

## Article on the Great wall of TAX regime: Goods and service tax

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**Abstract:** Nowadays there are so many effects heard about GST; little correct and many incorrect. GST, is like a manuscript which has been barely read but everybody is giving view about it. Here, we have tried to give details the GST in the strangest, simple and attractive way for a common man and woman.

GST stands for “**Goods and Services Tax**“, and is planned to be a complete indirect tax levied on developed, sale and consumption of goods as well as services at the nationwide level. It will substitute all other indirect taxes levied on goods and services by the Indian Central and State governments.

**Key Words:** Goods, Services, Taxation, Government policies

### 1. INTRODUCTION:

The Goods and Services Tax (GST) is a vast idea that simplifies the giant tax structure by behind and ornamental the **financial growth** of a country. GST is a complete tax levy on developed, sale and expenditure of goods and services at a national level. The Goods and Services **duty** Bill or GST Bill, also referred to as the establishment (One Hundred and Twenty-Second Amendment) Bill, 2014, initiates a Value added Tax to be implement on a nationwide level in India. GST will be an indirect tax at all the stage of manufacture to bring about regularity in the scheme.

On bringing GST into put into practice, there would be **merger** of Central and State taxes into a single tax imbursement. It would also improve the position of India in both, domestic as well as **global market**. At the customer level, GST would reduce the on the whole tax weight, which is at present estimated at 25-30%.

GST was future in the Indian assembly 17 years ago and has lastly been implemented countrywide. However economists are still deep headfirst to learn its implication and questioning the feasibility of completion throughout the nation. Implementation of GST has been approved by both the houses and now stands as the biggest tax reform post independence.

The Idea of GST was introduced 17 years ago back by assembly but due to lot of issues in implementation, especially consensus from states, the previous administration was not able to roll it out. **1st July 2017** beyond, GST has been rolled out in India with varied reaction from traders and business.

### 2. EXAMPLES:

To know it, let's assume there is a kid, named – Baanki. Now, Baanki studies in the 2<sup>nd</sup> standard and has a little understanding of community norms. One fine day there is Baanki's birthday and he very excitedly asking his father to get him the chocolates to distribute among his school friends. His father does so contentedly.

Now, when Baanki is about to go away school, her classmate Neeta living in the area wishes him the happy birthday. Pleased Baanki gives two chocolates to Neeta being thankful for being wished. Hearing this discussion, Neeta's mother also wishes Baanki and Baanki had to give her two chocolates too.

Now, Baanki's father drops him at the school gate and wishes him again by promising to come early to pick her up. The school watchman listens to it and as a courtesy he also wishes Baanki a happy birthday which Baanki had to state his thanks through two chocolates again.

After reaching to class, Baanki's class teacher announces about his birthday and encourages Baanki to distribute chocolates along with asking few chocolates for Principal of the school. While distributing chocolates, Baanki comes in front of Neeta who has already been given two chocolates but here the courteous Baanki gives her one more chocolate just let Baanki not feel deprive.

Moreover, Baanki also finds that his best friend Rajeev is absent today (so two chocolates for Rajeev is been kept separately). At the end, teacher realizes that Baanki is left with two more chocolates which teacher asks for her son. Poor Baanki give them away with a liability to give chocolates to Bablu the next day.

Now, looking to this whole circumstances, representatively if we see, Baanki is a common Girl; birthday is any service or products on which ordinary person has to pay a number of taxes.

Baanki and her mother are inadequate taxes, where as the school watchman is an admission or entry tax, respected teachers & all other students are of the various constitutional compliances; Here the School principal is a central tax and Rajeev is an accountability towards liability; where in as chocolate given for teacher's son is dishonesty or corruption . So our current tax structure is like that where Baanki (a common Girl) is pissed of paying various taxes at various levels and cheap of getting so many benefits he is supposed to get.

Now, presume in school there would be a regulation that whoever child is encompass a birthday has to give all chocolates to principal forcibly and the principal is hypothetical to share out chocolates to all students & others (particularly the classmates or the same division from where the birthday Girl belongs and not to others) reasonably then Baanki might have saved from distributing chocolates to same persons again and again. So this system is GST. Some people are opposing GST because after applying this law there are many Baanki's, Baankis' mothers, school watchmen and teachers whose benefits (chocolates) are at stake that is why they are making this much noise and creating chaos.

So awake, be rationale and help Baanki (yourself) to save from multi layer mugging called taxation.

### **3. OBJECTIVES OF GST:**

One of the major objective of Goods & Service Tax(GST) would be to remove the twice as taxation i.e. cascading belongings of taxes on manufacture and distribution cost of goods and services. The keeping out of cascading belongings i.e. tax on tax till the height of last consumers will considerably improve the competitiveness of unique goods and services in market which leads to helpful impact to the GDP enlargement of the country. Introduction of a GST to replace the existing manifold tax structures of Centre and State taxes is not only attractive but imperative. Addition of various taxes into a GST system would make it probable to give full credit for input taxes collected. GST, being a destination-based consumption tax based on Value Added Tax principle.

Where we have to pay more? Expenses

#### **Eating Out, Hotel Restaurant etc**

Dining out will be comfortable. Here's an example explanation how -

In a restaurant, say a consumer spends Rs.200. Currently you pay a standard of 18.5% as service tax and VAT. So apart from the overhaul accuse, you usually shell out Rs 237

At the present, according to GST, it's predictable that the rates can be undying at 18 to 20%.

For that reason at 20% approximate tax rate; your bill will be 120 rupees.

#### **Phone Bills**

Earlier 15% now after GST it will be increase up to 18%. Suppose on a bill of Rs 100 on which shopper pays service tax of 15 % and lastly pays Rs 115 as total sum to his service provider.

After GST, if the tax rate is enduring at 18 % then he will have to bear the force of Rs 118.

After achievement of GST, internet packs and call rates are likely to get higher.

#### **Jewellery**

Earlier is 2% now after GST it will be levied upto 6%.

The yellow metal mean gold ornaments too are all set to become luxurious. At this point of time, only 2% duty is paid by the buyers, but unhappily though, according to GST at least 6 % is expected to be paid by buyers. This will crash jewellery sales.

#### **Online Shopping**

Don't be surprised if E-commerce companies suddenly stop giving discounts & freebie that they present.

For every purchase on or after its sellers, the trade company will pay a fixed TDS.

As a result, the cost for instance commerce will increase. This will affect sales as customers will be predictable to shell out more money for the same goods.

#### **Banking & Insurance**

Services offered by banks are taxed at 14.5% at present which under GST regime are likely to become costlier at normal rate of 17-18%.

Several services by bank to a customer are centralized or limited to a small area. These complexity add to fulfillment costs, making it expensive for customers.

#### **Travelling**

Air tickets to will turn into expensive post the completion of the GST.

Service tax on airline charge ranges between 6%-9%. GST will force the taxes up further to 15%-17%

#### **Which will be beneficial for customer? What will be cheaper?**

##### **Buying a car**

The luxury of a car will now seem available for the ordinary man.

Buying a car will be bother free in different states with similar prices everywhere.

So Rs.5 lakh car with excise duty of 12.5 % and with VAT roughly totals to Rs 6.25 lakh. Now under the GST, it is expected to get lower up till Rs 35,000. If the rate is fixed at 18%, the price will at the present be Rs 5.9 lakhs. Automobile business looks upwards.

##### **Televisions**

Currently a buyer ammunition out Rs 20,000 for a fundamental LED TV plus 24.5 % tax creation the total cost rise to Rs 24,900.

As GST will be approximately 18 to 20 %, the purchaser will now approximately pay Rs 23,600.

#### **Movie Tickets**

Entertainment Taxes are probable to diminish by 2-4%.

Multiplex chains will increase revenues as current high rate of entertainment tax will be uniform in all parts of the nation. Lower the ticket price, higher the ticket sales. Even movie producers will benefit from this progression.

#### **Processed Foods**

Companies developed processed food pay a variety of taxes summing up to 24%-25%. With GST, it'll amount up to 17%-19%. Such great investments from the taxes may subject a decrease in prices of products, creation it cheaper for end customers.

#### **Cement**

Tax for cement is 25%. With GST it will turn out to be 18%-20%. With logistics cost also decreasing, cement depots will also reduce. Overall cost will also diminish.

If implemented well, GST can help increase India's economy in addition to help make the procedure of levying indirect taxes more smooth.

#### **4. ADVANTAGES OF GST:**

- GST will decrease numbers of indirect taxes. With GST the consumer will be able to find out accurately how much tax is being paid on a manufactured goods or service.
- Under GST the compulsion of tax will be divided uniformly between the producer and services providers.
- In GST scheme prices of a few manufactured goods and services will go down which in turn will carry down the inflation and advantage the middle class.
- Business will turn out to be easier as all the other indirect taxes like Octroi, central sale tax, entry tax, state sales tax, license fees, turnover tax will association in single GST tax. In GST there will be no unseen or hidden taxes and costs engage in doing Business. Hence, GST will bring simplicity in all taxes.
- It will endorse exports of the state that will not only boost financial growth but also generate service.
- It is forecast that GST will also not directly increase the country's GDP.

With advantages, GST also has some disadvantages, as follows:

#### **5. DISADVANTAGES OF GST:**

- It may let down people who want to buy new homes as GST can add up to 7 percent to the price of new homes. This may thus collision unenthusiastically on real estate industry as the demand of customers may reduce.
- There is no direct financial tax benefit by GST. GST is not anything new, just a new name for a variety of old taxes collected as one.
- Since the instrument is still difficult, it cannot completely do away with black money and tax avoidance.

#### **6. CONCLUSION:**

Introduction of GST would also make Indian products spirited in the domestic and international markets. Last but not the least, this tax, because of its clear character, would be easier to manage. However, once put into practice, the system holds great assure in terms of supporting enlargement for the Indian economy.

The proposed GST regime is a half-hearted attempt to rationalize indirect tax structure. More than 150 countries have implemented GST. The administration of India should study the GST government set up by various countries and also their fallouts previous to implement it. At the same time, the administration should make an attempt to insulate the vast poor inhabitants of India against the likely inflation due to completion of GST. No doubt, GST will simplify existing indirect tax system and will help to take away inefficiencies shaped by the obtainable current heterogeneous taxation system only if there is a clear agreement over issue of doorsill limit, revenue rate, and addition of petroleum products, electricity, liquor and real land. Until the consensus is reached, the management should resist from implement such government.

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