

IMPACT OF GOODS AND SERVICE TAX IN INDIAN PRODUCTS

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ABSTRACT

GST stands for goods and service tax. We all now that tax came from a Latin word 'taxare' which means estimates. Goods and service tax is a tax laid on goods and services. GST is a tax reform in India. This tax system will reduce all indirect taxes of the state and central government. GST can be called as national level VAT (value added tax) on goods and services. Here in this paper we have given an overview of GST importance, scope, structure in 2017, types of GST like SGST (state goods and service tax), CGST (central goods and service tax), IGST (integrated goods and service tax) to know the goods and service taxes on different products. Types of taxes imposed on public before GST, Structure of GST in India, things which have become costlier/expensive and cheaper after implementation of GST.

Keywords: *Cgst, Igst, Indirect Tax, Direct Tax, Sgst, Vat.*

I. INTRODUCTION

GST means goods and services tax. It was first introduced by Vishwanath Pratap Singh 7th prime minister of India in 1986. Next government has proposed to implement GST in Lok Sabha in 2011. It was again proposed in Lok Sabha in Dec 2014 and 2015. Presently, after formation of BJP government, President "Narendra Modi and new finance minister Arun Jaitley" introduced GST bill in Lok Sabha. GST was introduced in India on 1 July 2017. It will be applicable throughout India, which replaced different indirect and direct taxes laid by central and state government. By creating a single tax throughout India, there are nearly 500 types of taxes in our country. Our President Modi said that GST will eliminate the effects of the current multi-layered tax system as well as the cross-state tax heterogeneity by fixing the single tax rate. It reduces cost and saves money.

1.1. DEFINITION:

- "GST is a tax on goods and services with value addition at each stage having comprehensive and continuous chain of set of benefits from the w/service providers point up to the retailer's level where only the final consumer should bear the tax".

II. OBJECTIVES

The following are the objectives:

- To find out the scenario after implementation of GST.
- To know the types of taxes imposed on public before GST implementation.
- To know the structure of GST in India.
- To know the types of GST.
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III. METHODOLOGY

Secondary source of literature is from books magazines papers.

IV. IMPORTANCE

- GST is transparent tax and also reduces number of indirect taxes.(one country one tax).
- Uniform GST registration, payment and input tax credit.
- To eliminate or reduce indirect taxes.
- Economic distortion will be reduced.
- Evasion and corruption on tax will be reduced.
- To increase productivity.
- GST will not be cost to the retailers who are registered therefore there will be no taxes hidden. There will be single cost for everyone.
- If prices come down then consumption increases then it is help for companies and customers it is benefit for both.
- Transparent and corruption free tax administration was built with the help of GST.

V.SCOPE

- GST will cover all goods and services except alcoholic liquor for human consumption, for the levy of goods and service tax.
- In petroleum and petroleum products,it has been provided that these goods will not be subject to levy of good and service tax.
- It will be recommended by goods and service tax council.
- GST is easy and simple to administrate.
- GST will have better control on leakages.
- By GST we get more revenue.
- Tax rates and structure will be uniform..
- It provides gain for manufactures and exporters.

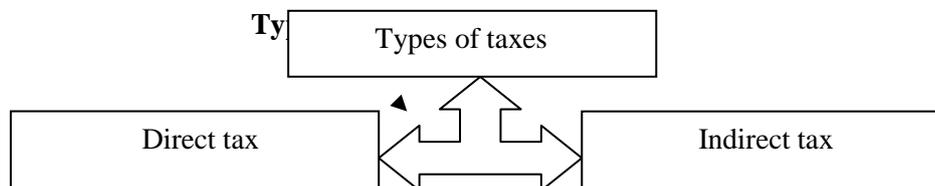
5.Scenario after implementation of GST:

S.NO	Goods and services	Before GST	After GST
1	Ghee	5%	12%(increased)
2	Soaps	29%	18%(decreased)
3	Hair oil	29%	18%(decreased)
4	Branded rice	0%	5%(increased)
5	Tooth paste	29%	18%(decreased)
6	Birthday Cakes	29%	18%(decreased)
7	Chocolates and biscuits	29%	18%(decreased)
8	Ice creams	29%	18%(decreased)
9	Mobile phones	6%	12%(increased)
10	Computers and laptops	6%	18%(increased)
11	Ayurvedic medicines	10%	12%(increased)
12	Branded noodles	10%	13%(increased)
13	Furniture	29%	12%(decreased)
14	Pizza,burger	RS 100	RS 75(decreased)
15	Readymade dresses	5%	2.5%(decreased)
16	Shoes	5%	2.5%(decreased)
17	Washing machines	6%	28%(increased)
18	Televisions	26%	28%(increased)
19	Fridge	26%	28%(increased)
20	Cement	29%	28%(decreased)
21	Micro oven	26%	28%(increased)
22	Medium cars	47%	43%(decreased)
23	Bikes	30%	28%(decreased)
24	Hospital equipment	18%	12%(decreased)
25	SUV cars	55%	43%(decreased)
26	Transport services	6.1%	12%(increased)
27	Telecom Services	15%	18%(increased)

From the above table we can see that many goods and services have been increased and many goods and services have been decreased after implementation of GST. On 7-10-2017 Narendra Modi has said that GST tax rate can be reduced for 24 items after some days.

VI. TYPES OF TAXES IMPOSED ON PUBLIC:

These taxes are divided into direct and indirect taxes



- Income tax
- Capital gains tax
- Securities transaction tax
- Perquisite tax
- Corporate tax
- Sales tax
- Service tax
- Value added tax
- Custom duty
- Excise duty

Direct tax:

The taxes are taxes which are directly imposed on public by government.

Income tax: Income tax is paid based on our income. Every individual whose total income crosses taxable limit they should pay income tax based on prevailing rates applicable time to time.

Capital gains tax: Capital gain tax is the name its self says that it is tax on gaining capital. When we sale shares, proprietary bonds, precious materials etc.... and earn profits on it with in a time frame we are supposed to pay capital gain tax .

Securities transaction tax: Many people will not declare their profits and will not pay capital gain tax ,as government can only tax those profits ,which have been declared by people.

Perquisite tax: Before perquisite tax we had fringe benefit tax which was removed in 2009, this tax is on giving benefits from employ to employ . it is just like providing non monetary benefits' .

Corporate tax: Corporate tax is tax which is paid on annual taxes on the income of a corporate operating in India.

Indirect tax: the taxes are taxes which are indirectly on public by government.

Sales tax: Sales tax is a tax imposed on the sale of movable goods.

Service tax: We have to pay tax for the service which we have taken such is called service tax services .Some of the service taxes are maintenance service, financial services ,advertising consultancy service etc.

Value added tax: Sales tax is very important for generating revenue for state government. Every state will have their own sales tax act. Tax is now forced by central government on sale of goods. VAT is an additional price on goods and passed on to us as buyers or end users. Now government merged service tax and sales tax into GST.

Custom duty: Custom duty is one of the indirect tax imposed on goods imported into India. All has to pay custom duty on goods that are imported to our country by foreign countries. This rate changes depends on nature of items.

Excise duty: This tax is imposed on goods produced within our country. This tax is very opposite to custom duty which is imposed on goods which are imported to our country for other countries. Other name of this tax is CENVAT.

VII. STRUCTURE OF GST IN INDIA

Goods and services comes under 0%: There is 0% of tax on goods like eggs, milk, fresh fruits, vegetables, bread, salt, bangles, stamps, printed books, natural honey etc. There is 0% of tax on services like lodges and hotels with tariff below rs1000 etc.,

Goods and services comes under 5%: There is 5% of tax on goods like coffee, tea, spices, coal, kerosene, nuts, packed food items, oil cakes, fiber products, insulin etc. There is 5% on services like transport services like air and railways small restaurants, textile job work etc.

Goods and services comes under 12%: There is 12% of tax on goods like ghee, umbrella, butter, playing cards, cellphones, stone, rubber band, tooth powder etc. There is 12% of tax on services like non ac hotels business class, air tickets, work contracts etc.

Goods and services comes under 18%: There is 18% of tax on goods like bamboo furniture, preserved vegetables, curry pastes, mineral water machinery, camera, jams, instant food mixes, printers, cornflakes, electronic transformer, raincoats, cakes etc. There is 18% of tax on services like restaurants inside five-star hotels, telecom services, ac hotels that serve liquor.

Goods and services comes under 28%: There is 28% of tax on goods like hair shampoo, automobiles, motorcycles, hair chippers, dish washers, chocolate not containing cocoa, dyes, ATM, vacuum cleaner, water heater, sunscreen, wallpaper, pan masala etc. There is 28% of tax on services like hotels with room tariffs above rs7500, race club betting, private run lotteries authorized by the states cinema etc.

VIII. TYPES OF GST

There are three kinds of taxes under the GST. They are:

1. SGST

2. CGST

3. IGST

SGST: SGST stands for state goods and service tax is transfer to the state government which is credited to revenue department of state government. This is similar to CGST. This repays the loss of existing sales tax revenue or VAT to state government amount under GST is transfer to SGST tax.

CGST: CGST stands for central goods and service tax is the share of GST tax transfer to revenue department of central government and it is similar to SGST. This share of tax repays the loss of existing excise duty and service tax to the central government.

IGST : IGST stands for integrated goods and service tax is imposed on inter-state sales and purchase is made. One part of tax is moved to central government and other part to state government to whom the goods belongs. This is a separate tax which is imposed only on inter-state sales.

VIII. FINDINGS

- Here we have found that some goods and services have increased and some goods and services are decreased after implementation of GST.
- Here we have found that before GST there are various direct and indirect taxes imposed by government and now has made only one tax that is GST.
- Here we have found GST structure at 0%, 5%, 12%, 18%, 28%.
- Here we have found type of GST like SGST, CGST, IGST.

IX. SUGGESTION

- We want to suggest that daily consumer goods are used by middle class and lower class people so tax rate can be reduced in these goods.
- Electronic, luxury and beauty products are used by upper class people so we can increase tax rate here we can cover tax rate which is reduced in daily consumer goods.
- Transport services like bus, train should also be reduced because these are used by lower and middle level people they cannot pay if taxes are more.
- Restaurants, AHotels and lodges services are used by upper people so we can increase our tax rate we can cover tax rate which we reduced in transport services.

X. CONCLUSION

Here by we conclude that by the implementation of GST many taxes like direct and indirect taxes etc are exhaled by GST. There is a tremendous change in some products by increasing/decreasing the rates. Through GST every citizen has become a tax payer which leads to improvement of government economy. By GST there is a change in rupee value. On 22nd meeting held at New Delhi GST has been decreased from 12%-5% on irrigation projects by implementation of missions like Bhagirathi and kakathiya which helps to save nearly 8500 crores per annum. Those who have turnover less than 1 crores can chose between 1% -5% of GST which helps to save 30000 for small traders. Granite industries have major relief by decrease on GST from 28% -18%.

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