statistics shows that india adopted GST rates in five category. All around the world GST has the same concept some countries adopted VAT for substitute of GST. Japan country shows that lower rate of GST.

Table No. 4 List of countries Continental wise Number of implementing GST/VAT

Sr. No.	Continental	Number
1	ASEAN	7
2	ASIA	19
3	EUROPE	53
4	OCEANIA	7
5	AFRICA	44
6	South Africa	11
7	Caribbean	19

Source: www.gst.costoms.gov.

The above table deficits that continental wise countries who implemented GST . In Europe continental shows that higher number of countries who adopted GST, then Asean counties show lower number for implementation of GST. Second largest continental for GST implemented is Africa & then Asia & Caribbean.

Table No. 5 Number of Countries do not implemented GST/VAT

Sr. No.	Continental	Number of countries
1	Asean	3
2	Asia	14
3	Europ	2
4	Oceania	7
5	Africa	10
6	Caribbean	5

Source: www.gst.costoms.gov.

In Asia continental shows that 14 countries they do not implemented GST it is the highest number compared to other continental. Asan continental only three countries are remaining for implementation of GST. Then Africa is the second largest continental for implementing GST.

Findings & Observations

The Indian government categorized items in five major slabs 0%, 5%, 12%,18% & 28%. India has selected Canadian model of GST. All around the world GST has the same concept some countries have adopt VAT substitute for GST. No tax will be imposed on items 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. As per observation from gst council meeting information on website the GST council has reduced Goods and services tax rates time to time in 23rd meeting 177 items has reduced tax rates and in 25th council meeting again reduce or replace some items rate from 28% to 18% and some items cancelled from slabs. As per caclubine new report Rs 86703 crore revenue collection from GST in December Total Revenue Collections under GST for the month of December 2017 stand at Rs. 86,703 crore till 24th January 2018; One crore taxpayers have been registered under GST so far till 24th January, 2018 of which 17.11 lakh are Composition Dealers The total revenue received under GST for the month of December 2017(received in December/January up to 24th January) has been Rs. 86,703 crore till 24th January 2018. One crore taxpayers have been registered under GST so far till 24th January, 2018 of which 17.11 lakh are Composition Dealers which are required to file returns every quarter. 56.30 lakh GSTR 3B Returns have been filed for the month of December, 2017 till 24th January, 2018. A total of 8.10 lakh returns were filed by the Composition Dealers paying a total of Rs.335.86 crore as GST.

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Electronic Interdisciplinary International Research Journal (EIIRJ)
A Peer Reviewed Interdisciplinary Journal UGC Approved Journal No 48833
EduIndex Impact Factor 5.20 ISSN 2277-8721

वस्तू व सेवा कर - एक चिंतन

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१) प्रस्तावना :

एक राष्ट्र एक कर म्हणजे जीएसटी कर होय. जीएसटी म्हणजे वस्तू व सेवा कर होय. भारतात अनेक स्वरुपाचे अप्रत्यक्ष कर होते. केंद्राचे अप्रत्यक्ष कर वेगळे आणि राज्याचे अप्रत्यक्ष कर वेगळे, केंद्र सरकारने लावलेल्या कराची वजावट राज्यस्तरीय करांसाठी वापरता येत नाही. तसेच राज्य शासनाने लावलेल्या कराची वजावट केंद्रीय करांसाठी वापरता येत नाही. अशा प्रकारे करावर कर आकारला जातो. आणि करावर कर आकारला जात असल्यामुळे वस्तू आणि सेवांच्या किंमती वाढल्यास त्या महाग होऊन अर्थशास्त्राच्या नियमाप्रमाणे त्यांची मागणी कमी होते. आंतरराष्ट्रीय स्वरुपाच्या बाजारात तर तीव्र स्वरुपाची स्पर्धा निर्माण झालेली आहे. अशा स्वरुपाच्या स्पर्धेत जर आपल्या देशातील वस्तू महाग असतील तर त्यांना मागणी होणार नाही, आणि मागणी झाली नाही तर निर्यात घटेल. कोणताही देश निर्यात वाढविण्याचा प्रयत्न करत असतो. अशाच पद्धतीने भारताची ही निर्यात वाढली पाहीजे. खऱ्या अर्थाने भारताची निर्यात वाढवायची असेल तर खरेदीत समाविष्ट झालेली सर्व करांची वजावट विक्रीवरील कर भरताना मिळणे आवश्यक आहे. आणि यासाठीच भारतात असणारे सर्व महत्त्वाचे अप्रत्यक्ष कर एकत्र करणे हा एक रामबाण उपाय होता. त्यामुळे निर्यात वाढून देशाचा विकास होईल आणि तो उपाय किंवा अप्रत्यक्ष कर यांचे एकत्रीकरण म्हणजे वस्तू व सेवा कर होय त्यालाच आपण जीएसटी म्हणतो.

२) अभ्यासाची उद्दिष्टे :

२.१) वस्तू व सेवा करांमुळे रद्दबातल झालेल्या करांचा अभ्यास करणे.

२.२) वस्तू व कराच्या नोंदणी दाखल्याचा अभ्यास करणे.

३) संशोधन पद्धती :

प्रस्तुत संशोधनासाठी दुय्यम साधन सामग्रीचा अवलंब केलेला आहे. संबंधीत विषयातील संदर्भग्रंथ, क्रमीक पुस्तके, वर्तमानपत्र, व विविध मासिकातून प्रसिध्द झालेले विविध अद्यावत लेख इ. चा अवलंब केला आहे.

४) वस्तू व सेवा करांमुळे रद्दबातल झालेले कर :

वस्तू व सेवा कर पुढील करांना पर्याय आहेत त्यांचे स्पष्टीकरण पुढीलप्रमाणे करता येईल.

४.१) केंद्रीय उत्पादन शुल्क (CED) :

हा कायदा १९४४ मध्ये अस्तित्वात आला आहे. केंद्रीय उत्पादन शुल्क भारतातील उत्पादन केलेले वेगवेगळे वस्तूंवर आकारला जातो. त्यामध्ये वाढ होत जाऊन तो १२.५ टक्केपर्यंत गेला होता. आता त्याला पर्याय म्हणून वस्तू व सेवा कर सुरु करण्यात आलेला आहे.

४.२) सेवा कर :

सेवाकर १९९४ पासून अस्तित्वात आला आहे. विविध स्वरुपाच्या सेवांवर १९९४ पासून कर आकारला जाता होता. काही सेवांच्या बाबतीत हा कर आकारला जात नव्हता. परंतु हळूहळू त्यामध्ये वाढ होऊन त्यातून कोणतीही सेवा

सुटू शकली नाही. त्यामध्ये प्रामुख्याने सल्लागार, दुरुस्ती, देखभाल सेवा हॉटेलमधील सेवा, विवाह कार्यालय सेवा, कंपनी उपहारगृह, सहकारी संस्थांची सेवा, घरभाडे इत्यादी

४.३) राज्य मुल्यवर्धीत कर आणि केंद्रीय विक्रीकर :

केंद्रीय उत्पादन शुल्क हे उत्पादीत केलेल्या मालावर आकारले जाते. परंतू विक्री कर हा उत्पादीत केलेल्या मालावर आकारले जाते. परंतू विक्री कर हा उत्पादीत केलेल्या मालावर आणि प्रक्रिया न करता केवळ खरेदी-विक्री केलेल्या मालावर असा दोन्ही वर आकारला जातो. २००५ पूर्वी या कराचे विक्रीकर नाव होते. त्यानंतर त्याचे मुल्यवर्धीत कर असे नाव आले.

४.४) आयातीवर लागणारा सी.व्ही.डी. :

सी.व्ही.डी. चा दर केंद्रीय उत्पादन शुल्काइतकाच असतो. मालाची किंमत आणि सीमा शुल्क यांच्या बेरजेवर सीव्हीडी कर आकारला जातो. परंतु या ऐवजी आता जीएसटी आला आहे.

४.५) विशेष अतिरिक्त शुल्क :

देशात आयात केलेल्या मालावर ज्याप्रमाणे उत्पादन शुल्क लावण्याऐवजी सीव्हीडी आकारले जाते किंवा भारतीय बनावटीच्या वस्तूंना जसा विक्रीकर आकारला जातो त्याचप्रमाणे आयात केलेल्या वस्तूवर ४ टक्के दराने विशेष अतिरीक्त शुल्क लावले जाते.

४.६) प्रवेश कर/जकात कर/स्थानिक संस्था कर :

परदेशातून येणाऱ्या वस्तूवर अशा प्रकारचा कर आकारला जातो, किंवा नगरपालिका आपल्या हद्दीत विक्रीसाठी येणाऱ्या मालावर स्थानिक कर आकारते.

४.७) उपकर / अधिभार कर :

सरकार आपल्या उत्पन्नात वाढ करण्यासाठी मुळ करात वाढ न करता उपकर किंवा अधिभार लावते. त्यास उपकर म्हणतात.

४.८) करमणूक कर :

एक पडदा सिनेमागृहात करमणूक कर आकारला जात होता. करमणूक कराची जागा आता जीएसटी ने घेतली आहे. जेथे तिकीट १०० रु पेक्षा कमी आहे तेथे २८ टक्के करमणूक कर द्यावा लागत होता. परंतु जीएसटी मुळे आता तो १८ टक्के द्यावा लागतो. १०० रु पेक्षा जास्तीचे तिकीट असणाऱ्या सिनेमागृहात १० टक्के करमणूक कर आकारला जात होता. परंतु त्यासाठी आता केवळ २८ टक्के जीएसटी द्यावा लागतो.

४.९) सुखवस्तू व चैन कर :

जीवनावश्यक नसणाऱ्या वस्तूंना सुखवस्तू म्हणतात. महागडी घड्याळे, दागिने, हॉटेल्स, यासाठी कर ३ टक्के ते १२ टक्के असायचा परंतु त्याची जागा आता जीएसटी कराने घेतली आहे.

४.१०) लॉटरी कर :

लॉटरी मधून मिळणाऱ्या उत्पन्नावर कर आकारला जात होता. परंतु आता त्याची जागा जीएसटी ने घेतली आहे.

Electronic Interdisciplinary International Research Journal (EIIRJ)
A Peer Reviewed Interdisciplinary Journal UGC Approved Journal No 48833
EduIndex Impact Factor 5.20 ISSN 2277-8721

५) नोंदणी खाते :

जीएसटी मध्ये सर्व नोंदी संगणकाच्या मदतीने करावयाच्या आहेत आयकर आणि जीएसटी असे दोन महत्त्वाचे कर कायदे राहणार आहेत. त्यामुळे जीएसटी नोंदणी दाखला हा आयकराशी संलग्न केला जाणार आहे म्हणून आयकर कायद्याखालील PAN व्यापाऱ्याकडे असणे बंधनकारक आहे.

इलेक्ट्रॉनिक सही

कंपनी कायद्यानुसार तसेच इतर कायद्यानुसार अनेक ठिकाणी डिजीटल सही असणे बंधनकारक आहे. जीएसटी नोंदणीसाठी करावयाच्या अर्जासह पुढील सर्व पत्रव्यवहार विवरणपत्रे संगणकावर करावी लागणार आहेत. त्यामुळे इलेक्ट्रॉनिक सही असणे गरजेचे आहे. सहीसाठी पेन वापरणे जीएसटी साठी चालणार नाही.

भागीदारी पत्र

जे लोक वैदिक व्यवसाय करतात ते सोडून इतर संस्था कोणत्या ना कोणत्या कायद्याने नियंत्रित केलेल्या असतात. जसे खाजगी अथवा सार्वजनिक कंपनी नाव रजिस्टर ऑफ कंपनीकडून स्थापना प्रमाणपत्र दिले जाते. सोसायटी विश्वस्त निधी यांना देखील अशी प्रमाणपत्रे द्यावी लागतात.

बँक खाते

जीएसटी रजिस्ट्रेशन करायचे असेल तर बँक खाते अत्यंत महत्त्वाचे आहे. कारण जीएसटी नोंदणी अर्जाला बँक स्टेटमेंट जोडावयाची आहेत त्यामुळे प्रत्येक व्यापाऱ्याला बँक खाते लागणारच आहे.

व्यवसायाच्या जागेचा पुरावा

ज्या ठिकाणी व्यावसायिक व्यवसाय करत आहे त्याचा पुरावा देणे आवश्यक आहे. त्यामध्ये लाईट बील सातबारा उतारा इ. जागा भाड्याने घेतली असेल भाडेकराराची नक्कल किंवा त्या जागेच्या मालकाकडून ना हरकत प्रमाणपत्र घेणे आवश्यक आहे.

छायाचित्र

अर्जदार व्यक्ती भागीदार आणि संचालक यांचे छायाचित्र सोबत जोडणे आवश्यक आहे.

६) समारोप

सध्या भारतात जीएसटी कायद्याचा अवलंब केला जात आहे. हे कर क्षेत्रातील अत्यंत महत्त्वाचे आणि दमदार पाऊल शासनाने उचलले आहे. या जीएसटी निर्णयामुळे लोकांना करावर लादला जाणारा कर भरावा लागणार नाही. परंतु जीएसटीमुळे सध्या बाजारपेठेतील वस्तूंच्या किंमती वाढत चाललेल्या आहेत. याचाही वाईट परिणाम सर्वसामान्य जनतेला सोसावा लागत आहे. परंतू सध्या जीएसटी त्रासदायक वाटत असला तरी भविष्यामध्ये त्याचा सर्वसामान्य जनतेला व व्यापारी वर्गांना फायदा होणार आहे.

संदर्भसूची :

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IMPACT OF GST ON REAL ESTATE

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Abstract

Goods and Services Tax *(**GST**) is an indirect tax levied in India on the sale of goods and services. Goods and services are divided into five tax slabs for collection of tax - 0%, 5%, 12%, 18% and 28%. Petroleum products and alcoholic drinks are taxed separately by the individual state governments. There is a special rate of 0.25% on rough precious and semi-precious stones and 3% on gold. In addition a cess of 22% or other rates on top of 28% GST applies on few items like aerated drinks, luxury cars and tobacco products.*

Introduction

The tax came into effect from July 1, 2017 through the implementation of one hundred and first amendments by the Government of India. The tax replaced existing multiple cascading taxes levied by the central and state governments. The tax rates, rules and regulations are governed by the Goods and Services Tax Council which comprises finance ministers of centre and all the states. GST simplified a slew of indirect taxes with a unified tax and is therefore expected to dramatically reshape the country's 2 trillion dollar economy.

Research Methodology

The study is based on secondary Data .secondary data is collected from various websites and research journals. Various books from the library are also referred for collecting data.

Impact of GST on real estate

GST in real estate is welcome move, however, lack of its effective implementation in true essence and spirit as provided under the scheme of the GST Act, due to certain notifications (which devise a new set of mechanism for calculations of GST liability completely overriding the scheme as provided in the Parent Act) has left a huge financial impact deep inside the pockets of real estate developers and the ultimate purchasers.

1. Broad legal position:

I. As per GST law:

i) GST is levied on supply of goods and/or services;

ii) As per section 15 of CGST Act, The value of a supply of goods or services or both shall be the transaction value, which is the price actually paid or payable for the said supply of goods or services or both where the supplier and the recipient of the supply are not related and the price is the sole consideration for the supply.

II. Constitutional position:

i) The land is state subject and this is also clear from a perusal of Entry 5 of Schedule III of the CGST Act which expressly excludes "sale of land" from the ambit of GST. This means that GST is only on the supply of construction service (which includes both materials & services).

ii) The Article 265 of the Constitution of India, specifically states that, "No tax shall be levied or collected except by authority of law"

2. Implications of Notifications No. 8/2017-Integrated Tax (Rate) & 11/2017-Central Tax (Rate) [say `Notifications']

As per notifications in case of supply of service involving transfer of property in land or undivided share of land, as the case may be, the value of supply of service and goods portion in such supply shall be equivalent to the total amount charged for such supply less the value of land or undivided share of land, as the case may be, and the value of land or undivided share of land, as the case may be, in such supply shall be deemed to be one third of the total amount charged for such supply. For above purposes "total amount" means the sum total of (a) Consideration charged for aforesaid service; and (b) amount charged for transfer of land or undivided share of land, as the case may be.

3. Cumulative effect of the GST law and notifications:

Notifications provide method of valuation by way of deduction of 1/3 (being deemed land value) of total consideration, which is contrary to section 15(1) of CGST Act since the same provides the transaction value of supply of goods and/or services as the basis for calculation.

4. Blatant anomalies

i) Since the land is state subject and the circle rates for land are determined by the state government after exercise of valuation and therefore such valuation should not at least be contradicted and/or disputed by the Union Government, as the same would tantamount to transgressing upon the federal structure of the Constitution of India. The limit may not be transgressed even under a pretense or disguise of doing something that is permissible; such transgression may in substance and reality would be an attempt to achieve something that is prohibited and tantamount to achieving desired result in an indirect and circuitous manner.

ii) The determination of value of land as fixed 1/3rd in all the cases throughout India hypothetically in a mechanical manner without any basis, logic, scientific study, ground realities, the nature of construction, the purpose for which it is used, its situation, its capacity for profitable user and other relevant circumstances etc. is against the law and judicial pronouncements; As a matter of fact the value of land varies from place to place even in same locality and by no means it can be determined as the same (that is 1/3rd) throughout India; The value of land depends on various factors including its usage (that is residential/ commercial), location, FAR permissible, etc. This proposition of law had also been clearly established by the Hon'ble Delhi high court in the case of "Amit Gupta V. GNCTD & Others" WP (C) 3591/2014;

a) Let us take an example: In Delhi, the Circle Rates of Lands in various Categories are different and the highest being the `A' Category priced at Rs. 7, 74,000/- Per Sq. Mtrs. And the Lowest being `H' Category priced at Rs. 23,280/- Per Sq. Mtrs. Based on these calculations, for a plot of land of 1000 Sq. Mtrs. In A category, like Prithvi Raj Road, New Delhi, (say `PLOT A') price would be Rs. 77,40,00,000/- while that of H category like Aya Nagar Village (say `PLOT B') would be Rs. 2,32,80,000/-, therefore land value of land in A category is about 3300% than the value of land in H category. This distinction in valuation of two different plots is as per Delhi Government Rules/ Circle Rates Policy. Likewise, the construction rates in A category are Rs. 21960/- Per Sq. Mtrs. And that in H Category are Rs. 3480/- Per Sq. Mtrs. Assuming covered area in both buildings (since of same size) is 1400 Sq. Mtrs. And the construction costs are same as per circle rates, the construction value on Plot A would be Rs. 3,07,44,000/- while that on Plot B would be Rs. 48,72,000/-. In case these plots are being sold at under construction stage to prospective buyers then Juxta positioning the impact of GST on these two transactions pre and post situations would make viz-a-viz the said Notifications:-

From the above example it is amply clear that the land has been taxed indirectly by way of the Notifications;

Further, if we breakdown the per sq. Mtrs. cost of construction comes to about Rs. 5,67,498/- Per Sq. Mtrs. in A category colony. These figures can get even more interesting in case of commercial property, at approx. Rs. 17,02,491 Per Sq. Mtrs. since land rates in such cases are three times the value of residential land; It is noteworthy that the above rates of Per Sq. Mtrs. construction costs, itself reveals that the method of calculations is absurd and needs to be rectified.

The most interesting part of these deemed valuations is that they have no direct relation to actual costs incurred and irrespective of usage, nature and quality of construction, the methodology of determining the costs remain the same.

Various tenders floated /contracts awarded by Union Government from time to time may be checked and verified to ascertain per sq. Mtrs. Cost of construction of any residential / commercial project;

b) The courts have time and again resorted to the application of maxim `what cannot be done directly cannot be done indirectly'. Further, the said notifications are an indirect invasion on federal structure of the Constitution.

c) There cannot be two different valuations for same piece of land that is one for payment of stamp duty to state government and the other for payment of GST to the Union;

5. Impact of these notifications qua concerned matters on foreign investments and Ease of Doing Business;

i) Foreign investments are directly related to the transparency and clarity of law and ease of doing business in any country;

ii) These notifications if not amended/ rectified will seriously shake the trust of the foreign and domestic real estate developers and investors. And at the same time, it will adversely affect the local home buyers and a genuine home buyer will end up paying much more than he deserves to pay. This will adversely affect the salary class and the middle class of the society making homes expensive and thus further harboring inflation.

GST implications for real estate

The Goods and Services Tax (GST), is a comprehensive indirect tax on the sale, manufacture and consumption of different kinds of goods and services throughout India, with all other central and state taxes intended Real estate.

The Goods and Services Tax (GST), is a comprehensive indirect tax on the sale, manufacture and consumption of different kinds of goods and services throughout India, with all other central and state taxes intended to be subsumed under it. This tax will have far-reaching implications, including on real estate.

Existing taxation norms

The real estate industry in India has witnessed major tax changes, in the last few years. However, these taxes are not uniform all over the country – different practices and regulations are followed in different states. It was the 46th amendment to the constitution that brought massive changes towards taxation in the real estate sector. Subsequently, special powers were given to the state governments, for implementing Value-Added Tax (VAT) on some specific kinds of transactions.

For land, property and other kinds of work contracts, different kinds of taxes are levied by the state government and the central government. The transactions are mainly categorised in three parts – value of services, value of goods and materials, and value of land. VAT is applied by the state government on the goods portion, while value of services is taxed by the central government. However, other than stamp duty, there is no clear tax on the transactions regarding value of land. This situation leads to confusion and can result in dual taxation. Compliance and implementation of such taxes are also difficult.

This has led to a situation, where for one real estate transaction, multiple taxes need to be paid. This has a negative effect on the industry. The industry's demand to bring GST on board, is primarily to get a clear and transparent taxation rule for the real estate sector in India.

Impact of GST on Indian realty

The **i**mplementation of GST can prove to be a significant step in reforming indirect taxation in India. Chances of double taxation would be diminished, as some of the central and state government taxes will be amalgamated into one tax. This will ease the process of taxation considerably, making it easier to enforce and administer.

Impact on home buyers

In the current situation, a developer incurs various kinds of expenses during the construction phase of a project. Different kinds of taxes are involved with these expenses, such as VAT/CST, customs duties, service tax, excise duty, etc. A majority of these taxes are expenses that are included in the system. This is because they are not creditable to the developer or to the end-customer. These non-creditable expenses lead to tax inefficiency, which is not desirable.

One positive impact of the GST could be the doing away of restrictions on credit utilization. This will definitely help in strengthening the credit chain in the entire system. If builders can properly manage this aspect, they will see some profit.

The proposed GST structure should provide a progressive and streamlined approach. Presently, builders running projects in different states have to comply with state-specific VAT laws, as well as other kinds of service taxes. Bringing in GST will, therefore, not bring any additional compliance burden on real estate builders in the country.

Issues regarding GST which affect real estate builders

Developers, on their part, have also been seeking certain clarifications, vis-à-vis GST. For example, the definition of a real estate developer varies from one state to another. The composition scheme varies according to state, in which the VAT rates range between 1% and 5%. In some states, there are differences between the terms 'real estate contractors' and 'real estate developers'. These different meanings will have to be factored in, while evaluating the GST implications.

There might be some confusion regarding GST implementations on residential property, as well. In the present scenario, there is no service tax applicable on renting immovable property, particularly for residential purposes. However, service tax and VAT is applicable on construction work. The question that arises, is if the GST will offer differential tax for residential properties.

As of now, it does not look like completed residential projects will be affected by GST, as buyers into completed projects have already paid the statutory charges, such as stamp duty and registration charges on the transaction.

The segments to watch on the GST front are under-construction flats and rental flats, which are expected to come under its ambit. GST will apply to the materials that a developer procures for building a residential project. Hence it will have a direct impact on the overall cost of construction. Moreover, a lot also depends on the final rate of GST. If it is more than the existing cumulative taxes, then, the overall cost of buying an under-construction flat will increase, along with the added cost of stamp duty and registration. Developers will also have to keep an eye on costing, as price competitiveness is very important in the current real estate market scenario. Real estate experts say that stamp duty and property taxes may continue to be levied on immovable properties The Goods and Services Tax (GST) rate of 12 percent will be applicable on under-construction properties. This rate with input tax credit seeks to remove the inefficiencies of dual taxation in the form of value added taxation (VAT), service tax and puts an end to multiple taxes.

The service tax exemptions to be continued in GST as decided by GST Council include services provided by way of pure labour contracts of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of a civil structure or any other original works pertaining to the beneficiary-led individual house construction/enhancement under the Housing for All (Urban) Mission/Pradhan Mantri Awas Yojana (PMAY). property that is under construction is governed by the works contract. The GST Council has announced four rates for services - 5, 12, 18 and 28 percent. While 5 percent rate is mostly for transportation services, rates for restaurant services will vary as per tariffs charged and facilities provided, ranging from 12-18 percent; Gambling and cinema services will fall under 28 percent slab, as entertainment tax merged with service tax under GST while works contract is taxable at 12 percent with full input tax credit.

The schedule of GST rates for services as approved by the GST Council said that the "construction of a complex, building, civil structure or a part thereof, intended for sale to a buyer, wholly or partly. The value of land is included in the amount charged from the service recipient." These will be taxed at 12 percent with full input tax credit.

What this means is that from July 1, GST would be applicable on under construction properties at the rate of 12 percent but not on completed, ready-to-move-in apartments. Real estate experts say that stamp duty and property taxes may continue to be levied on immovable properties.

Impact on home buyers and the industry

With the Goods and Services Tax (GST) intended to replace multiple levels of taxation, we look at how it will affect the real estate sector – from home loans and housing purchase to rentals, across various segments and the grey areas that will impact the final price for a home seeker

The GST Bill was approved in the Lok Sabha on March 29, 2017 with four supplementary legislations- The Central GST Bill, 2017; The Integrated GST Bill, 2017; The GST (Compensation to States) Bill, 2017; and The Union Territory GST Bill, 2017.

At the debate preceding the passing of the bills, finance minister Arun Jaitley said the GST, which will usher in a uniform indirect tax regime in the country, will make commodities 'slightly cheaper.' "Today, you have tax on tax, you have cascading effect. When all of that is removed, goods will become slightly cheaper," he said. On why the GST Council has decided on multiple GST rates, Jaitley said one rate would be 'highly regressive as hawai chappal and BMW cannot be taxed at the same rate.'

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Electronic Interdisciplinary International Research Journal (EIIRJ)
A Peer Reviewed Interdisciplinary Journal UGC Approved Journal No 48833
EduIndex Impact Factor 5.20 ISSN 2277-8721

IMPACT OF GOODS AND SERVICE TAX (GST) ON INDIAN ECONOMY

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Introduction:

GST stands for Goods and Service Tax. First time GSTs recommend by task force (Kelkar committee) in 2004 in India. According to kelkar committee GST is one key which is reform of tax structure in India. In 2000 tax committee has set up to draft GST law. After 17 years GST bill passed in loksabha and rajyasabha and GST implied on 1 July 2017 in India. Under GST, goods and services fall under five tax categories 0 % , 5%, 12 %, 18 %, 28 &. For corporate the elimination of multiple taxes will improve the ease of doing business. And for customer the biggest advantage is reduction in the overall tax burden on goods. " Inflation will come down, tax avoidance will be difficult, India's GDP will be benefitted and extra revenues will be used for welfare for poor and weaker section" finance minister Arun Jaitey said at GST launch event in parliament. GST is indirect tax which has replaced all indirect tax such has VAT sale tax excise duty service tax entertainment tax e.t.c. GST is a designation based tax which is levied only on value addition at each stage because credits of input taxes paid at procurement of inputs will be available.

GST is one indirect tax which is implied in overall country. GST s principal is "one nation one tax one market". GST s aimed that integrated over India's market and unifying the country. In the GST system GST will be impose on every person in the nation.

Objective of the study:

1) To study the GST features.
2) To study the objective of GST.
3) To study the impact of GST on various sectors of Indian Economy

Research methodology:

This research paper is descriptive type analysis and based on secondary data which are collected from serve sources such as research paper, publications, various books, report of government of India e.t.c which is available on internet.

Features of GST:

1) GST is indirect tax which has levied on at each stage of value added..
2) GST is replaced all indirect tax.
3) CGST is called central GST which is collected by central Government.
4) SGST is called state GST which is collected state government.
5) GST is reform of tax Structure.
6) Right to impose tax on economic activities that are doneon territorial waters.
7) GST s main aim that unifying the country
8) GSTs principal is one nation one country one market.

Objective of GST:

1) GST replaces all indirect taxes like VAT excise duty e.tc.
2) Increasing GDP rate.
3) Improving competition of goods and services.
4) Reducing the complications in tax administration.
5) Reforms tax structure.
6) Decreasing the unhealthy competition among the states due to taxes and revenue
7) Reducing the tax slab rates to avoid further classification issues.
8) Making unified law of taxes, tax structure and tax base system.
9) Making one country one market.

Impact on Indian economy:

1) Gross Domestic Product(GDP)

Impact of GST on GDP is positively. According to NCAER GST would be key revolution in Indian economy and could increase the GDP by 0.9 to 1.7.

2) Government Revenue:

GST will increase government revenue because tax structure is improved and reducing the corruption .

3) Agricultural sector :

Agricultural sectors share is 16 % in GDP. Its backbone of Indian economy. Government has imposed GST on agricultural goods. GST is reduce on heavy machine which is use in agricultural sector. so there are farmers production cost will reduce. Government has imposed 12 % GST on Agricultural fertilizer, tractor, Wavier, this is beneficial for manufacture sector and negatively effect on agriculture.

Electronic Interdisciplinary International Research Journal (EIIRJ)
A Peer Reviewed Interdisciplinary Journal UGC Approved Journal No 48833
EduIndex Impact Factor 5.20 ISSN 2277-8721

The agricultural is faced problem of transportation. There are GST solve agriculture transportation issues because GST may provided nation market for agricultural goods.

4) Textile Industry:

Government has reduced GST to 5 % from 18%. GSTs impact on textie industry is positively and increase the revenue of textiles industries GST impact on readymade garment ike saris shoes e.tc.

5) Pharmacy Industry:

India's pharmacy industry is world 3 rd largest industry. Impact of GST on Parma is positively because GST creates a level a paying field for generic drug makers boosts medical tourism and simplify the tax structure.

6) Telecom:

Telecom industries is divided into three parts: equipments manufactures and infrascture providers. In this sector competition is very high such as reliance lunch Jio another companies is very serve pressure in the form of intense competition. Government has imposed GST 18 % on telecom sector which is very rate

7) Cement industry:

India's cement industry is 2nd largest cement industry in the world. Government has levied GST to 5 % to 28 % from earlier tax rate 27% to 32%. So GST effect on cement industry is positively. Because tax rate and transport of cement one state to another state spending easer time at checkpoint.

8) Entertainment:

Entertainment GST is 18% compared with earlier tax rate 28 % on movie ticket. This would be positively effect. And multiplexes would be able to claim input tax credit on product and service they use.

9) Banking sector:

GST s effect on banking sector is positively because banks will be able to GST liberties against credit received on purchase goods, to take particular credit of excise duty and service tax paid procurement of qualifying goods and services which are used for provision output services.

10) Prices:

After GST implantation consumers prices can stay higher and longer because tax rate is higher.

11) Inflation Rate:

GST will lead to rise in inflation rate which will remain for a year after that GST will affect positively on the economy.

Conclusion:

Researchers has concluded that GST is improving tax structure and its principal is one nation one tax is very effectively because its reduce difficulties of customers businessman and tax administration. And GST become nation integrated. GSTs effect on Indian economy will be positively and its helpful to increase to rate of GDP and economic Development. So GDP is one key of Indian economy.

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Electronic Interdisciplinary International Research Journal (EIIRJ)
A Peer Reviewed Interdisciplinary Journal UGC Approved Journal No 48833
EduIndex Impact Factor 5.20 ISSN 2277-8721

IMPACT OF GST ON INDIAN TEXTILE INDUSTRY

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Abstract:

Goods & Services Tax Law in India is a comprehensive, multi-stage, destination-based tax that will be levied on every value addition. More than 150 country implemented GST so far. It will include many state and central level indirect taxes. SABT will bring uniform taxation across the country and allow full tax credit from the procurement of inputs and capital goods which can later be set off against GST output liability. This reform gives equal footing to the big enterprises as well as SMEs. The aim of GST is thus to simplify tax hurdles for the entire economy. Goods and Services Tax is popularly known as GST. This 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 stage. This research paper highlights the positive and negative impact of the GST in the Indian Tax System. It is a modern tax reform which will conduct in growth and opportunities for businesses in India. It is a tax generator, which will lead to business transformation for the industry. This research paper will discuss in detail the concept of GST, its need, its impact i.e. both positive and negative impact on Indian Economy

Keywords: *Goods and service tax (GST), Indirect tax and Textile sector*

Introduction:

GST is a modern tax reform which will conduct in growth and opportunities for businesses in India. It is a tax generator, which will lead to business transformation for the industry. There will be 3 types of GST: CGST- Collected by Centre SGST- Collected by State IGST- Applicable on inter-state sales. It will help in smooth transfer between states and the Centre. The Goods and Services Tax would be a very noteworthy step in the field of indirect tax reforms in India. From the consumer point of view, the biggest advantage would be in terms of reduction in the overall tax burden on goods and services. This paper is an analysis of what the impact of GST (Goods and

Services Tax) will be on textile sector. It is an accepted fact that GST is not merely a tax change but a business change as it will impact all functions of an organization such as finance, product pricing, supply chain, information technology, contracts, commercials etc. Thus, it is imperative that all these functional teams should be aware about the GST. But the underlying question is what should these team members read/ refer for GST? There are mixed response, inexplicit arguments and opinions among the Manufactures, traders and society about the Goods and Services Tax (GST) to be implemented by Government of India. GST is a comprehensive, indirect, multi-stage, destination- based tax that will be levied on every value addition. The goods and services tax (GST) is aimed at creating a single unified market that will directly affects all sectors and sections of our economy.

Objective of the study:

1) To study the concept of GST and its related aspects.
2) To study the impact of GST on Indian Textile Industry.
3) To point out challenges of GST for Textile Industry in India.
4) To provide necessary suggestions for better implementation of GST in the context of Textile Industry.

Research Methodology:

The present research is Descriptive Research. For present research, data have been collected through secondary sources such as reference books, journals, articles published on internet websites etc.

Applicability of GST for Textile Industry:

The five percent GST rate on cotton was unanimously hailed by all sections of the Textile industry as a "progressive decision". Ujwal Lahoti, the Texprocil Chairman expressed satisfaction for maintaining a low GST rate for cotton. He said, "The low rate (for cotton) will go a long way in serving the purpose of tax compliance. In addition, the government's decision ensures that we will regain competitiveness in the world market. As a fore thought, he advocated that, "I request the government to specify drawback rates. This will account for the un-rebated duties under GST. It will also help carry on with the Rebate of State Levies (ROSL) scheme.

Industry insiders also opined that the government's focus given to the domestic textile industry will definitely help push up exports. Also, industry's dependence on the yearly budget announcements (sops) would diminish and would get a stable playing field that is business conducive. Following are rates applicable to various sub products of textile industry.

A. **Tax Free Textile Goods**

1) Raw silk and silk waste
2) Wool, not carded or combed
3) Gandhi Topi, National Flag
4) Khadi Yarn
5) Coconut or Coir fibre
6) Jute fibres raw or processed but not spun

B. **5% GST (Fibers and Yarns):**

1) Silk yarn
2) Yarn of wool or of animal hair
3) Cotton yarn, other than khadi yarn
4) Cotton sewing thread
5) Vegetable fibres and yarns such as Flax, Hemp, Paper yarn
6) Embroidery or Zari articles

C. **5% GST with no refund of ITC accumulation**

1) Woven fabrics of Silk or Silk waste
2) Fabrics Wool or of animal hair
3) Cotton fabrics
4) Fabrics of other vegetable textile fibres
5) Fabrics of manmade textile filaments
6) Fabrics of manmade staple fibres
7) Knitted or Crocheted fabrics

D. Mix Bag (5% GST if Sale value below Rs. 1000, 12% GST sale value above Rs. 1000)

1) Articles of apparel and clothing accessories, knitted or crocheted
2) Articles of apparel and clothing accessories, not knitted or crocheted
3) Blankets and travelling rugs
4) Curtains (including drapes) and interior blinds; curtain or bed valances
5) Other furnishing articles, such as Bedspreads Counterpanes, Napkins, Pillow case, Table cloth
6) Worn clothing and other worn articles
7) Used or new rags, scrap twine, cordage, rope and cables and worn out articles of twine,

cordage, rope or cables, of textile materials.

E. **12% GST**

1) Wadding and felt of Textile materials whether or not impregnated, coated, covered or laminated
2) Nonwovens
3) Rubber threads and covered yarns
4) Metalized yarns, imitation Zari yarns
5) All Carpets and Floor Coverings including mats
6) Woven Pile fabrics and Terry Towels
7) Narrow Woven fabrics
8) Woven fabric of metal thread and metalized yarn is taxable
9) Quilted textile products
10) Tyre Cord fabric of high tenacity yarn
11) Textile products and articles for technical uses (technical textiles)

F. **18% GST (Fibers and Yarns)**

1) Synthetic filament yarn such as Nylon, Polyester, Acrylic etc
2) Artificial filament yarn like Viscose rayon, etc
3) Sewing thread of manmade filaments
4) Synthetic or artificial staple fibers
5) Synthetic or artificial filament tow
6) Yarn of manmade staple fibers
7) Sewing thread of manmade staple fibers
8) All Textile Machinery

Impact of GST on Textile Industry:

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 including all garments for men and women like shirts, trousers, saree, apparels, shoes and any more clothing materials which is chosen by most small medium enterprises as it currently attracts zero central excise duty (under optional route). According to the Ministry of textiles (Government of India) total textile export during 2011-12 was US$ 33161.74 and the total value of textile machinery produced during the same period was Rs. 5280 crore. India is the second largest fiber producing country in the world with export revenue of US$ 40 Billion in FY 2015-16. This oldest industry of Indian economy provides employment to more than 50 million people. It is a labor intensive sector and also the largest contributing industry to the total export of India with 11%. The un-organized sector of textile comprises handloom, handicraft, and sericulture whereas the organized sector includes spinning, apparel, and garments. Presently, the Indian textile industry is worth of US$ 108 billion and economists expect it to reach US$ 223 billion by 2021. Despite this, the textile industry as a whole would benefit from the introduction of GST due to following changes-:

1) **Input credit allowed on capital goods**

   Currently, the import cost of procuring the latest technology for manufacturing textile goods is expensive as the excise duty paid is not allowed as input tax credit. Whereas under GST, there will be input tax credit available for the tax paid on capital goods

2) **Break in input credit chain**

   A significant portion of the textile industry in India operates under the unorganized sector or composition scheme, thus creating a gap in flow of input tax credit. Input tax credit is not allowed if the registered taxpayers procure the inputs from composition scheme taxpayers or the unorganized sector. GST would enable a smoother input credit system, which would shift the balance towards the organized sector.

3) **Reduction in manufacturing costs**

   GST is also likely to subsume the various fringe taxes like Octroi, entry tax, luxury tax etc. which would help reduce costs for manufacturers in the textile industry.

4) **Shifting towards an organized sector**

   A substantial segment of the Indian textile industry operates under the unorganized sector. It creates a gap in the input tax credit system. If the registered taxpayers buy inputs from the unorganized sector, they can not avail input tax credit facility. **GST on textile** will bring a significant change in the input tax credit system and it will create an important balance between organized and unorganized sectors of the industry. In fact, GST will help the entire textile industry in shifting towards an organized sector.

5) **Low Manufacturing Cost**

   As a unified tax system, GST will include several fringe taxes including entry tax, luxury tax, octroi, etc. It will help in reducing manufacturing cost in the industry and as a result, the textile manufacturers will earn a high profit by contributing more to the Indian economy.

6) **Input Tax Credit for Capital Goods**

Presently, Indian textile manufacturers need to pay heavy excise duty while importing capital goods. This excise duty is costly as input tax credit facility is not available under current tax laws. But with GST's launch, the excise duty will have input tax credit facility and it will decrease the total import cost for capital goods.

7) **Textile industry will be more competitive:**

As per the Secretary of ITF (Indian Texpreneurs Federation) Prabhu Dhamodharan, GST will restructure the input tax credit claiming process. It will make the entire textile industry more aggressive in the export market. In addition to this, input tax credit will be a significant step for promoting the export of textile products. It will also encourage the manufacturers to adopt cutting-edge production system to develop existing products.

8) **GST will encourage the farmers:**

Cotton yarn and fabrics will come under 5% GST tax slab and it will inspire the farmers to grow ample amount of cotton more than before. The farmers will get the accurate price for their hard work. Experts are expecting that **GST on textile** will create development in the entire value chain.

9) **Readymade garments will be costlier:**

GST on readymade garments will create a huge difference in the current consumption. The tax slab will be 12% under GST while the present slab is 4-5% VAT and 2% excise. This higher tax slab will definitely increase the price of readymade garments for the consumers.

10) **GST on apparel**

The Indian government has decided to keep 5% **GST on apparels** that are below than INR 1000 and apparels beyond this price will have 12% GST rate.

11) **Developing Forward**

Definitely, GST will bring vast changes in the textile industry of India. Man-made or synthetic fiber yarn will have 18%, readymade garments will have 12%, and cotton yarn and fabrics will come under 5% GST tax slab. Silk and jute will not have any indirect tax under GST. While GST will simplify the current procedures by converging various complex indirect taxes into a unified platform, it will also improve the textile export scenario of India.

Challenges of GST for Textile Sector:

1) **ITC Flow:**

GST will result in a huge gap in the flow of ITC if small vendors remain unregistered.

Further, ITC will not be allowed if the registered taxpayers procure inputs from the person who is unregistered person or who is opting the composition Scheme.

2) **Dependence on Job Work**:

Textile Industry is mostly dependent upon Job work for various processes. Further, the benefit of composition scheme is not available to them. Job work is deemed to be a supply of service under the GST law whereas the Composition Scheme is not applicable to the person who is involved in supply of services. The job worker will be required to streamline business with compliances under GST laws.

3) **Reduced Exemption Limit**:

Under the existing excise law, the threshold limit for exemption is Rs. 1.5 Crores but under the GST Regime it will be reduced to Rs. 20 lakhs other than eastern hill states where it is merely Rs 10 lakhs.

4) **Matching of Credit**:

Credit of Input tax is available only when the credit matches with the return filed by both the buyer and the supplier. The unorganized working of small traders will create a big problem for ITC matching.

5) **Advance Booking**:

Textile is an industry which requires advances booking and advance payment. But the GST laws mandate the payment of taxes on advance receipt and it has to be also suitably declared in returns. This will result a big crunch in the industry.

6) **Compliance**:

The biggest challenge for textile industry will be registration and then compliances. The traders will not be inclined to focus on those areas as for many years they worked on simple challans so holistic approach has to be adopted to bring them on mainstream of changes.

7) **Technology Driven law**:

GST is a Technology driven law which can cause huge problem to the small traders. The traders may either not be opting to hire manpower or won't be ready to adopt the technology to ensure seamless GST.

Conclusion:

There may be a few drawbacks for the textile industry due to the higher tax rate and removal of benefits under cotton value chain, but it is safe to say that GST will help this industry in the long run by getting more registered taxpayers under a well-regulated system. It can also be hoped that GST will help the textile industry to get more competitive in both the global and domestic markets and create opportunities for sustainable, long-term growth.

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