

GOODS AND SERVICE TAX IN INDIA – A BRIEF VIEW

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GST (good and service tax), an indirect federal sales tax levied on the sale of certain goods and services. GST adds to the price of the product. A customer pays sales price and GST. The GST collected by the seller is forwarded to the government. It is a single indirect tax on supply of goods and service, from manufacturer to consumer. GST provides revenue to the government. In 1954 France first started and implemented GST after that almost around 160 countries adopted GST.

The good and service tax (GST) is a tax which includes large number of central and state taxes, it helps remove the problem of cascading or double taxation. It means, almost all taxes are included under one administration and helps develop a common national market. Its implementation and collection is most efficient as there are very fewer rates and exemptions and there is no distinction between goods and service. GST helps to reduce the overall burden on goods. GST helps make Indian products more competitive in national and international market. It helps in making the tax administration transparent and self-polishing in character.

Goods and service tax is an indirect tax applied in India from 1 July 2017. It is levied by Central and state government for replacing problems like multiple cascading taxes and to simplify its administration work. It was introduced as The Constitution (One Hundred and Fifth Amendment) Act 2017, following the passage of constitution 122nd Amendment Bill. The GST Chairman is the Finance Minister of India and is governed by GST Council. GST rates are 0%, 5%, 12%, 18% and 28%. On gold it is 3% and on rough and semi-precious stone 0.25%. There are certain items like aerated drinks, luxury cars and tobacco products, an additional cess of 15% or other rates on top of 28% GST applied.

GST will remove several taxes like central exciseduty, service tax, additional custom duty surcharge, state level value added tax and octroi. GST is levied on interstate transportation of goods also. GST is levied on all transactions such as sale, transfer, purchase, barter, lease, or on import of goods and service. We adopted a dual GST model which means taxation administered by both the union and state governments. Transaction made within a single state are levied with central GST (CGST) by Central Government and State GST (SGST) by the state government. Transaction between states of goods and services levied by the Central Government, Integrated GST (IGST). GST is consumption based tax .Taxes are paid to states where the goods and services are consumed and not to the state where they are produced.

PERCENTAGE OF TAX LEVIED ON GOODS AND SERVICES.

GST %	Goods	Services
0%	No tax on fresh meat, jute, egg, fish, chicken, butter milk, milk, fresh fruits, natural honey, vegetables, flour , bread, besan, Prasad, bindi, sindoor, stams, salt, judicial papers, newspapers, printed books, handloom, bangles, bones and horn cores, bone meal , bone grist etc., hoofmeal, cereal grains hulled, kaja, palmyra jiggery, drawing books and Humab hair.	Tax on lodges and hotel with the tariff below Rs. 1000, Grandfathering serve that has exempted under GST. Rough precious also semi- precious stones will attract GST rate of 0.25%.
5%	5% tax on items fish fillet, packaged food items , apparel below 1000 rupees, footwear's below Rs 500, skimmed milk power, cream ,branded panner, coffee, frozen vegetables, tea, pizza bread, spices , sabudana, rusk, coal, kerosene, medicines, lifeboatsm stent, raisin, cashew nuts , cashew nut in shell, Ice and snow, Insulin, Bio gas, Kites, Agarbatti revenue or postage stems, stamp post marks.	Tax on transport service like air and railways, small restaurants under the 5% category and their main input is petroleum which is outside of GST ambit.
12%	12 % tax on items like frozen meat products, apparel above Rs 1000 cheese, dry fruits in packaged form , butter, ghee, fruit juice , sausage, ayurvedic medicine, coloring books , sewing machine, namkeen, animal	Tax on services like non-AC hotels, business class air tickets, state –run lotteries, fertilizers, work contracts will fall below 12% GST tax slab.

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	fat, playing cards, chess board, carom board and other board games as ludo, all diagnostic kits and regants, tooth power, picture books, umbrella, ketchup and sauces, cellphone, excise book and notebooks , skimmers, cake servers, spoons, ladies fish knives, spectacles, agarbatti, corrective.	
18%	18% tax on items like footwear costing above Rs 500, flavored refined sugar, biscuits, pasta, bidi patta, pastries and cakes, cornflakes, swimming pool and padding pools, bamboo furniture, preserved vegetables, sauces, instant food mixes, envelops, tissues, curry paste, mineral water, mayonnaise and salad dressings, jams, soups, tampons, steel products, painted circuits, camera, ice creams, speakers and monitors, kajal pencil sticks , headgear and parts thereof, electrical transforms, CCTV, mixed condiments and mixed seasonings, note books, weighing machinery, printers, optical fiber, aluminum foil.	Tax on services like telecom services, IT services , AC hotel that serve liquor, banded garments also financial services will attract 18% tax under GST, room tariffs in between Rs 7,500, restaurants inside five-star hotels.
28%	28% tax in items like chewing gums, molasses, bidis, waffles and wafers coated with chocolate , chocolate not containing cocoa, weighing machine , pan masala, water heater, deodorants , shaving creams, washing machine , after shave, ATM, sunscreen ,wallpaper, hair shampoo, hair clippers, automobiles , motor cycles , aircraft for personal use, dye, ceramic tiles, dishwasher vending machines , aerated water, vacuum cleaner, shavers , paint ,	Services like hotels with room tariffs above Rs 7, 500, race club betting, private run lotteries authorized by the states, cinema with attract tax 28% tax slab under GST, 5-star hotels.

Introduction of GST increased the cost of most consumer goods and services in India including food, hotel charges insurance and cinema tickets. Upon its introduction in the country, GST led to a number of protests by the business community, primarily due to an increase in overall taxes and hence the price of goods. Abolition of check posts across the country for fast and free movement of goods. The Central Government assured to compensate states for any revenue loss incurred by them from the date of GST for a period of five years. Four Laws named CGST Act, UTGST Act, IGST Act and GST (compensation to states) Act were passed by the parliament. 23 states passed SGST Act. Other states are expected to pass them on the month of June, 2017. (Date has passed)

Government is trying to open a website named goods and service tax network (GSTN) which will be like a platform for all related to GST like stakeholders, government and tax payers to collaborate on a single portal. The GSTN has selected 34 IT, ITeS and financial technology companies to be called GST Suvidha Providers (GSPs). GSPs would develop application to be used by taxpayers for interacting with the GSTN. The known authorized capital of GSTN is Rs 10 crore in which Central Government hold 24.5 percent of share while the state government holds 24.5% and rest with private banking for proper working and smooth running of the transactions.

GST is applied on supply of goods or service not on manufacture, sale or provision of service. It's like destination based not like origin based taxation. GST levied by centre is CGST, levied by state SGST, levied by union territories UTGST (union territory GST) and in between states IGST (Integrated GST). Import of goods and service would be treated as interstate supply and included under IGST and custom duties. The rates under CGST, SGST/ UTGST and IGST levied on the basis of mutual decision.

GST helped to create a unified common market for India, which will increase foreign investment in India. It harmonized and simplified laws, rates and procedure. GST will help developing our manufacturing sector, export units and development of employment opportunities. It will help to eradicate poverty and economic growth. There are very few exemptions in GST tax regime. Now it is easy to keep tax records, it helps to reduce compliance cost. GST has common procedure for registration of taxpayers, refund of taxes, uniform formats of tax returns, common tax base and system of classification of goods and services it provides greater certainty to taxation system. It is expected that the final price of goods is reduced due to the flow of inputs tax credit between the manufacturer, retailer and service supplier. It is also expected that small retailers are exempted from tax or will suffer very low tax rates under a compounding scheme- purchase from such entities which will cost

less for the consumers. Due to GST tax burden on companies will be reduced which will reduce the price of goods.

There are number of activities still need to be done, for GST to run efficiently like recommendation of remaining model GST rules by GST council, notification of GST rules, passage of SGST laws by all state legislatures, establishment and upgradation of IT framework, meeting implementation challenges, effective coordination between Centre and State tax administrations, recognition of field formations, training of officials and outreach programs for all stakeholders including trade and industry.

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