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"THE MULTIFACETED PERSONALITY OF THE PROPHET MUHAMMAD (PEACE BE UPON HIM)"

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The Multifaceted Personality of the Prophet Muhammed (Peace be upon Him)

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الرسول صلى الله عليه وسلم فى القرآن الكريم

The Messenger (Peace be upon him) in the Holy Quran

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الحمد لله وحده والصلاة والسلام على من لا نبي بعدهونشهد أن لا إله إلا الله وحده لا شريك له، ونشهد أن محمداً عبده ورسوله ، شهادة نحيا بها ونموت عليها ، ونلقى الله بها . وبعد:

المقدمة:

فإن كان لأحد من البشر فضل على كل مسلم على وجه هذه الأرض بعد فضل الله تعالى فهو بالقطع لرسول الله صلى الله عليه وسلم، الذى أنقذنا الله به من الضلالة، وأخرجنا به من الجهالة والغواية، وجعله سبباً لكل خير هدينا إليه أو شر نهينا عنه. وقد ذكر لنا ربنا فى كتابة هذه المنة التى تطوق عنق كل مسلم فى كل زمان ومكان فقال: (لَقَدْ مَنَّ اللَّهُ عَلَى الْمُؤْمِنِينَ إِذْ بَعَثَ فِيهِمْ رَسُولاً مِنْ أَنْفُسِهِمْ يَتْلُو عَلَيْهِمْ آيَاتِهِ وَيُزَكِّيهِمْ وَيُعَلِّمُهُمُ الْكِتَابَ وَالْحِكْمَةَ وَإِنْ كَانُوا مِنْ قَبْلُ لَفِي ضَلالٍ مُبِينٍ) (آل عمران:١٦٤).

مكانة الرسول صلى الله عليه وسلم في ضوء القرآن:

قد اشتمل القرآن الكريم على الكثير من الإشارات التى تتحدث عن مكانة الرسولعند ربه، ولا يتسع المجال هنا للتفصيل فى كل ما يتعلق بهذا الجانب، ونكتفى بذكر بعض ما ورد بهذا الشأن وذلك فيما يلى:

١) من علامات بر الله به و تعظيمه لشأنه أنه – جل شأنه – نادى جميع الأنبياء وبأسمائهم، فقال : يا آدم، يا نوح، يا إبراهيم، يا موسى، يا عيسى، يا زكريا، يا يحيى بينما نادى النبى بقوله له (يا أيها النبى– يا أيها الرسول – يا أيها المزمل – يا أيها المدثر).

٢) حين أثنى الله على أنبيائه السابقين بما فيهم من أخلاق كريمة كان يذكر لكل نبى صفات محددة فقال عن خليله إبراهيم (إِنَّ إِبْرَاهِيمَ لَحَلِيمٌ أَوَّاهٌ مُنِيبٌ) وقال عن إسماعيل (إِنَّهُ كَانَ صَادِقَ الْوَعْدِ وَكَانَ رَسُولاً نَبِيّاً) وقال عن موسى (إِنَّهُ كَانَ مُخْلَصاً وَكَانَ رَسُولاً نَبِيّاً) وقال عن أيوب (إِنَّا وَجَدْنَاهُ صَابِراً نِعْمَ الْعَبْدُ إِنَّهُ أَوَّابٌ) وحين تحدث عن سيدنا محمد صلى الله عليه بين أنه حاز الكمالات كلها فقال (وَإِنَّكَ لَعَلَى خُلُقٍ عَظِيمٍ).

٣) وعن الخصائص التى خص بها نبيه صلى الله عليه وسلم دون سائر الأنبياء أن كل نبى كان مبعوثاً إلى قومه خاصة، وفى القرآن ما يشير إلى هذا فالله يقول عن عيسى (وَرَسُولاً إِلَى بَنِي إِسْرائِيلَ) وعن هود قال (وَإِلَى عَادٍ أَخَاهُمْ هُوداً) وعن صالح قال (وَإِلَى ثَمُودَ أَخَاهُمْ صَالِحا)، فى حين أن رسولنا صلى الله عليه وسلم بعث إلى الناس كافة فى زمانه وفيما بعد زمانه ، فهو خاتم النبيين . قال تعالى : (وَمَا أَرْسَلْنَاكَ إِلا كَافَّةً لِلنَّاسِ بَشِيراً وَنَذِيراً) (سبأ: من الآية٢٨) وقال جل ذكره : (مَا كَانَ مُحَمَّدٌ أَبَا أَحَدٍ مِنْ رِجَالِكُمْ وَلَكِنْ رَسُولَ اللَّهِ وَخَاتَمَ النَّبِيِّينَ) (الأحزاب٤٠)

٤) ومن مظاهر تكرِيم الله لنبيه صلى الله عليه وسلم ما أخذه من العهد على كافة الأنبياء من الإيمان به ونصرة دينه، فقال تعالى: (وَإِذْ أَخَذَ اللَّهُ مِيثَاقَ النَّبِيِّينَ لَمَا آتَيْتُكُمْ مِنْ كِتَابٍ وَحِكْمَةٍ ثُمَّ جَاءَكُمْ رَسُولٌ مُصَدِّقٌ لِمَا مَعَكُمْ لَتُؤْمِنُنَّ بِهِ وَلَتَنْصُرُنَّهُ قَالَ أَأَقْرَرْتُمْ وَأَخَذْتُمْ عَلَى ذَلِكُمْ إِصْرِي قَالُوا أَقْرَرْنَا قَالَ فَاشْهَدُوا وَأَنَا مَعَكُمْ مِنَ الشَّاهِدِينَ) (آل عمران:٨١).

٥) ومن مظاهر تكريم الله لنبيه صلى الله عليه وسلم ما جاء فى قوله تعالى : (وَرَفَعْنَا لَكَ ذِكْرَكَ) (الشرح:٤)

٦) ومن مظاهر تكريم الله تعالى لنبيه وثنائه عليه ما جاء فى مطلع سورة النجم مع غيرها من السور حيث أثنى الله على عقله فقال : (مَا ضَلَّ صَاحِبُكُمْ وَمَا غَوَى) وأثنى على لسانه فقال :(وَمَا يَنْطِقُ عَنِ الْهَوَى) وأثنى على جليسه ومعلمه جبريل فقال :(عَلَّمَهُ شَدِيدُ الْقُوَى) وأثنى على فؤاده فقال : (مَا كَذَبَ الْفُؤَادُ مَا رَأَى) وأثنى على بصره فقال :(مَا زَاغَ الْبَصَرُ وَمَا طَغَى) وأثنى على أخلاقه فقال :(وَإِنَّكَ لَعَلَى خُلُقٍ عَظِيمٍ) . ونكتفى بهذا القدر من الإشارات القرآنية على علو مكانة الرسول صلى الله عليه وسلم وعظيم منزلته عند ربه.

ومن حق هذا الرسول الكريم علينا أن نقف بالمرصاد لكل من تسول له نفسه النيل من مقامه الشريف بأي لون من الألوان. قال تعالى: (إِنَّ الَّذِينَ يُؤْذُونَ اللَّهَ وَرَسُولَهُ لَعَنَهُمُ اللَّهُ فِي الدُّنْيَا وَالآخِرَةِ وَأَعَدَّ

لَهُمْ عَذَاباً مُهِيناً) (الأحزاب:٥٧) وقال تعالى: (إِنَّ الَّذِينَ يُحَادُّونَ اللَّهَ وَرَسُولَهُ أُولَئِكَ فِي الاذَلِّينَ) (المجادلة: ٢٠).

وقد أدبنا ربنا تبارك وتعالى بأدب المقاطعة والبغض لأولئك المتطاولين على مقامه الكريم فقال: (لا تَجِدُ قَوْماً يُؤْمِنُونَ بِاللَّهِ وَالْيَوْمِ الآخِرِ يُوَادُّونَ مَنْ حَادَّ اللَّهَ وَرَسُولَهُ وَلَوْ كَانُوا آبَاءَهُمْ أَوْ أَبْنَاءَهُمْ أَوْ إِخْوَانَهُمْ أَوْ عَشِيرَتَهُم . (المجادلة: ٢٢).

فليعتذر كل مسلم إلى رسول الله صلى الله عليه وسلمعما يقال أو ينشر فى حقه مما لا يليق بمقامه الشريف وليكن ذلك بصورة عملية تتناسب مع موقع كل منهم ومدى تأثيره بدءاً من إظهار احتجاج واستدعاء السفراء ومخاطبة المسئولين فى الدول التى تنطلق منها هذه المواقف ومروراً بالمقاطعة الاقتصادية لسلع ومنتجات تلك الدول وانتهاء بالدعاء على كل من أراد الإسلام أو رسوله أو كتابه أو المسلمين بسوء.

٧) قول الله تعالى: (إِنَّ اللَّهَ وَمَلائِكَتَهُ يُصَلُّونَ عَلَى النَّبِي يَا أَيُّهَا الَّذِينَ آمَنُوا صَلُّوا عَلَيْهِ وَسَلِّمُوا تَسْلِيمًا) (الأحزاب:٥٦)، ففى هذه الآية الكريمة إشارة إلى مكانة النبى صلى الله عليه وسلم فى الملأ الأعلي، فهو سبحانه يثنى عليه ويصلى دائمًا عليه، وكذلك الملائكة، وهنا يأمر الله أهل الأرض بالصلاة والسلام عليه ليجتمع الثناء عليه من أهل السماء والأرض ومن رب السموات والأرض .

٨) ومن مظاهر تكريم الله لنبيه أنه أقسم به، فقال: "لعمرك إنهم لفى سكرتهم يعمهون "كما أقسم بمكة التى بها ولد ونشأ، فقال: "لا أقسم بهذا البلد. وأنت حلٌ بهذا البلد".

٩) ومن مظاهر تكريم الله لنبيه أنه جعل طاعته من طاعته فقال: (مَنْ يُطِعْ الرَّسُولَ فَقَدْ أَطَاعَ اللَّهَ). كما جعل بيعته من بيعته، فقال: "إن الذين يبايعونك إنما يبايعون الله يد الله فوق أيديهم" فى الوقت الذى نهى عن التقدم بين يديه بأمر أو نهى، فقال: "يا أيها الذين آمنوا لا تقدموا بين يدى الله ورسوله". أى لا تأمروا ولا تنهوا حتى يقضى الله على لسانه ما يشاء .

١٠) ومن مظاهر تكريم الله لنبيه قوله له: "إنا أعطيناك الكوثر" وقد فسر الكوثر بأنه الخير الكثير فى الدنيا والآخرة، ومن هذا الخير نهر الكوثر، والآية الكريمة تؤثر لفظ (أعطيناك) بدلا من (سنعطيك) للدلالة على عظيم فضل الله على نبيه وعظم منزلته عنده حيث كتب له هذا الفضل ووعد به والله لا يخلف الميعاد

فكأنه وقع فعلا، ثم أمره تعالى بإخلاص العبودية له قائلا : "فصل لربك وانحر". وردّ على من وصفوه بما لا يليق بقوله تعالى: "إن شانئك هو الأبتر" وشانئك يعنى عدوك .

قال ابن كثير : قال السدى: كانوا إذا مات ذكور الرجل قالوا بتر، فلما مات أبناء رسول الله صلى اله عليه وسلم قالوا: بتر محمد، فأنزل الله "إن شانئك هو الأبتر". والآية تتسع لتشمل البتر من كل خير لمن يكره رسول الله صلى الله عليه وسلم. أبقى الله ذكره على رؤوس الأشهاد، وأوجب شرعه على رقاب العباد، مستمرًا على دوام الآباد إلى يوم المحشر والمعاد، صلوات الله وسلامه عليه إلى يوم التناد .

الخاتمة:

ونختم بهذه الكلمات التى قالها سيدنا عمر رضى الله عنه أحد تلامذة المدرسة المحمدية وهو ينعى رسول الله صلى الله عليه وسلم بكلمات تفيض حبًا وتقطر ودًا، فيقول: السلام عليك يا رسول الله، بأبى أنت وأمي، لقد كنت تخطبنا على جذع نخلة، فلما كثر الناس اتخذت منبرًا لتسمعهم، فحن الجذع لفراقك، حتى جعلت يدك عليه فسكن، فأمتك أولى بالحنين إليك لما فارقتها .

بأبى أنت وأمى يا رسول الله، لقد بلغ من فضيلتك عنده أن بعثك آخر الأنبياء، وذكرك فى أولهم، فقال عز وجل: "وإذ أخذنا من النبيين ميثاقهم ومنك ومن نوح وإبراهيم وموسى وعيسى بن مريم، وأخذنا منهم ميثاقًا غليظًا". بأبى أنت وأمى يا رسول الله، لقد بلغ من فضيلتك عنده أن أهل النار يودون أن يكونوا قد أطاعوك وهم بين أطباقها يعذبون، "يقولون يا ليتنا أطعنا الله وأطعنا الرسولا". بأبى أنت وأمى يا رسول الله، لقد بلغ من فضيلتك عند الله أن أخبرك بالعفو قبل أن يخبرك بالعتاب، فقال: "عفا الله عنك لم أذنت لهم حتى يتبين لك الذين صدقوا وتعلم الكاذبين".

بأبى أنت وأمى يا رسول الله، لئن كان موسى.بن عمران أعطاه الله حجرًا تفجر منه الأنهار، فليس ذلك بأعجب من أصابعك حين نبع منها الماء. بأبى أنت وأمى يا رسول الله، لئن كان عيسى بن مريم أعطاه الله إحياء الموتى، فما هذا بأعجب من الشاة المسمومة حين كلمتك وهى مشوية، فقالت لك الذراع: لا تأكلنى فإنى مسمومة. بأبى أنت وأمى يا رسول الله، لقد دعا نوح على قومه فقال: "رب لا تذر على الأرض من الكافرين ديارًا "ولو دعوت علينا بمثلها لهلكنا كلنا، فلقد وطئ ظهرك عقبة بن أبى معيط وأنت تصلى وأدمى وجهك .

وإن أعظم ما امتن الله به على البشرية هى بعثة هذا النبى الكريم صلى الله عليه وسلم وإن أولئك الذين يغمضون أعينهم عن مظاهر عظمته وجليل سيرته يتناسون أو يتجاهلون الأثر العظيم الذى أحدثه فى هذه الدنيا، فقد فتح الله به اذانًا صمًا، وأعينًا عميًا، وأخرج البشرية من الظلمات إلى النور، وتركها على المحجة البيضاء، والشريعة المستقيمة الغراء، ليلها كنهارها لا يزيغ عنها إلا هالك، وصدق من قال:

أتطلبون من المختار معجزة يكفيه شعب من الأجداث أحياه

وسيبقى هدى النبى صلى الله عليه وسلم وسنته هى السبيل الوحيد لمن أراد الوصول إلى الله تعالى ونيل السعادة فى الدارين، وصدق الله العظيم إذ يقول: "قل إن كنتم تحبون الله فاتبعونى يحببكم الله ويغفر لكم ذنوبكم والله غفور رحي".

المصادر والمراجع:

١) القرآن الكريم

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الخصائص المنفردة لخاتم النبوة صلى الله عليه وسلم

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Trichy.

خلاصة البحث:

إنّ فضائل الرسول صلى الله عليه وسلم كثيرةٌ جداً فهو خير المخلوقات جميعاً، فمنها ما فضّله الله تعالى بها على البشر يوم القيامة، ومنها ما فُضّلَ به في الدنيا. بعض فضائله يوم القيامة أنّه أوّل من تُشق الأرض عنه، وأنّه سيكون شفيعاً للناس كافةً ببدء الحساب، وسيكون شهيداً على المسلمين يومها أيضاً، وسينزله الله تعالى المقام المحمود ويعيطه الوسيلة وهي أعلى مراتب الجنّة التي لا تنبغي لأحدٍ غيره، وله صلى الله عليه وسلم أيضاً يوم القيامة حوض ماؤه أشدّ بياضاً من اللبن وأحلى من العسل لا يظمأ من شَرِب منه أبداً. أمّا الأمور التي فضّل الله تعالى بها رسوله صلى الله عليه وسلم في الدنيا فهي كثيرة، ومنها أنّه عليه الصلاة والسلام خليل الرحمن، وهي منزلةٌ لم يحظ بها أحدٌ غيره عدا إبراهيم عليه السلام. كما خصّ الله تعالى رسوله أيضاً برحلة الإسراء والمعراج التي غُسلَ فيها قلبه، ووصل فيها إلى السموات العلى فرأى هنالك الأنبياء من قبله، ووصل إلى سدرة المنتهى، ودخل الجنّة فرأى نعيمها.

الحمد لله رب العالمين ، والصلاة والسلام على خاتم الأنبياء والمرسلين ، المبعوث رحمة للعالمين، محمد وعلى آله وصحبه أجمعين . أما بعد :

اختار الله عزّوجلّ نبينا محمّداً -صلى الله عليه وسلم- لحمل رسالته الأخيرة إلى بني البشر، وخصّه بهذه الرسالة من وسط الجزيرة العربية - هذه الأراضي الصحراوية القاحلة المخيفة التي لا يمكن أن تشعر بالأمان فيها إلا بالإيمان- فحمل صلّى الله عليه وسلّم هذه الرسالة بكل إخلاصٍ وأمانة ودعا إلى عبادة الله وحده جميع الخلق.رسول الله صلى الله عليه وسلم هو أشرف البشر وأفضل المخلوقات جميعاً، فحباه الله تعالى بالعديد من الصفات والفضائل الخَلقية والخُلقية المختلفة التي تليق به وجعل منزلته من أعلى المنازل سواءً في الدنيا أو في الآخرة. لهذا ونتيجةً لهذه الصفات التي تحلّى بها صلى الله عليه وسلم، فإنّه هو

سيد الخلق الذي جعله الله تعالى قدوةً لمن أراد أن يقتدي بأكمل الخلق وأعزّهم وأشرفهم في الدنيا والآخرة.

كان صلّى الله عليه وسلّم مثالاً للإنسان العابد حتى تشققت قدماه فتقول له زوجته عائشة رضي الله عنها: يا رسول الله ، كيف تفعل هذا بنفسك وقد غفر الله لك ما تقدم من ذنبك وما تأخر؟ فيرد عليها " أفلا أكون عبداً شكوراً"، كان رسولنا سخياً في عطائه، فقد ورد عن أنس رضي الله عنه بأنّ رجلاً جاء إلى النبي صلى الله عليه وسلّم فأعطاه عدداً كبيراً من الأغنام، فرجع هذا الرجل إلى قومه وقال: يا قوم أسلموا، فإن محمداً يعطي عطاءً لا يخشى الفاقة في الوقت الذي لا يدّخر شيئاً لنفسه.

اختص الله تبارك وتعالي نبيه محمداً صلى الله عليه و سلم دون غيره من الأنبياء والمرسلين عليهم الصلاة والسلام بخصائص في الدنيا لذاته منها ما يلي:

العهد والميثاق:

أخذ الله عز وجل العهد والميثاق علي جميع الأنبياء والمرسلين من لدن آدم إلي عيسى عليهما السلام لما آتى الله أحدهم من كتاب وحكمه وبلغ أي مبلغ ثم بعث محمد بن عبد الله صلى الله عليه وسلم ليؤمن به ولينصرنه ولا يمنعه ما هو فيه من العلم والنبوة من اتباعه ونصرته ، كما أمرهم أن يأخذوا هذا الميثاق على أممهم لئن بعث محمد صلى الله عليه و سلم وهم أحياء ليؤمنن به ولينصرونه قال الله تعالى : "وَإِذْ أَخَذَ اللّهُ مِيثَاقَ النَّبِيِّيْنَ لَمَا آتَيْتُكُم مِّن كِتَابٍ وَحِكْمَةٍ ثُمَّ جَاءكُمْ رَسُولٌ مُّصَدِّقٌ لِّمَا مَعَكُمْ لَتُؤْمِنُنَّ بِهِ وَلَتَنصُرُنَّهُ قَالَ أَأَقْرَرْتُمْ وَأَخَذْتُمْ عَلَى ذَلِكُمْ إِصْرِي قَالُواْ أَقْرَرْنَا قَالَ فَاشْهَدُواْ وَأَنَاْ مَعَكُم مِّنَ الشَّاهِدِينَ "(سورة آل عمران : ٨١).

وقد أقر الأنبياء بذلك، فآمنوا برسالته، وأقروا ببعثته، وهذه الخصوصية ليست لأحد منهم سواه. وقال علي بن أبي طالب وابن عباس رضي الله عنهم : ما بعث الله نبيا من الأنبياء إلا أخذ عليه ميثاق، لئن بعث الله محمدا وهو حي ليؤمنن به ولينصرنه، وأمره أن يأخذ الميثاق على أمته لئن بعث محمد وهم أحياء ليؤمنن به ولينصرنه.. وقال هذا القول كثير من أئمة التفسير.

ومن ثم قال النبي صلى الله عليه وسلم لعمر بن الخطاب: "والذي نفسي بيده لو أن موسى كان حيا ما وسعه إلا أن يتبعني"[1].

رسالة عامة:

كان الأنبياء والرسل عليهم الصلاة والسلام يرسلون إلى أقوامهم خاصة، كما قال تعالى: "لَقَدْ أَرْسَلْنَا نُوحاً إِلَى قَوْمِه" (الأعراف: من الآية٥٩)، "وَإِلَى عَادٍ أَخَاهُمْ هُودا" (الأعراف: من الآية٦٥)، "وَإِلَى ثَمُودَ أَخَاهُمْ صَالِحا" (الأعراف: من الآية٧٣)، أما نبينا صلى الله عليه وسلم فرسالته عامة لجميع الناس. وقد جاءت الآيات القرآنية والأحاديث النبوية تشير إلى هذه الخصوصية. قال الله تعالى: "وَمَا أَرْسَلْنَاكَ إِلَّا كَافَّةً لِلنَّاسِ بَشِيراً وَنَذِيراً"(الأعراف: ١٥٨) ، وقال تعالى: "قُلْ يَا أَيُّهَا النَّاسُ إِنِّي رَسُولُ اللَّهِ إِلَيْكُمْ جَمِيعا" ، وقال تعالى:"تَبَارَكَ الَّذِي نَزَّلَ الْفُرْقَانَ عَلَى عَبْدِهِ لِيَكُونَ لِلْعَالَمِينَ نَذِيراً"(سبأ: ٢٨).

قال العز بن عبد السلام رحمه الله : ومن خصائصه : أن الله تعالى أرسل كل نبي إلي قومه خاصة، وأرسل نبينا محمداً صلى الله عليه و سلم إلي الجن والأنس ، ولكل نبي من الأنبياء ثواب تبليغه إلي أمته.

ولنبينا صلى الله عليه و سلم ثواب التبليغ إلي كل من أرسل إليه تارة لمباشرة البلاغ وتارة بالنسبة إليه ولذلك تمنن عليه بقوله تعالى :"وَلَوْ شِئْنَا لَبَعَثْنَا فِي كُلِّ قَرْيَةٍ نَذِيراً" (سورة الفرقان:٥١). ووجه التمنّن : انه لو بعث في كل قرية نذيراً لما حصل لرسول الله صلى الله عليه و سلم إلا أجر إنذاره لأهل قريته وقد جاءت الآيات القرآنية والأحاديث النبوية تشير إلي هذه الخصوصية قال الله تعالى:"وَمَا أَرْسَلْنَاكَ إِلَّا كَافَّةً لِلنَّاسِ بَشِيراً وَنَذِيراً وَلَكِنَّ أَكْثَرَ النَّاسِ لَا يَعْلَمُونَ" (سورة سبأ-٢٨) وقال الله تعالى : "وَمَا أَرْسَلْنَاكَ إِلَّا رَحْمَةً لِلْعَالَمِينَ" (سورة الأنبياء - ١٠٦).

وعن جابر بن عبد الله رضي الله عنه أن النبي صلى الله عليه وسلم قال: "أعطيت خمسا لم يعطهن أحد قبلي: نصرت بالرعب مسيرة شهر، وجعلت لي الأرض مسجدا وطهورا، فأيما رجل من أمتي أدركته الصلاة فليصل، وأحلت لي الغنائم ولم تحل لأحد قبلي، وأعطيت الشفاعة، وكان النبي يبعث إلى قومه خاصة، وبعثت إلى الناس عامة[2]".

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[1]. رواه الإمام احمد في مسنده ٣/٣٨٧ ومجمع الزوائد ١/١٧٣ ، ٨/٢٦٢.

[2].صحيح البخاري - الصلاة(427)

خاتم الأنبياء والمرسلين :

من رحمة الله تعالى بعباده، إرسال محمد صلى الله عليه وسلم إليهم، ومن تشريفه وتكريمه له، ختم الأنبياء والمرسلين به. فمن خصائصه صلى الله عليه وسلم أنه خاتم النبيين، وآخر المرسلين، فلا نبي بعده، فبه ختم الله الرسالات السماوية، وبشرعه أتم الله دينه .

وقد أخبر الله تعالى في كتابه بذلك، ليعلم العباد جميعا إلى قيام الساعة، أن كل من ادعى هذا المقام بعده فهو كذاب، قال الله تعالى: "مَا كَانَ مُحَمَّدٌ أَبَا أَحَدٍ مِنْ رِجَالِكُمْ وَلَكِنْ رَسُولَ اللَّهِ وَخَاتَمَ النَّبِيِّينَ وَكَانَ اللَّهُ بِكُلِّ شَيْءٍ عَلِيماً " (الأحزاب:٤٠).

ومما يدل على هذه الخصوصية من السنة قول النبي صلى الله عليه وسلم: "إن مثلي ومثل الأنبياء من قبلي، كمثل رجل بنى بيتا فأحسنه وأجمله، إلا موضع لَبِنة من زاوية، فجعل الناس يطوفون به ويعجبون له، ويقولون: هلا وضعت هذه اللبنة؟، فأنا اللبنة، وأنا خاتم النبيين[٣]" .

وعن أبي هريرة رضي الله عنه في قصة العرض على الله تبارك وتعالى يوم القيامة، وفزع الناس إلى الأنبياء: "فيقول عيسى عليه السلام : اذهبوا إلى غيري، اذهبوا إلى محمد صلى الله عليه وسلم فيأتون محمدا صلى الله عليه وسلم فيقولون: يا محمد، أنت رسول الله وخاتم الأنبياء[٤]".

رحمة مهداة:

من خصوصيات النبي صلى الله عليه وسلم أن الله تبارك وتعالى أرسله رحمة للخلائق جميعا، مؤمنهم وكافرهم، وإنسهم وجنهم، ويؤيد هذه الخصوصية قوله تعالى:" وَمَا أَرْسَلْنَاكَ إِلَّا رَحْمَةً لِلْعَالَمِينَ " (الأنبياء:١٠٧)، وقوله: " لَقَدْ جَاءَكُمْ رَسُولٌ مِنْ أَنْفُسِكُمْ عَزِيزٌ عَلَيْهِ مَا عَنِتُّمْ حَرِيصٌ عَلَيْكُمْ بِالْمُؤْمِنِينَ رَؤُوفٌ رَحِيمٌ " (التوبة:١٢٨) .

وعن أبي هريرة رضي الله عنه قال: قيل: يا رسول الله، ادع الله على المشركين، قال:"إني لم أبعث لعانا، وإنما بعثت رحمة[٥]". وقال صلى الله عليه وسلم: "يا أيها الناس إنما أنا رحمة مهداة[٦]".

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[٣]. صحيح البخاري - المناقب(3342)

[٤]. رقم الحديث: 4435 في صحيح البخاري

وعن أبي موسى الأشعري رضي الله عنه قال: كان رسول الله صلى الله عليه وسلم يسمي لنا نفسه أسماء، فقال: "أنا محمد، وأحمد، والمقفى(آخر الأنبياء)، والحاشر، ونبي التوبة، ونبي الرحمة "[٧].

معجزته الخالدة:

فقد أعطى الله تبارك وتعالى كل نبي من الأنبياء والمرسلين عليهم الصلاة والسلام من الآيات والمعجزات، الدالة على صدقه وصحة ما جاء به عن ربه، ما فيه حجة لقومه الذين بعث إليهم، وهذه المعجزات كانت وقتية، لم يبق منها إلا الخبر عنها. وأما نبينا صلى الله عليه وسلم فكانت معجزته العظمى التي اختص بها دون غيره هي القرآن الكريم، فهو الحجة المستمرة القائمة في زمانه وبعده إلى يوم القيامة، كتاب خالد، لا ينضب معينه، ولا تنقضي عجائبه، ولا تنتهي فوائده، محفوظ بحفظ الله، من التغيير والتبديل والتحريف.

يقول العز بن عبد السلام: ومن خصائصه صلى الله عليه وسلم أن معجزة كل نبي تصرَّمت (انقطعت)وانقرضت، ومعجزة سيد الأولين والآخرين وهي القرآن العظيم، باقية إلى يوم الدين .

وتأتي هذه الخصوصية على رأس الخصائص التي اختص بها رسول الله صلى الله عليه وسلم، والتي أكرمه الله بها، قال تعالى: "وَكَذَلِكَ أَوْحَيْنَا إِلَيْكَ رُوحاً مِنْ أَمْرِنَا مَا كُنْتَ تَدْرِي مَا الْكِتَابُ وَلا الْإِيمَانُ وَلَكِنْ جَعَلْنَاهُ نُوراً نَهْدِي بِهِ مَنْ نَشَاءُ مِنْ عِبَادِنَا وَإِنَّكَ لَتَهْدِي إِلَى صِرَاطٍ مُسْتَقِيمٍ"(الشورى:٥٢) ، وقال: "وَإِنَّهُ لَكِتَابٌ عَزِيزٌ. لا يَأْتِيهِ الْبَاطِلُ مِنْ بَيْنِ يَدَيْهِ وَلا مِنْ خَلْفِهِ تَنْزِيلٌ مِنْ حَكِيمٍ حَمِيدٍ "(فصلت:٤١-٤٢).

وعن أبي هريرة رضي الله عنه قال: قال رسول الله صلى الله عليه وسلم : "ما من الأنبياء نبي إلا أعطي من الآيات ما مثله آمن عليه البشر، وإنما كان الذي أوتيته وحيا أوحاه الله إليّ، فأرجو أن أكون أكثرهم تابعاً يوم القيامة"[٨].

ووجه الدلالة في الحديث بينه الحافظ ابن حجر بقوله[٩]: رتب النبي صلى الله عليه وسلم هذا الكلام (فأرجو أن أكون أكثرهم تابعا يوم القيامة) على ما تقدم من معجزة القرآن المستمرة، لكثرة فائدته

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[٥]. شرح مسلم للنووي ٥٠٣/٩

[٦]. المستدرك على الصحيحين لأبي عبد الله محمد بن عبد الله الحاكم النيسابوري،دار المعرفة ، سنة النشر: ١٤١٨هـ / ١٩٩٨م ، الجزء الأول.

[٧]. أخرجهمسلمبرقم (٢٣٥٥)

[٨]. صحيح البخاري ، رقم الحديث :٤٩٨١

وعموم نفعه، لاشتماله على الدعوة والحجة، والإخبار بما سيكون، فعم نفعه من حضر ومن غاب، ومن وُجِد ومن سيوجد، فحسن ترتيب الرَّجْوى المذكورة على ذلك، وهذه الرجوى قد تحققت، فإنه أكثر الأنبياء تبعا.

وإذا كان القرآن الكريم في مقدمة الخصائص التي أكرم الله بها رسول الله صلى الله عليه وسلم، فإن حفظ الله سبحانه لهذا الكتاب من التبديل والتحريف خصوصية أخرى لهذا النبي الكريم، فقد أخبر سبحانه بأنه تولى وتعهد بنفسه حفظ القرآن، قال تعالى: "إنا نحن نزلنا الذكر وإنا له لحافظون"(الحجر:٩).

التعظيم الرباني في الخطاب:

ومن تلك الخصائص للنبي صلى الله عليه وسلمأن الله تعالى ناداه بوصف النبوة والرسالة.وفي ذلك زيادة في التكريم والتشريف، وهذان الوصفان من أهم الأوصاف التي اتصف بها نبينا، قال تعالى: "يَا أَيُّهَا النَّبِيُّ حَسْبُكَ اللَّهُ وَمَنِ اتَّبَعَكَ مِنَ الْمُؤْمِنِينَ "(الأنفال:٦٤) ، وقال تعالى: "يَا أَيُّهَا الرَّسُولُ لا يَحْزُنْكَ الَّذِينَ يُسَارِعُونَ فِي الْكُفْرِ"(المائدة: ٤١) ، وهذه الخصوصية لم تثبت لغيره من الأنبياء، فكل نبي ناداه الله باسمه، قال تعالى: "وقلنا يا آدم" (البقرة:٣٥)، وقال: "إذ قال الله يا عيسى ابن مريم" (المائدة:١١٠) وقال: "قيل يا نوح" (نوح:٤٨) وقال: " يا موسى" وقال: "وناديناه أن يا إبراهيم" (الصافات:١٠٤) .

أما الآيات التي ذكر الله فيها نبيه باسمه، فإنما جاء ذلك على سبيل الإخبار، كقوله تعالى:"مَا كَانَ مُحَمَّدٌ أَبَا أَحَدٍ مِنْ رِجَالِكُمْ وَلَكِنْ رَسُولَ اللَّهِ"(الأحزاب: ٤٠).

ومما يتعلق بهذه الخصوصية، أن الله سبحانه نهى عباده عن نداء نبيه محمدًا باسمه الذي سمي به، قال تعالى: "لا تَجْعَلُوا دُعَاءَ الرَّسُولِ بَيْنَكُمْ كَدُعَاءِ بَعْضِكُمْ بَعْضاً "(النور:٦٣)، فنهى سبحانه المؤمنين عن نداء نبيهم كما ينادي بعضهم بعضا، وطلب منهم مناداة نبيه الكريم بصفة النبوة والرسالة، تشريفا لقدره، وبيانا لمنزلته، وخصه سبحانه بهذه الخضيلة من بين رسله وأنبيائه .

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[1]. فتح الباري شرح صحيح البخاري لأحمد بن علي بن حجر العسقلاني - دارالريان للتراث - سنة النشر:١٤٠٧هـ / ١٩٨٦م

جوامع الكلم:

أن الله أعطاه الله جوامع الكلم، فكان يتكلم بالقول الموجز القليل، الكثير المعاني. وأنه نُصِر بالرعب، فكان الله سبحانه يلقي الخوف والفزع في قلوب أعدائه. فعن أبي هريرة رضي الله عنه قال: قال رسول الله صلى الله عليه وسلم : "فُضِلتُ على الأنبياء بست: أُعطيت جوامع الكلم، ونصرت بالرعب، وأحلت لي الغنائم، وجعلت ي الأرض طهورا ومسجدا، وأرسلت إلى الخلق كافة، وختم بي النبيون"[١٠].

الاسراء والمعراج:

ومما اختص به رسول الله صلى الله عليه وآله عن غيره من الأنبياء عليهم الصلاة والسلام، معجزة الإسراء والمعراج فقد أسري به ببدنه وروحه، يقظة من المسجد الحرام بمكة المكرمة إلى المسجد الأقصى، وهو بيت المقدس بإيلياء في جنح الليل ، ثم عرج به إلى سدرة المنتهى، ثم إلى حيث شاء الله عز وجل ورجع مكة من ليلته.

وأكرم صلى الله عليه وآله في هذه الآية العظيمة بكرامات كثيرة، منها: ما رأى من آيات ربه، وإمامته للأنبياء في بيت المقدس. فدل ذلك على أنه هو الإمام الأعظم، والرئيس المقدم صلوات الله وسلامه عليه وعليهم أجمعين. وقد ثبت الإسراء بالقرآن، كما ثبت المعراج بالمتواتر من الحديث.

قال الله تعالى: "سُبْحَانَ الَّذِي أَسْرَى بِعَبْدِهِ لَيْلاً مِّنَ الْمَسْجِدِ الْحَرَامِ إِلَى الْمَسْجِدِ الأَقْصَى الَّذِي بَارَكْنَا حَوْلَهُ لِنُرِيَهُ مِنْ آيَاتِنَا إِنَّهُ هُوَ السَّمِيعُ البَصِيرُ".

تلك هي بعض خصائصه - صلى الله عليه وسلم - التي اختصه الله بها دون غيره من الأنبياء في الدنيا، وهي تُعطينا صورة عن مكانته عند ربه، وكرامته وعلو منزلته، مما يزيدنا إيمانا وحبا، وتوقيرا واتباعا له . صلى الله عليه وسلم.

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[١٠]. رواه مسلم (٣٧١/١) رقم-٥٢٣

المصادر والمراجع:

١. القرآن الكريم

٢. صحيح البخاري، المؤلف: محمد بن إسماعيل البخاري أبو عبد الله ،الناشر: دار ابن كثير - دمشق بيروت ، سنة النشر: ١٤٢٣ – ٢٠٠٢، عدد المجلدات: ١، رقم الطبعة: ١.

٣. صحيح مسلم،المؤلف: مسلم بن الحجاج ، المحقق: نظر بن محمد الفاريابي أبو قتيبة ، الناشر: دار طيبة ، سنة النشر: ١٤٢٧ – ٢٠٠٦، عدد المجلدات: ٢.

٤. مجمع الزوالد مجمع الزوائد ومنبع الفوائد لعلي بن أبي بكر بن سليمان الهيثمي نور الدين، المحقق: محمد عبد القادر أحمد عطا، الناشر: دار الكتب العلمية، سنة النشر: ١٤٢٢ – ٢٠٠١، عدد المجلدات: ١٢

٥. فتح الباري شرح صحيح البخاري لأحمد بن علي بن حجر العسقلاني - دارالريان للتراث - سنة النشر: ١٤٠٧هـ / ١٩٨٦م

٦. المستدرك على الصحيحين لأبي عبد الله محمد بن عبد الله الحاكم النيسابوري،دار المعرفة ، سنة النشر: ١٤١٨هـ / ١٩٩٨م ، الجزء الأول.

٧. صحيح مسلم بشرح النووي ، المؤلف: النووي ، الناشر: بيت الأفكار الدولية

محمد رسول الله كالقائد العام و رئيس الدولة

Mr. A. Mohamed Ismail Hasani,
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Jamal Mohamed College,
Trichy.

المقدمة:

فهذا بحث حول " مكانة النبي صلى الله عليه و سلم كالقائد العام و رئيس الدولة " و من خلال هذا البحثيبين اهمية النظر الى النبي صلى الله عليه و سلم فى متعدد الابعاد و دوره فى تنظيم السياسية والإدارية العامة فى الدولة الاسلامية يقول تعالى في كتابه العزيز: " و اطيعوا الله و رسوله ان كنتم مؤمنين"، "من يطع الرسول فقد اطاع الله "، "يايها الدين امنوا اطيعوا الله و اطيعوا الرسول و اولى الامر منكم" .

قامت الدولة الإسلامية بشكل علمي في المدينة المنورة عقب الهجرة النبوية، وكان أول رئيس لها بطبيعة الحال هو رسول الله صلى الله عليه وسلم كما نصت على ذلك معاهدة المدينة .

وقد باشر رسول الله صلى الله عليه وسلم هذه المهمة طوال حياته، "فأقام الحدود، ونفذ القضاء، وقضى في الحقوق المدنية والجنائية، وجبى المال من مواضعه الشرعية، ووزعه على مستحقيه وفي مرافقه القانونية، وعقد المعاهدات وأعلن الحرب، وعقد الصلح، وكان في جميع ذلك مؤيدا من الله تعالى، فإذا نزلت الحادثة بالأمة ولم يرد فيها وحي من الله اجتهد فيه صلى الله عليه وسلم وشاور أصحابه من شهد منهم من أهل العلم والرأي وكانوا تارة يجمعون على رأي فيعمل به، وتارة يختلفون فيعمل برأي بعضهم، ويترك رأي البعض الآخر مجتهدا في ترجيح رأي على رأي"

ولما كان رسول الله صلى الله عليه وسلم هو الرئيس الأعلى الذي يحكم الدولة الإسلامية التي تضم المسلمين واليهود و النصاري. فقد كان يحكم بين المسلمين فيما بينهم، وكان يقضي صلى الله عليه وسلم بين المسلمين واليهود وبين اليهود أنفسهم.

بيعتا العقبة و تعيين النقباء:

وقد ورد ذكر البيعة فى القران الكريم بعدة مواضع فيقول عز و جل " إِنَّ اللَّهَ اشْتَرَىٰ مِنَ الْمُؤْمِنِينَ أَنفُسَهُمْ وَأَمْوَالَهُم بِأَنَّ لَهُمُ الْجَنَّةَ يُقَاتِلُونَ فِي سَبِيلِ اللَّهِ فَيَقْتُلُونَ وَيُقْتَلُونَ وَعْدًا عَلَيْهِ حَقًّا فِي التَّوْرَاةِ وَالْإِنجِيلِ وَالْقُرْآنِ وَمَنْ أَوْفَىٰ بِعَهْدِهِ مِنَ اللَّهِ فَاسْتَبْشِرُوا بِبَيْعِكُمُ الَّذِي بَايَعْتُم بِهِ وَذَٰلِكَ هُوَ الْفَوْزُ الْعَظِيمُ

ان اولى الخطوة السياسية و الادارية التي اجراها النبي صلى الله عليه و سلم في المدينة قبل وصوله اليها هو ما حصل فى بيعة العقبة الثانية و ذلك عندما التقي النبي صلى الله عليه و سلم بخمسة و سبعين شخصا من اهل يثرب ثلاثة و سبعون رجلا و امرتان كانوا قد اسلموا فى موسم بعد مضي عام على بيعة العقبة الاولي و بايع هؤلاء النبي صلى الله عليه بيعة العقبة الثانية كما اشار فى الحديث " بايعنا رسول الله صلى الله عليه وسلم على السمع و الطاعة فى المنشط و المكره و ان لا تنازع الامر اهله و ان نقوم او نقول بالحق حيثما كنا لا نخاف فى الله لومة لائم". و عين النبي صلى الله عليه و سلم على هؤلاء المبايعين اثني عشر نقيبا"

بناء المسجد:

بعد هجرة النبي صلى الله عليه و سلم الى المدينة كان اول شيء فعله هو بناء المسجد ذلك انه ادرك اهمية المسجد و دوره فى توجيه مناحي الحياة كافة. ففضلا عن الجوانب الدينية كان للمسجد درو بارز فى الجوانب السياسية و الادارية و الاقتصادية و العسكرية و الاجتماعية و الثقافية و غيرها.

هيئة الحكومة النبوية :

كان الرسول صلى الله عليه وسلم يقوم بمهمة الحكم إلى جانب قيامه بتبليغ وأعباء الرسالة، لذلك كان لا بد أن يكون هناك من يعاونه في أمر الحكم؛ لأن مشاكل الدولة في دور تأسيسها كثيرة وقضايا الناس ومصالحهم لا تقف عند حد، فاقتضت الظروف أن يستعين الرسول صلى الله عليه وسلم في إدارة الدولة بأصحابه الذين كانوا كلهم مجندين لخدمة الدعوة والدولة.

وزراء الرسول صلى الله عليه وسلم:

وقد تشكلت من أصحاب النبي صلى الله عليه وسلم هيئة الحكومة النبوية ،قد اختص بعضهم بملازمة الرسول صلى الله عليه وسلم حتى أطلق عليهم اسم الوزراء أن أبابكر الصديق وعمر بن الخطاب رضي الله عنهما وزراء الرسول صلى الله عليه وسلم من أهل الأرض.

وفي القوانين لابن جزي في حق عمر بن الخطاب: "وكان هو وأبو بكر وزيرين لرسول الله صلى الله عليه وسلم في حياته" ولا شك أن حالهما مع رسول الله صلى الله عليه وسلم لا يعطي إلا ذلك، وبما وصلاه من هذه الرتبة، استخلافهما المسلمون بعده. وأخرج الحاكم في المستدرك قال: كان أبو بكر من النبي صلى الله عليه وسلم مكان الوزير فكان يشاوره في أموره كلها ويروى عنه صلى الله عليه وسلم قوله: "وزيري من أهل الأرض أبو بكر وعمر."

وكان بعض العرب الذين يعرفون شيئا عن نظام الحكم عند الفرس والروم يطلقون على أبي بكر وعمر وصف وزيري محمد صلى الله عليه و سلم.

صاحب سر رسول الله صلى الله عليه وسلم:

وكان حذيفة بن اليمان رضي الله عنه صاحب سر رسول الله صلى الله عليه وسلم؛ فقد صرح الخطيب البغدادى في تاريخ بغداد أن حذيفة بن اليمانى كان صاحب سر رسول الله صلى الله عليه وسلم ووقع تسميته بذلك في سنن النسائى في قصة ذهاب علقمة إلى الشام ولقائه في دمشق لأبي الدرداء.

قال أبوالدرداء رضي الله عنه: أليس فيكم صاحب سر رسول الله صلى الله عليه وسلم الذي لا يعلمه غيره وقال ابن الأثير في أسد الغابة: "حذيفة صاحب سر رسول الله صلى الله عليه وسلم في المنافقين، لم يعلمهم أحد إلا حذيفة أعلمه بهم رسول الله صلى الله عليه وسلم".

صاحب شرطة النبي صلى الله عليه وسلم:

وكان قيس بن سعد بن عبادة صاحب شرطته أي أمير الشرطة، فقد روى البخارى عن أنس بن مالك قال: "إن قيس بن سعد كان بين يدي النبي صلى الله عليه وسلم بمنزلة صاحب الشرطة من الأمير".

حراس الرسول صلى الله عليه وسلم:

وكان للنبي صلى الله عليه وسلم حراس، منهم: "سعد بن زيد الأنصاري، والزبير بن العوام، وسعد بن أبي وقاص، وسعد بن معاذ، ومحمد بن مسلمة، وأبوايوب الأنصارى، وبلال، وزكوان بن عبد قيس، وعباس بن بشير".

حراس المدينة أو شرطة المدينة :

ومنهم من كان يقوم على حراسة المدينة ليلا مثل سعد بن أبي وقاص وبديل ابن ورقاء، وأوس بن ثابت، وأوس بن عرابة، ورافع بن خديج.

المنفذون للحدود بين يدي الرسول صلى الله عليه وسلم:

ومنهم من كان يقوم بتنفيذ أحكام الحدود بين يديه صلى الله عليه وسلم، من قتل ورجم وجلد وقطع يد مثل: "على بن أبى طالب ومحمد بن مسلمة والزبير بن العوام وعاصم بن ثابت وبلال.

وكان يوجد في المدينة سجن للرجال وآخر للنساء ، ممن يرتكبون جرائم تستحق السجن وهذا في الأمور التي لا توجب الحد، وأحيانا كان يوضع فيها من ينتظر تنفيذ الحكم.

حجاب الرسول صلى الله عليه وسلم:

وكان للنبي صلى الله عليه وسلم حجّاب يقفون على بابه ليستأذنوا للناس في الدخول عليه، منهم: "أنس بن مالك ورباح الأسود مولاه وأبو أنسة مولاه وعبد الله بن زغب الإيادي"

وقد جاء في صحيح مسلم عن جابر بن عبدالله رضي الله عنه قال: "جاء أبو بكر يستأذن على رسول الله صلى الله عليه وسلم فوجد الناس جلسوا ببابه ولم يؤذن لهم، قال: "فأذن لأبي بكر فدخل، ثم أقبل عمر فاستأذن فأذن له" وهذا الحديث صريح الدلالة في أنه كان للرسول صلى الله عليه وسلم حجاب يستأذنون للناس في الدخول عليه".

حاملوا خاتم الرسول صلى الله عليه وسلم:

وكان للرسول صلى الله عليه وسلم خاتما اتخذه لختم الرسائل للملوك والأمراء؛ لأنه لما عزم على إرسال كتبه إليهم بعد عودته من صلح الحديبية وكتب لهرقل، قالوا: "يا رسول الله إن الأعاجم لا تقبل الرسائل إلا أن تكون مختومة". فاتخذ خاتما من فضة نقشه: "محمد رسول الله" لختم الرسائل

وكان حنظلة بن الربيع بن صيفي والحارث بن عوف المري حاملي خاتم رسول الله صلى الله عليه وسلم إذا غاب أحدهما ناب عنه الآخر، وظل خلفاء الرسول صلى الله عليه وسلم يستعملون هذا الخاتم في ختم الرسائل حتى سقط من يد الخليفة عثمان بن عفان رضي الله عنه في بئر أريس، والقصة مشهورة.

من يستقبل الوفود:

وكان هناك من يقوم باستقبال الوفود والاستئذان لها على الرسول صلى الله عليه وسلم، وتعليمهم كيف يحيونه وكيف يتحدثون إليه وهو ما يطلق عليه الآن بنظام البروتوكول وقد عنون صاحب كتاب "نظام الحكومة النبوية" لهذا الموضوع بقوله: "فصل في الرجل يعلم الوفد كيف يحيون المصطفى صلى الله عليه وسلم".

وكان أشهر من يقوم بهذه المهمة هو أبو بكر الصديق رضي الله عنه فقد ذكر ابن اسحاق قصة قدوم وفد ثقيف على النبي صلى الله عليه وسلم في رمضان سنة ٩هـ فعند وصولهم إلى المدينة التقوا بالمغيرة بن شبعة وهو ثقفي مثلهم فأخبر المغيرة بن شعبة أبا بكر رضي الله عنه بقدومهم، فدخل أبو بكر على الرسول وأعلمه بأمرهم واستأذن لهم، وخرج إليهم وعلمهم كيف يحيون رسول الله صلى الله عليه وسلم.

بيت الضيافة:

وكان في المدينة بيت للضيافة، كانت تنزل فيه الوفود القادمة على الرسول صلى الله عليه وسلم، وكان هناك من يقوم على خدمتهم وإطعامهم، وكان من هؤلاء بلال وثوبان موالي رسول الله صلى الله عليه وسلم، وكانت الدار التي اتخذت للضيافة منزلا لامرأة من الأنصار اسمها رملة بنت الحارث ويبدو أنها كانت

واسعة؛ لأن ابن إسحاق ذكر أن رسول الله صلى الله عليه وسلم حبس فيها بنى قريظة قبل قتلهم، وكانوا أكثر من ستمائة رجل بأسرهم.

مراقبة الأسواق :

ومن الأمور المهمة التي كان يعنى بها رسول الله صلى الله عليه وسلم مراقبة الأسواق والإشراف على حركة البيع والشراء وكل ما يتعلق بالأمور التجارية، لضمان سلامة المعاملات وليحصل كل إنسان على ما يحتاج دون أن يتعرض لغش أو تدليس، وقد ذكر صاحب السيرة الحلبية أن رسول الله صلى الله عليه وسلم ولى عمر بن الخطاب على سوق المدينة، وتولية عمر رضي الله عنه على هذا العمل يدل على جسامته وأهميته.

ثم وبعد فتح مكة سنة ٨ هـ ولى رسول الله صلى الله عليه وسلم سعيد بن العاص على سوقها للإشراف على الحركة التجارية. ولما كان النبي صلى الله عليه وسلم قد ولى عتاب بن أسيد على مكة بعد فتحها فتولية سعيد بن العاص أمر السوق، يدل على أنه بجانب الولاية العامة كانت هناك ولايات نوعية متخصصة بناحية محددة يتولاها آخرون، فبجانب الوالي كان هناك القاضي وجامع الصدقات أي: المختص بالشؤون المالية.

ولأهمية الأسواق والحركة التجارية في حياة الناس فقد كان الرسول صلى الله عليه وسلم يقوم أحيانا بمراقبة سوق المدينة بنفسه، فقد روى مسلم في صحيحه عن أبى هريرة رضي الله عنه: أن رسول الله صلى الله عليه وسلم مر على صبرة طعام أي قمح فأدخل يده فيها فنالت بللا، فقال: "ما هذا يا صاحب الطعام؟" فقال: أصابته السماء يا رسول الله أي أصابه المطر قال: "أفلا جعلته فوق الطعام كي يراه الناس من غش فليس منا" وهذا النوع من الإدارة الإسلامية في عهد الرسول صلى الله عليه وسلم أصبح أساسا لما عرف بعد ذلك بنظام الحسبة أو بولاية الحسبة والذي يتولاها كان يعرف بالمحتسب.

جهاز جمع المعلومات – المخابرات:

وكان للنبي صلى الله عليه وسلم جهاز دقيق لجمع المعلومات عن الأعداء وهو ما يقابل جهاز المخابرات فى الدول الحديثة، وممن كان يقوم بهذه المهمة بسبسة بن عمرو الجهني الذي كلفه رسول الله صلى الله عليه وسلم بأن يذهب إلى بدر لجمع المعلومات عن قريش قبيل المعركة، وكذلك طلحة بن

عبدالله وسعيد بن زيد اللذان أرسلهما رسول الله صلى الله عليه وسلم إلى طريق الشام يتحسسان الأخبار عن قافلة أبي سفيان. ومنهم حذيفة بن اليمان الذي قام بجمع المعلومات عن الأحزاب في غزوة الخندق، وبسر بن سفيان الخزاعي الذي كان مختصًّا بجمع المعلومات عن قريش.

وهكذا كان هذا الجهاز خطيرا وفعالا ويرصد تحركات أعداء الدعوة والدولة على جميع الجهات وقد أمد هذا الجهاز النبي صلى الله عليه وسلم بالمعلومات عن تحركات الروم في الشمال؛ مما كان سببا في غزوة تبوك.

كُتَّاب الرسول صلى الله عليه وسلم :

كان للنبي صلى الله عليه وسلم جهاز كبير من الكتَّاب وصل عددهم إلى أكثر من أربعين كاتبا منهم أبو بكر وعمر وعثمان وعلي، والزبير بن العوام، وخالد وإبان ابنا سعيد بن العاص، وعامر بن فهيرة، وعبد الله بن الأرقم، وثابت بن قيس بن شماس وحنظلة بن أبي عامر الأسدي، وزيد بن ثابت ومعاوية بن ابى سفيان وشر حبيل بن حسنة ، وعبد الله بن عبد الله بن أبي ابن سلول، ومعيقيب بن أبي فاطمة الدوسي، والمغيرة بن شعبة، وخالد بن الوليد، و العلاء بن الحضرمى و عمرو بن العاص، وجهم بن أبي الصلت، وعبدالله بن رواحة ومحمد بن مسلمة، وغيرهم.

وكان بعض هؤلاء الكتاب يكتبون الوحي لرسول الله صلى الله عليه وسلم وبعضهم يكتب في الشؤون العامة للدولة، إما إضافة إلى كتابته الوحي أو اختصارا على الكتابة في الأمور الأخرى.

فكان علي بن أبي طالب رضي الله عنه من المختصين بكتابة العهود وعقود الصلح، وهو الذي كتب وثيقة صلح الحديبية، وكان معيقيب بن أبي فاطمة، وكعب بن عمرو بن زيد الأنصاري يكتبان المغانم.

وكان يقال للأخير: صاحب المغانم، وحذيفة بن اليمان كان يكتب خرص تمر الحجاز والعلاء بن عتبة وعبد الله بن الأرقم يكتبان بين الناس في قبائلهم ومياههم، وفي دور الأنصار بين الرجال والنساء.

وكان عبد الله بن الأرقم يجيب الملوك عن رسول الله صلى الله عليه وسلم، والزبير بن العوام وجهم بن أبي الصلت يكتبان أموال الصدقات، والمغيرة بن شعبة يكتب المداينات والمعاملات وكان زيد بن

ثابت الأنصاري إضافة إلى كتابة الوحي مترجم رسول الله صلى الله عليه وسلم؛ لأنه كان يعرف عددا من اللغات منها الفارسية والعبرية.

جهاز الإعلام في عهد الرسول:

وكذلك كان لرسول الله صلى الله عليه وسلم عدد من الشعراء والخطباء الذين يدافعون عنه وعن دعوته ودولته، ضد من كانوا يهاجمونه من شعراء مكة وغيرها، كعبد الله بن الزبعرى الذي كان يهاجم الرسول ودعوته بقصائد قاسية.

فكان شعراء الرسول صلى الله عليه وسلم يتصدون للرد عليه، ومن شعراء الرسول البارزين:حسان بن ثابت الأنصاري، وعبد الله بن رواحة، وكعب بن مالك ومن خطبائه: ثابت بن قيس ومما هو معروف أن الشعر والخطابة كانا وسيلة الإعلام الرئيسية في ذلك الوقت.

خلفاء الرسول على المدينة أثناء غيابه عنها في غزو أو غيره:

عند ما كان الرسول صلى الله عليه وسلم يكون موجودا في المدينة فهو المشرف الأعلى على الأمور كلها وهو الذي يوزع الأعمال على الصحابة رضوان الله عليهم كل في مجاله. وعند ما كان يغيب عنها ولو ليوم واحد فإنه كان ينيب أحد أصحابه عنه ليتولى إدارة الأمور حتى يرجع.

ففي غزوة أحد التي دارت معاركها بالقرب من المدينة فإنه عهد بأمر المدينة لابن أم مكتوم، وباستعراض الأسماء التي كان الرسول صلى الله عليه وسلم يعهد إليها بأمر المدينة أثناء غيابه نجد أنه قلما كان يولي النيابة عنه لشخص واحد أكثر من مرة.

فمثلا عند خروج الرسول صلى الله عليه وسلم في غزوة الأبواء -ودان- في ربيع الأول (سنة ٢هـ) استخلف على المدينة سعبد بن معاذ رضي الله عنه.

وفي غزوة بواط في نفس الشهر استخلف سعد بن معاذ رضي الله عنه.

وفي خروجه لمطاردة كرز بن جابر الفهري في نفس الشهر استخلف زيد بن حارثة رضي الله عنه رضي الله عنه.

وفي غزوة ذات العشيرة استخلف ابا سلمة بن عبدالاسد رضي الله عنه.

وفي غزوة بدر الكبرى من رمضان سنة ٢هـ، استخلف أبا لبابة بشير بن عبد المنذر رضي الله عنه

في غزوة خيبر استخلف سباع بن عرفطة الغفاري رضي الله عنه

وفي فتح مكة استخلف أبا رهم حصين بن خلف الغفاري رضي الله عنه

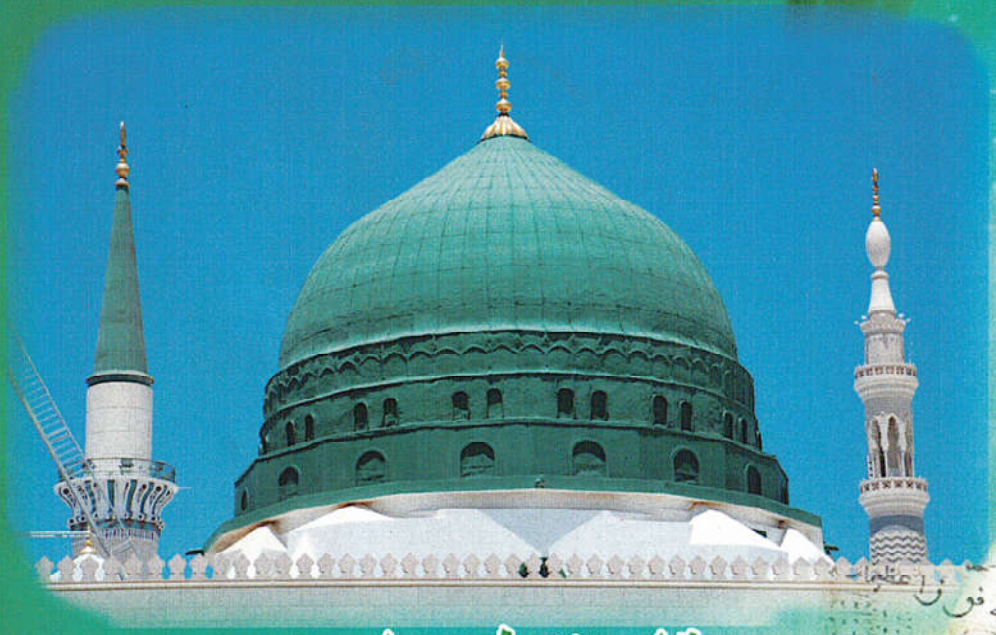
وفي غزوة تبوك استخلف محمد بن مسلمة الأنصاري رضي الله عنه

الخاتمة :

يبين لنا من خلال هذا البحث ما هي من أهمية عظمى فى تنظيم السياسية و الادارية العامة فى الدولة الاسلامية و كذلك ما هي الخطوة التي خطها النبي صلى الله عليه و سلم فى تشكيل هذا المجتمع ، على كل مسلم أن يعرف حقه.

فنسأل الله سبحانه ان يجزيَ كل من اسهم فى تقديم هذا العمل العلمي خير الجزاء و اخر دعوانا ان الحمد لله رب العالمين و صلى الله و سلم و بارك على سيدنا و نبينا محمد و على آله و صحبه اجمعين.

مجموعة مقالات مؤتمر وطني حول
متعددة الشخصية للرسول محمد صلى الله عليه وسلم



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الأهمية العلمية لدراسة المسائل المعاصرة

د/ خواجة محي الدين
الأستاذ المشارك قسم اللغة العربية،
كلية جمال محمد، تيروشيرابلي

جعفر صادق الحسني الديوبندي
الأستاذ المساعد قسم اللغة العربية،
كلية جمال محمد، تيروشيرابلي

الحمد لله رب العالمين، والصلاة والسلام على نبينا محمد، وعلى آله وصحبه أجمعين، أما بعد:

إن البحث في مختلف فنون الفقه من أجل البحوث العلمية، فمثل هذه البحوث تجمع بين المنقول والمعقول، والفروع والأصول، والدليل والمدلول، والأحكام الصحيحة، والاجتهاد المصقول، والحاجة إليه ملحة في كل وقت، لا سيما في هذا العصر الذي كثرت فيه النوازل، وتعددت فيه المستجدات، وتتابعت فيه المتغيرات التي تحتاج إلى نظر واجتهاد، وتأمل واستنباط. فما ينزل في الناس من وقائع ومستجدات تحتاج إلى معالجات وتوضيح علمي شاف، وبيان من أهل العلم والفقه كافٍ، حتى لا يتبع الناس أهواءهم، فتحبط أعمالهم ، وتزيغ قلوبهم.

من أجل هذا فمعرفة النوازل وأحكامها أمر من الأهمية بمكان ، لتبذل فيها الجهود، وتتوحد القصود، فينعم الناس بالسعادة في الدنيا والآخرة.

فوائد أهمية دراسة القضايا المعاصرة :

الفائدة الأولى: أن فيها بيان وتأكيد على صلاحية الشريعة لكل زمان ومكان. فإن القواعد العامة التي وضعها الإسلام لا تختلف فيها أمة عن أمة أخرى ، أما التفصيلات والأحكام الفرعية التي تختلف باختلاف الناس في العصور

فقد تركها لأهل العلم يبذلون فيه الوسع، والشريعة صالحة لكل زمان ومكان؛ لأنها تراعي الطبيعة الإنسانية ، وتوافق الفطرة البشرية، التي فطر الله الناس عليها، بما تقدمه من معالجات لكافة المشكلات بأعدل الحلول، وأفضل الأحكام ، وبما تتميز به من مرونة في الفروع والوسائل ، فتتلاءم مع المتغيرات وتتكيف مع التطورات ، ولكونها تتميز كذلك بشمولية واعية بدقائق الأحداث والمستجدات.

الفائدة الثانية: أن في هذه الدراسات للقضايا المعاصرة بيان أن الشريعة قائمة على التيسير ورفع الحرج، والتيسير ورفع الحرج من القواعد المهمة في الإسلام، بل ومن دعائمه الأساسية، فمعرفة أحكام النوازل والقضايا المعاصرة فيه بيان لهذه القاعدة العظيمة، وتأكيد على أهميتها، فمنها تخرج رخص الشرع كقول أهل العلم: إذا ضاق الأمر اتسع، وقولهم: الضرورات تبيح المحظورات.

الفائدة الثالثة: أن في دراستها تلبية حاجة المجتمع لمعرفة أحكام النوازل ومراعاة مصالح العباد، وكل ذلك في ضوء الكتاب والسنة ، وبما يتوافق مع مقاصد الشرعية الإسلامية من تحقيق المصالح ودرء المفاسد، ومواكبة التغير الدائم والمستمر للحاجات البشرية في شتى المجالات ومختلف النواحي، فيتم تنزيل الحكم الشرعي على المسألة النازلة بعد دراستها ومعرفة ما هيتها.

الفائدة الرابعة: في دراسة القضايا المعاصرة تفعيل للاجتهاد والبحث في قضايا الفقه المختلفة، فإن البحث والاجتهاد هما مناط القوة والانضباط واستنباط الأحكام كما قال الإمام الشهرستاني رحمه الله: "ولم تنضبط قط شريعة من الشرائع إلا باقتران الاجتهاد بها؛ لأن من ضرورة الانتشار في العالم الحكم بأن الاجتهاد معتبر". الملل والنحل ٢٤٣/١.

وفي دراستها تفعيل لأحكام الشريعة الإسلامية وتعطيل للقوانين الوضعية، ومن ثم ينعم الإنسان بالمصالح الخالصة من شوائب الأخطاء الناتجة عن قصور الإدراك البشري ، فالدين الإسلامي دين متكامل، وشريعتة أتم الشرائع، قال تعالى:"**اليوم أكملت لكم دينكم وأتممت عليكم نعمتي ورضيت لكم الإسلام دينا**" (المائدة:٣).

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التأمين في الفقه الإسلامي

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فلفتي، كرور.

عاشق أحمد الحسني الديوبندي
الأستاذ المساعد قسم اللغة العربية،
كلية جمال محمد، تيروشيرابلي

تعريف التأمين:

لغة: من أمِنَ ، يقال : أمن فلان ، يأمن أمناً وأمنَة ، وأمنة وأماناً فهو أمِن ، والأمن ضد الخوف.

اصطلاحا : التأمين كنظام يختلف عن التأمين كعقد ، لذلك يميز علماء القانون بين نظام التأمين باعتباره فكرة وطريقة ذات أثر اقتصادي واجتماعي ترتكز على نظرية عامة ذات قواعد فنية وبين عقد التأمين باعتباره تصرفا قانونيا ينشئ حقوقا والتزامات بين طرفين متعاقدين تطبيقا عمليا لذلك النظام . فنظام التأمين في نظر علماء القانون هو نظام تعاقدي يقوم على أساس المعاوضة ، غايته التعاون على ترميم أضرار المخاطر الطارئة بواسطة هيئات منظمة تزاول عقوده بصورة فنية قائمة على أسس وقواعد إحصائية .

نشأة التأمين:

لقد ظهر التأمين البحري كأول نوع من أنواع التأمين في القرن الرابع عشر الميلادي في إيطاليا . فقد تعهد بعض الأشخاص بتحمل الأخطار البحرية التي تتعرض لها السفن أو حمولتها مقابل مبلغ معين . ثم ظهر التأمين البري ، وكانت أول صورة له هي التأمين ضد الحريق ، وذلك بعد ما شبّ حريق هائل في لندن عام ١٦٦٦م ، ثم انتشر بعد ذلك التأمين وتنوع وشمل جميع نواحي

الحياة ، كالتأمين من السرقة ، والتأمين من حوادث النقل الجوي ، والتأمين على الحياة وغيرها .

ولم يُعرف التأمين في العالم الإسلامي إلا في القرن المنصرم ، فلم يتعرّض إليه أحد قبل الفقيه الحنفي ابن عابدين ، وقد أفتى بعدم جوازه ، فقد ذكر في كتابه " رد المحتار على الدر المختار " ما نصّه : جرت العادة أن التجار إذا استأجروا مركبا من حربي يدفعون له أجرته ، ويدفعون أيضاً مالاً معلوماً لرجل حربي مقيم في بلاده يسمى ذلك المال – سوكرة – على أنه مهما هلك من المال الذي في المركب بحرق أو غرق أو نهب أو غيره ، فذلك الرجل ضامن له بمقابلة ما يأخذه منهم ، وله وكيل عنه مستأمن في دارنا يقيم في بلاد السواحل الإسلامية بإذن السلطان يقبض من التجار مال السوكرة ، وإذا هلك من مالهم في البحر شيء يؤدي ذلك المستأمن للتجار بدله تماماً . والذي يختار أنه لا يحل للتاجر أخذ بدل الهالك من ماله ؛ لأن هذا التزام ما لا يلزم.

التأمين نوعان:

الأول: تأمين تعاوني: وهو أن يتفق عدة أشخاص على أن يدفع كل منهم اشتراكا معينا لتعويض الأضرار التي قد تصيب أحدهم إذا تحقق خطر معين، وهو قليل التطبيق في الحياة العملية.

الثاني: تأمين بقسط ثابت: وهو أن يلتزم المؤمَّن له مبلغا ثابتا يدفع إلى المؤمِّن (شركة التأمين) يتعهد المؤمِّن بمقتضاه دفع مبلغ معين عند تحقق خطر معين، ويدفع العوض إما إلى مستفيد معين أو ورثته أو شخص المؤمن له، وهذا العقد من عقود المعاوضات .

والنوع الأول من عقود التبرعات، فلا يقصد المشتركون فيه الربح من ورائه، ولكن يقصد منه المواساة والإرفاق، وهو من قبيل التعاون على البر، وهذا النوع جائز، وقليل من يفعله .

وأما التأمين بقسط، فهو المتداول بكثرة، كالتأمين لدى الشركات المختصة به على الحياة أو السيارات أو المباني أو الصحة وغير ذلك. وعقد التأمين هذا يعتبر عملية احتمالية، لأن مقابل القسط ليس أمرا محققا، لأنه إذا لم يتحقق الخطر فإن المؤمِّن لن يدفع شيئا ويكون هو الكاسب، وإذا تحقق الخطر المبرم عليه العقد فسيدفع المؤمن إلى المؤمن له مبلغا لا يتناسب مع القسط المدفوع .

وإذا كان عقد التأمين بهذا الوصف، تعين علينا أن نعود إلى صورة الضمان في أحكام الفقه الإسلامي لنحتكم إليه في مشروعية هذا العقد أو مخالفته لقواعد الضمان الإسلامي.

فمن المعروف في الشريعة الغراء أنه لا يجب على أحد ضمان مال لغيره بالمثل أو بالقيمة إلا إذا كان قد استولى على هذا المال بغير حق أو كان أضاعه على صاحبه أو أفسد عليه الانتفاع به بحرق أو هدم أو غرق أو نحو ذلك من أسباب الإتلافات، أو كان ذلك عن طريق الغرر أو الخيانة، أو كفل أداء هذا المال، ولا شيء من ذلك بمتحقق في عقد التأمين بقسط (التأمين التجاري)، حيث يقضى عقد التأمين أن تضمن الشركة لصاحب المال ما يهلك أو يتلف، أو عند حدوث الوفاة بحادث، كما أن المؤمِّن لا يعد كفيلاً بمعنى الكفالة الشرعية، وتضمين الأموال بالصورة التي يحملها عقد التأمين محفوف بالغبن والحيف والغرر.

ولا تقر الشريعة كسب المال بأي من هذه الطرق وأشباهها، لأنها لا تبيح أكل أموال الناس بغير الحق، قال تعالى: "يا أيها الذين آمنوا لا تأكلوا أموالكم بينكم بالباطل" النساء: ٢٩ ، وإنما تبيح العقود التي لا غرر فيها ولا ضرر بأحد الطرفين، وفي عقد التأمين غرر وضرر محقق بأحد الطرفين، لأن كل ما تعمله شركة التأمين أنها تجمع الأقساط من المتعاقدين معها، وتحوز من هذه الأقساط رأس مال كبير، تستثمره في القروض الربوية وغيرها، ثم تدفع من أرباحه الفائقة الوفيرة ما يلزمها به عقد التأمين عن تعويضات الخسائر، التي لحقت بأموال المؤمن لهم ، مع أنه ليس للشركة دخل في أسباب هذه الخسائر، لا بالمباشرة ولا بالتسبب، فالتزامها بتعويض الخسارة ليس له وجه شرعي، كما أن الأقساط التي تجمعها من أصحاب الأموال بمقتضى العقد لا وجه لها شرعا، وكل ما يحويه عقد التأمين من اشتراطات والتزامات فاسد، والعقد متى اشتمل على شرط فاسد كان فاسدا، والمراد من الغرر هنا المخاطرة، وهذا هو المتوفر في عقد التأمين، وهو في الواقع عقد بيع مال بمال، وفيه غرر فاحش، والغرر الفاحش يؤثر على عقود المعاوضات المالية باتفاق الفقهاء، ومع هذا كله ففي هذا العقد تعامل بالربا الذي فسره العلماء بأنه زيادة مال بلا مقابل في معاوضة مال بمال. والفائدة في نظام التأمين ضرورة من ضروراته، فالربا معتبر في حساب الأقساط، حيث يدخل سعر الفائدة، وعقد التأمين عبارة عن الأقساط مضاف إليها فائدتها الربوية، وتستثمر أموال التأمين في الأغلب بسعر الفائدة بإقراضها، وهذا ربا .

الفكرة العامة:

إن فكرة التأمين قائمة على الإزالة الجماعية للخطر فيشترك عدد كبير من الناس في إزالة الضرر الحاصل أو تخفيفه فلا يتحمل شخص واحد تكاليف كبيرة لايستطيع أداءها . وفي معظم حالات التأمين (تحقق الخطر أو

عدمه) يدفع أحد الطرفين قليلا ويأخذ كثيرا، أو يدفع ولا يأخذ، وهذا عين الربا، لأنه كما قلنا مال بمقابل مال فيدخله ربا الفضل والنسيئة. وفي حالة التأخير في سداد قسط يكون المؤمن له ملزما بدفع فوائد التأخير، وهذا ربا النسيئة، وهو حرام شرعاً بإجماع أهل العلم.

فكرة التأمين في الإسلام:

لقد دعا الإسلام إلى التعاون بين الناس وبذل التضحيات على أساس من التبرع لا المعاوضة، يقول تعالى في كتابه الكريم: "... وتعاونوا على البر والتقوى ولا تعاونوا على الإثم والعدوان..." (المائدة: ٢)، ولما كانت فكرة التأمين تدور حول اشتراك الجماعة في إزالة الخطر، كان الإسلام سباقا إلى تنظيم هذه الفكرة، ومن تلك الأنظمة:

١) نظام كفالة الغارمين: الغارمون هم المدينون لمصلحة خاصة كالإنفاق على أنفسهم أو لمصلحة عامة كالإصلاح بين المتخاصمين، فنزل بهم ضرر فادح لا يستطيعون رفعه، ويزال عنهم هذا الضرر بما يدفعه الأغنياء من مال الزكاة تضامناً معهم.

٢) نظام كفالة الفقراء والمساكين :وهم الذين لا يجدون ما يسدون به كفايتهم من مطعم ومسكن وغيره من الاحتياجات الضرورية.

٣) نظام العاقلة : العاقلة هم أهل نصرة الرجل من رجال قبيلته أو أهل نقابته، وهذا النظام يقضي بتوزيع دية القتل الخطأ على عائلة القاتل. وقد نظم الرسول - صلى الله عليه وسلم - المجتمع الإسلامي في المدينة بعد الهجرة تنظيماً وتضامنياً. فقد قال عليه الصلاة والسلام : "المهاجرون من قريش على ربعتهم – أي على حالتهم القديمة – يتعاقلون بينهم، والأنصار على ربعتهم يتعاقلون.." .

٤) نظام كفالة أبناء السبيل: وهم الذين انقطعوا عن أموالهم وأصبحوا محتاجين إليه فيدفع إليهم من مال الزكاة.

٥) نظام النفقات بين الأقارب :فيلزم القريب الغني بالإنفاق على قريبه الفقير.

٦) نظام التكافل الاجتماعي : ويكون بين أبناء الحي الواحد والبلد الواحد ، كما كان يفعل الأشعريون ، حيث كانوا إذا أرملوا أو قلّ طعامهم جمعوه في صعيد واحد واقتسموه فيما بينهم بالسوية . فلما علم بهم الرسول - صلى الله عليه وسلم - امتدحهم ..

أهداف التأمين:

يهدف التأمين – بالمعنى السابق – إلى عدة أمور ، منها وعقد التأمين يفُضي إلى استهتار الناس المؤمن لهم بالأموال، وعدم مبالاتهم بها حيث يعلمون أن شركات التأمين ستدفع لهم عند حدوث حادث، وفي هذا إتلاف للأموال والأنفس، فتعم الفوضى واللامبالاة.

ولهذه الأسباب فقد اجتمعت قرارات المجامع الفقهية على تحريم التأمين بصوره المذكورة سابقا، باستثناء التأمين التعاوني، من حيث هي عقود، بغض النظر عن الشيء المؤمَّن عليه. علما بأن التأمين على الحياة يزيد على غيره بخصلة سيئة، ألا وهي الاعتماد على شركة التأمين بدلا من التوكل على الله في تدبير شؤون الرزق والمعاش للشخص ولذريته... وفي هذا ما فيه من إفساد القلوب، والغفلة عن الله، وترك سؤاله واللجوء إليه في الشدائد.. وكل هذا مما يعرض إيمان الشخص لخطر عظيم، ولهذا أيضاً فإن العلماء الذين أباحوا بعض أنواع التأمين لم يجيزوا التأمين على الحياة، لما ذكرنا. والمسلم مسئول أمام الله تعالى عن ماله من أين اكتسبه وفيم أنفقه،

قال صلى الله عليه وسلم: (لا تزول قدم عبد يوم القيامة حتى يسأل عن أربع ... ومنها، وعن ماله من أين اكتسبه وفيما أنفقه.....) رواه الترمذي، فواجب على المسلمين الالتزام بالمعاملات التي تقرها الشريعة الإسلامية والابتعاد عن المعاملات المحرمة.

وأما العمل بشركات التأمين فحكمه يتوقف على نوع التأمين من حيث الحل والحرمة، فما كان منه جائز جاز العمل فيه، وما كان حراماً فلا يجوز العمل فيه .

مقومات عقد التأمين:

يتكون عقد التأمين من العناصر التالية:

١. المؤمِّن: وهو أحد طرفي عقد التأمين وغالبا ما يكون شركة أو مؤسسة تلتزم بدفع تعويض مالي للمؤمَّن له، عند وقوع الحادث المؤمن ضده.

٢. المؤمن له: وهو الشخص الذي تعاقد مع المؤمن والتزم بمقتضى عقد التأمين أن يدفع للمؤمن بدلا ماليا معينا، يدفع وفق الاتفاق، جملة واحدة أو أقساطا.

٣. المؤمَّن ضده: وهو الحادث الذي يتوقع المؤمن له حدوثه في المستقبل، كحادث الحريق، أو مصيبة الموت.

٤.البدْل: وهو المال الذي يلتزم بدفعه المؤمَّن له للمؤمن.

٥. التعويض المالي: وهو المال الذي يلتزم بدفعه المؤمِّن، إلى المؤمَّن له أو المستفيد عند وقوع الحادث المؤمن ضده.

٦. الزمن: ونقصد بذلك الفترة الزمنية التي يغطيها عقد التأمين، كمدة سنة من تاريخ العقد، وينتهي عقد التأمين بانتهائها.

أوصاف عقد التأمين:

١. عقد التأمين من عقود المعاوضات المالية، وليس من عقود التبرعات؛ لأنه يقوم على أساس المبادَلة، ويستهدف فيه كلا الطرفين الحصول على منفعة مقابل ما يؤديه إلى الطرف الآخر، فالمؤمِّن ملتزم بتسليم التعويض المالي للمتضرر، والمؤمَّن له ملتزم بدفْع البدل، يقابل ذلك عقد التبرع الذي لا يقوم على المبادلة، فلا يأخذ فيه المتعاقد مقابلا لما يعطي.

٢. عقد التأمين عقد جديد لم يرد ضمن زمرة العقود المسماة في الفقه الإسلامي، ولهذا يقوم على الاجتهاد في استنباط الأحكام الناظمة له، وقد نظمت أحكامه في القانون المدني والقوانين الخاصة به، فأصبح من العقود المسماة في القانون، وله أحكام خاصة به، يلتزم بها عند التعاقد.

٣. عقد التأمين من عقود الغرر أو العقود الاحتمالية، وليس من العقود المحددة لأنَّ الحادث المؤمن ضده من الأمور التي يتوقع المؤمِّن والمؤمَّن له حدوثه في المستقبل، فالحادث غير موجود عند التعاقد، لكنَّه يَحتمل الوجود في المستقبل، ووقوعه لا يدَ لأحد المتعاقدَين فيه، وهذا هو معنى الغرر.

٤. عقد التأمين من العقود الملزمة للجانبين وقت إبرامه، لأن الالتزامات في هذا العقد متقابلة، المؤمِّن دائن من ناحية ومَدين من ناحية أخرى، والمؤمَّن له دائن من ناحية ومَدين من ناحية أخرى، وهذه الالتزامات تثبت بالعقد، والعقد مصدرها، ولا يملك أحد المتعاقدين فسخ العقد أو إنهاءه بإرادته المنفردة، إلا إذا وجد سبب شرعي أو قانوني يُجيز ذلك.

٥. عقد التأمين عقد زمني أو ممتد؛ لأن الزمن عنصر جوهري فيه؛ لأن التأمين يكون ضد حادث يحتمل الوقوع في المستقبل، والتأمين يمتد إلى فترة زمنية متفق عليها، غالبًا ما تكون سنة، فإذا وقع الحادث المؤمَّن ضده، خلال

هذه السنة والتي يَشملها التأمين، تقوم الشركة المؤمنة بالتعويض عن الضرر، وإن وقع الحادث بعد انتهاء المدة فلا تلتزم الشركة بشيء، لأن التأمين ينتهي بانتهاء مدته.

٦. عقد التأمين عقد رضائي، ينعقد بمجرد اقتران الإيجاب بالقبول دون حاجة إلى إجراء شكلي لأن الفقه والقانون لم يشترطا أن يتم التأمين بشكل خاص، كالتسجيل في دائرة معينة، أو تصديقه لدى جهة رسمية، كما هو الحال في عقد الزواج، أو عقد بيع السيارات والعقارات.

٧. عقد التأمين من عقود الإذعان، لأن المؤمن طرف قوي يملي إرادته على طرف ضعيف وهو المؤمَّن له، ويقوم المؤمن بإعداد عقد التأمين مسبقا، ولا يملك المؤمن له إلا التوقيع عليه ودفع البدل، خاصة في التأمين الإلزامي.

ينقسم التأمين إلى ثلاثة أقسام:

التأمين الاجتماعي: ويشمل التأمين ضد البطالة، والتأمين الصحي، والتأمين ضد العجز، وتأمين المعاشات، وهذا التأمين عادة تقوم به الدولة أو المؤسسات الاقتصادية والصحية الحكومية لتأمين الموظفين والعمال والمستخدمين، وخلاصته أن يستقطع مبلغا معينا من مرتب الموظف أو العامل أثناء فترة عمله، وتضيف إليه الدولة مبلغا آخر، وعند نهاية الخدمة أو الإصابة التي تُعيق الموظف أو العامل عن الاستمرار في العمل يُعطى معاشا شهريا ثابتا، أو يُصرف للمصاب تعويض مناسب، فضلا عن نفقات العلاج، وهذا النوع مِن التأمين جائز شرعًا باتفاق العلماء، لخلوه من شبهتي الغرر والربا، وعملا بقوله تعالى :" وَتَعَاوَنُوا عَلَى الْبِرِّ وَالتَّقْوَى"[١].

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١ . المائدة: ٢

التأمين التعاوني: وهو أن يتفق عدة أشخاص، على أن يدفع كل منهم اشتراكا معينا لتعويض الأضرار التي قد تصيب أحدهم إذا تحقق خطر معين، وهو قليل التطبيق في الحياة العملية، وهذا التأمين لا شك في جوازه شرعا؛ لأنه يدخل في عقود التبرعات، ومن قبيل التعاون على البر، لأن كل مشترك يدفع اشتراكه بطيب نفس لتخفيف آثار المخاطر، وترميم الأضرار التي تصيب أحد المشتركين، أيا كان نوع الضرر، سواء في التأمين على الحياة، أو الحوادث الجسمانية، أو على الأشياء، وغالبا ما يكون ذلك بين أصحاب الحرفة الواحدة، كالعمال والمهندسين والأطباء، أو أبناء العشيرة الواحدة، للتعاون على ترميم آثار المصيبة التي تقع على رأس أحدهم.

ومنه التأمين الصحي:

١. عقد التأمين الصحي: اتفاق يلتزم بموجبه شخص أو مؤسسة تتعهد برعايته بدفع مبلغ محدد أو عدد من الأقساط لجهة معينة على أن تلتزم تلك الجهة بتغطية العلاج أو تغطية تكاليفه خلال مدة معينة[١].

٢. أساليبه:

التأمين الصحي إما أن يتم عن طريق مؤسسة علاجية، أو عن طريق شركة تأمين تقوم بدور الوسيط بين المستأمن وبين المؤسسة العلاجية.

٣. حكمه:

أ - إذا كان التأمين الصحي مباشرا مع المؤسسة العلاجية فإنه جائز شرعا بالضوابط التي تجعل الغرر يسيرا مغتفرا مع توافر الحاجة التي تنزل منزلة الضرورة لتعلق ذلك بحفظ النفس والعقل والنسل وهي من الضروريات التي جاءت الشريعة بصيانتها.

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١. التأمين الصحي في الفقه الإسلامي ، د.حسين مطاوع الترتوري : (١٠٢)

ب - إذا كان التأمين الصحي عن طريق شركة تأمين إسلامي (تعاوني أو تكافلي) تزاول نشاطها وفق الضوابط الشرعية التي أقرها المجمع في قراره رقم ٩(٢/٩) بشأن التأمين وإعادة التأمين، فهو جائز.

ج- إذا كان التأمين الصحي عن طريق شركة تأمين تجاري فهو غير جائز،

٤. الإشراف ورقابته:

على الجهات المختصة القيام بالإشراف والرقابة على عمليات التأمين الصحي بما يحقق العدالة ويرفع الغبن والاستغلال وحماية المستأمنين.

إذا كان التأمين الشامل والتأمين الصحي وغيره تكافليا تعاونيا فهو جائز شرعا والتأمين الشامل والتأمين الطبي الصادران عن شركات التأمين التجاري أفتى مجمع الفقه الإسلامي بتحريمه لوجود الغرر في هذه العقود ولا يتعامل بها إلا عند الضرورة وعدم وجود البديل.

التأمين التجاري وهو ما تقوم به شركات التأمين التجارية، ويشمل ذلك:

١. التأمين على الحياة.

٢. التأمين ضد الحوادث.

٣. التأمين على النقل.

٤. التأمين ضد الحريق.

٥. التأمين ضد السطو على المساكن وسرقتها.

وهذا التأمين يقوم على فكرة الربح والخسارة، ولهذا اختلف العلماء في حكمه، وبه انحصر الخلاف بين الفقهاء في هذا العصر.

منشأ الخلاف بين الفقهاء في التأمين التجاري:

يرجع الخلاف بين الفقهاء في هذه المسألة إلى الأمور التالية:

أ- التأمين عقد جديد، لم يرد به دليل خاص، ولهذا يقوم على الاجتهاد بالرأي، والاجتهاد بالرأي مِن أهم أسباب اختلاف الفقهاء.

ب- اختلاف الفقهاء في وصف عقد التأمين وتكييفه، والاختلاف في الوصف والتكييف يؤدي بالبداهة إلى الاختلاف في الحكم فمن وصف التأمين بأنه ضرب من ضروب التعاون على الخير أفتى بجوازه، ومن وصفه بأنه ضرب من ضروب القمار والربا والغرر أفتى بحرمته.

آراء الفقهاء في التأمين التجاري:

اختلف العلماء في موضوع التأمين بالأقساط مع شركات التأمين التجارية إلى فريقين:

الفريق الأول: المانعون:

وهم يرون عقد التأمين حراما، ولا يحل فيه أخذ التعويض من جانب المستأمن، ولا أخذ القسط من جانب المؤمِّن، وأصحاب هذا الرأي هم الأكثر عددا، ومنهم الشيخ محمد بخيت المطيعي الحنفي مفتي الديار المصرية سابقا، والأستاذ محمد أبو زهرة، والأستاذ وهبة الزحيلي، والشيخ عبدالرحمن قراعة، والدكتور يوسف القرضاوي، والدكتور جلال مصطفى الصياد ، واستدلوا على رأيهم بما يلي:

١.عقد التأمين من عقود الغرر المنهي عنها، لأن الرسول صلى الله عليه وسلم "نهى عن بيع الغرر"

ووجه الغرر في التأمين أن الحادث المؤمَّن ضده، يحتمل الوجود في المستقبل، ويحتمل العدم، ولا يتوقَّف وجوده أو عدمه على إرادة المتعاقدين، وهذا غرر كثير لا يغتفر في عقود المعاوضات المالية، لأن المستأمن لا يستطيع أن يعرف وقت العقد مقدار ما يعطي أو يأخذ، فقد يدفع قسطًا أو قسطَين، ثم تقع الكارثة، فيستحق ما التزم به المؤمن، وقد لا تقع الكارثة أصلا، فيدفع جميع الأقساط، ولا يأخذ شيئًا، وكذلك المؤمِّن لا يستطيع أن يحدِّد ما يعطي ويأخذ بالنسبة لكل عقد بمفرده، وهذا غرر فاحش مفسد لعقود المعاوضات المالية.

٢. عقد التأمين التجاري، ضرب من ضروب المقامرة، لما فيه من المخاطرة في معاوضات مالية، ومن الغرم بلا جناية، أو تسبُّب فيها، ومن الغنْم بلا مُقابل، أو مقابل غير مكافئ، فإن المستأمن قد يدفع قسطًا من التأمين ثم يقع الحادث، فيغرم المؤمن كل مبلغ التأمين، وقد لا يقع الحادث المؤمن ضده فيغنم المؤمن أقساط التأمين دون مقابل، والجهالة في ذلك فاحشة، وهو بهذا يدخل في عموم النهي عن الميسر في قوله تعالى : " يَاأَيُّهَا الَّذِينَ آمَنُوا إِنَّمَا الْخَمْرُ وَالْمَيْسِرُ وَالْأَنْصَابُ وَالْأَزْلَامُ رِجْسٌ مِنْ عَمَلِ الشَّيْطَانِ فَاجْتَنِبُوهُ لَعَلَّكُمْ تُفْلِحُونَ" [١] .

٣.عقد التأمين التجاري يَشتمِل على ربا الفضل والنسأ، فإن الشركة إذا دفعت للمستأمن أو الورثة أو للمستفيد أكثر مما دفعه من النقود لها، فهو ربا فضل، والمؤمن يدفع ذلك للمستأمن بعد مدة، فيكون ربا نسيئة، وإذا دفعت الشركة للمستأمن مثل ما دفعه لها يكون ربا نسيئة فقط، وكلاهما محرم بالنص والإجماع.

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١. سورة المائدة: ٩٠

٤.عقد التأمين التجاري فيه أخذ مال الغير بلا مقابل، وأخذ بلا مقابل في عقود المعاوضات التجارية محرم، لدخوله في عموم النهي في قوله تعالى :" يَا أَيُّهَا الَّذِينَ آمَنُوا لَا تَأْكُلُوا أَمْوَالَكُمْ بَيْنَكُمْ بِالْبَاطِلِ إِلَّا أَنْ تَكُونَ تِجَارَةً عَنْ تَرَاضٍ مِنْكُمْ"[١] .

٥. في عقد التأمين التجاري الإلزام بما لا يلزم شرعا، فإن المؤمِّن لم يحدث الخطر منه، ولم يتسبب في حدوثه، وإنما كان منه مجرد التعاقد مع المستأمن على ضمان الخطر على التقدير وقوعه، مقابل مبلغ يدفعه المستأمن، والمؤمِّن لم يبذل عملاً للمستأمن، فكان حراما.

٦. التأمين على الحياة يعد اجتراء على قضاء الله تعالى وقدره، فمن عقيدة المسلم، أن الأعمار بيد الله تعالى الذي يقول : "وَمَا تَدْرِي نَفْسٌ بِأَيِّ أَرْضٍ تَمُوتُ "[٢] ، فمن يتعهد لغيره أن يعيش كذا من العمر وإلا كان ضامنا لورثته مبلغا من المال، وكذا الذي يعتمد هذا القول ويتعاقد على أساسه طمعا في التعويض، كلاهما خارج على مقتضى هذه العقيدة الإسلامية

والفريق الثاني: المجيزون:

ويرى هذا الفريق جواز التأمين بجميع أنواعه إذا خلا من الربا، ومِن هذا الفريق الأستاذ مصطفى الزرقا والأستاذ محمد يوسف موسى، والأستاذ عبدالرحمن عيسى، والشيخ على الخفيف، والشيخ عبدالوهاب خلاف وغيرهم، واستدلوا على رأيهم بما يلي:[٣]

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١ . النساء: ٢٩

٢ . لقمان: ٣٤

٣ . (د. عبدالله مبروك: عقد التأمين ومدى مشروعيته في الفقه الإسلامي (ص: ٢٠٠) وما بعدها

- التأمين عقد جديد، لم يرد نص على تحريمه، والأصل في العقود الجديدة الإباحة لا التحريم، ولهذا يكون عقد التأمين مباحا، لاندِراجه تحت هذا الأصل العام.

- التأمين نظام تعاوني يقوم على مبدأ توزيع المخاطر وتشتيتها بين أكبر عدد ممكن من الأفراد الذين يتعرَّضون لنفس الخطر، والله سبحانه وتعالى يقول: "وَتَعَاوَنُوا عَلَى الْبِرِّ وَالتَّقْوَى "[1] ، والتأمين يكون مباحا لاندراجه تحت هذا الأصل التشريعي العام.[2]

- دليل القياس، ويشمل قياس التأمين على ما يلي:

١. عقد الموالاة، وصورته أن يقول شخص مجهول النسب لآخر معلوم النسب: أنت ولي، تعقلعني إذا جنيت، وترثني إذا أنا مت، وهذا يعني أن عقد الموالاة يقيم رابطة حقوقية بين عاقديه شرعا، قوامها التزام شخص بأن يحتمل الموجب المالي عن جناية الخطأ الصادرة من الآخر في مقابل أن هذا الملتزم يرث الآخر إذا مات دون وارث، وهذه الرابطة سميت ولاء الموالاة، وهو صورة حية من صور عقد التأمين من المسؤولية

٢. ضمان خطر الطريق، وصورته: أن يقول شخص لآخر: اسلك هذا الطريق، فإنه آمن، وإن أصابك فيه شيء فأنا ضامن، فسلكه فأخذ ماله، حيث يضمن القائل، وهو ما نص عليه الحنفية في الكفالة، والتأمين على الأموال من الأخطار كذلك، فيأخذ حكمه وهو الجواز.

٣. الوعد الملزم عند بعض المالكية، ومثال ذلك: لو قال شخص لآخر: بع كرمك الآن، وإن لحقتك من هذا البيع خسارة فأنا أرضيك، فباعه بالخسارة،

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١ المائدة: ٢

٢ . والأستاذ مصطفى الزرقا: نظام التأمين (ص: ٣٣)

كان على الواعد أن يرضيه بما يساوي ثمن ذلك المبيع، والعدة كانت سببا للالتزام، وكذلك التأمين لأن المؤمن وعد والتزم بتحمل الخسارة والتعويض عنها، عند وقوع الحادث المؤمن ضده.

٤. نظام العواقل في الإسلام، وصورته: أنه إذا جنى شخص جناية قتل غير عمد، وكان موجبها الأصلي الدية، فإن دية النفس توزع على أفراد عاقلته الذين يحصل بينه وبينهم التناصر عادة، وهم الرجال البالغون من أهله وعشيرته، وكل مَن يتناصر هو بهم، ويعتبر هو واحدا منهم، فتقسط الدية عليهم في ثلاث سنين بحيث يتحمل أفراد العاقلة الدية، والتأمين كذلك، لأن التعويض المالي المقرر عند وقوع الحادث المؤمن ضده يوزع على مجموع المستأمنين، وهذا هو التعاون على ترميم أثر المصيبة بعد وقوعها، بدل أن تقع على رأس فرد واحد، وقد لا يستطيع أن يتحملها بمُفردِه

٥. عقد الاستئجار على الحراسة، وصورته أن الأجير الحارس، مستأجر على عمل يؤديه هو القيام بالحراسة، وأثر هذا العمل هو تحقيق الأمان للمستأجر على الشيء المحروس، وعقد التأمين كذلك لأنه يعطي الأمان إلى المؤمَّن له من نتائج الأخطار التي يخشاها، وقام بتأمين نفسه ضدها.

الخلاصة

ويظهر وبعد مناقشة أدلة العلماء في التأمين التجاري أن علة المنع هي الاستغلال، ومن صوره الجهالة والربا والغرر والقمار، وهذا يعني أن التأمين في حد ذاته جائز شرعا بشتى أنواعه وصوره شريطة خلوِّه من الاستغلال، وهذا لا يتحقق إلا في التأمين التعاوني، لأنه يندرج تحت مبدأ التعاون في وجوه البر التي أقرها الإسلام، ويخلو من شبهة الغرر والجهالة والقمار والربا، وبهذا نقول: الأصل في التأمين الجواز، ما لم يوجد مانع شرعي لذلك.

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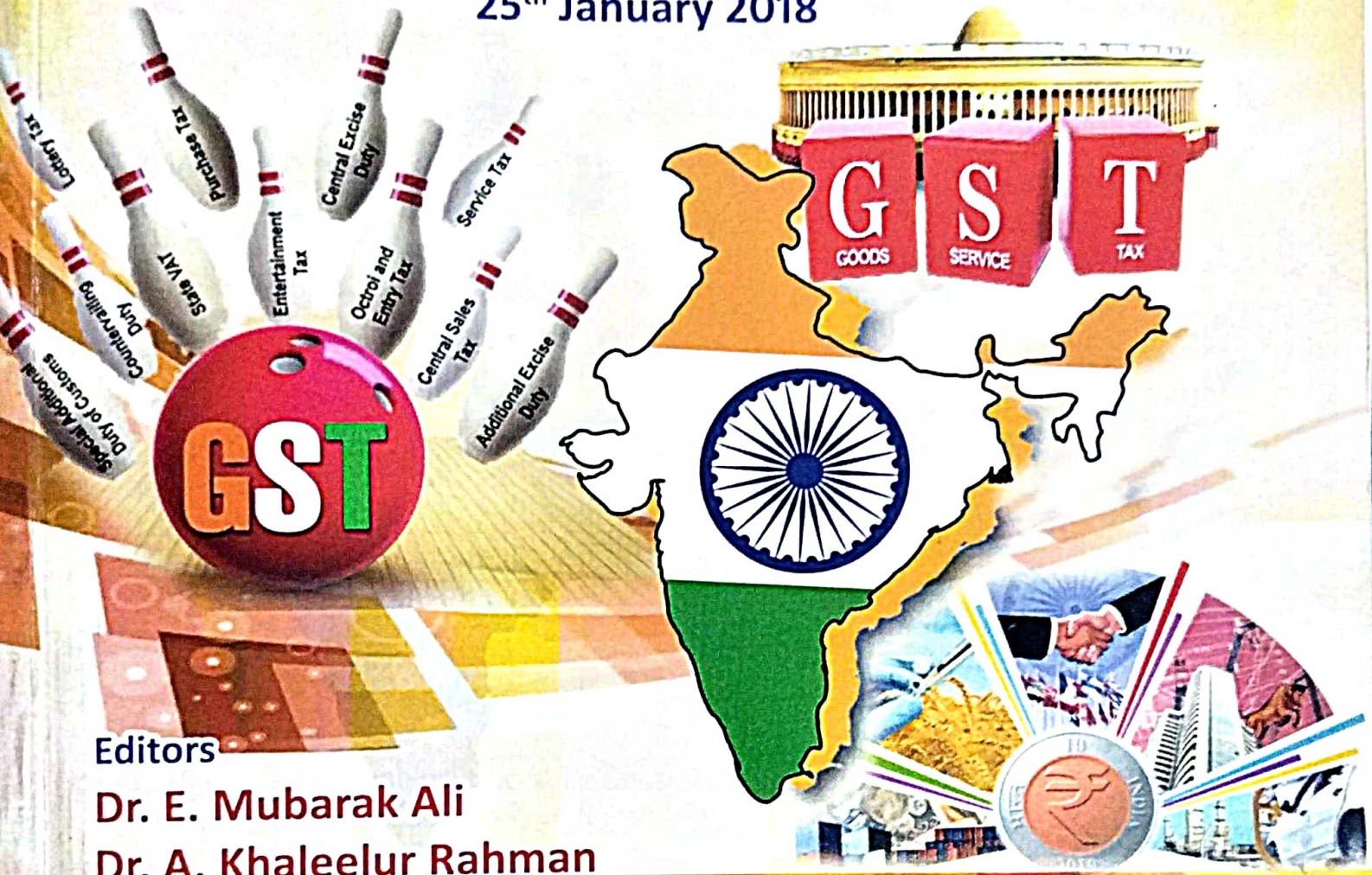

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PREFACE

The Goods and Services Tax is an indirect tax that brings together most of the taxes that are imposed on all goods and services (except a few) under a single banner. This is in contrast to the current system, where taxes are levied separately on goods and services. The GST, however, is a comprehensive form of tax based on a uniform rate of tax for both goods and services. However, the GST is payable only at the final point of consumption. India's looming the new regime of Goods & Services Tax (GST), a modern tax reform which will usher in growth and opportunities for businesses in India. It is a tax trigger, which will lead to business transformation for the industry. It will have a far-reaching impact on business avenues, compelling organizations to realign bottlenecks such as production cost, production time, supply chain, compliance, logistics etc. with changing indirect tax structure.

GST is a value added tax where tax is imposed only on the value added at each stage in the supply chain. It is levied at all points in the supply chain. Credit is paid for acquiring inputs used in making the supply. In India GST is defined as "tax on supply of goods or services other than alcohol for human consumption". In simple language, GST is a single tax on all goods and services in the entire economy. GST can make the indirect tax system very efficient and will benefit all stakeholders including manufacturers, sellers, the ultimate consumers and the tax collecting governments apart from giving a substantial boost to GDP growth. 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.

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.

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.

India's biggest tax reform till now, goods and services will prove to be a milestone for simplifying the present system and converting the country into a single market. It will adjust almost all indirect taxes and create a simple tax system. In India, the jurisdiction between the Central and the State Governments regarding the jurisdiction of the indirect tax and the consequence of litigation is also found in many areas both the governments impose taxes and the challenge of making the non-direct tax laws becomes a challenge. India is the center of the country where people pay lots of taxes which create illusions in the people. At present we pay two types of taxes, direct and indirect. Direct taxes are paid to the direct government by the taxpayer in the form of direct taxes such as income tax, wealth tax, and corporation tax. While indirect tax is levied on goods and services rather than income or profit. It is not paid directly to the government but it is collected from the intermediaries (retail market). Prior to GST, the tax was levied separately by the Central and the State, but after the introduction of GST, a uniform tax will be levied on the goods and services in the entire country.

In this background, a One Day National Seminar is organised on **Implementation and Management of GST in India – An Appraisal** on **25th January 2018**, by PG & Research Department of commerce, Jamal Mohamed College (Autonomous), Tiruchirappalli.

Subject and Industrial experts from Various States and more than 250 Academicians, Research Scholars from different parts of the country participated and presented more than 100 research papers on various themes of covering GST - An Overview, Impact of GST on Service Sector, GST & Electronic Commerce and Impact of GST on India's Foreign Trade.

We are proud and happy to bring out this edited volume of book quality papers presented on the National Seminar. These papers contain empirical research work and theoretical, conceptual frame work on Implementation and Management of GST in India.

We are confident that this edited volume of Books will be of great help to the researchers and academicians in the field of commerce, Management and Information Technology.

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Dr. A. Khaleelur Rahman

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A STUDY ON PUBLIC AWARENESSS TOWARDS GOODS AND SERVICE TAX WITH REFERENCE TO KHALAPUR TALUKA OF RAIGAD DISTRICT IN MAHARASHTRA

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Abstract:

Goods and Service Tax is one of the most crucial tax reforms in India. It is a comprehensive tax levy on manufacture, sale and consumption of goods and services. It includes central excise duty, VAT, central sales tax, entertainment tax, octroi, state surcharge, luxury tax, lottery tax and other surcharge on supply of goods and services. The purpose of GST is to replace all these taxes with single comprehensive tax, bringing it all under single umbrella. The purpose is to eliminate tax on tax. In India, there are different indirect taxes applied on goods and services by central and state government. GST is expected to have numerous benefits like reduction in compliances in the long run. It is expected to generate revenue for the country. It is also expected to make exports from India competitive and India a preferred destination for foreign investment since GST is a globally accepted tax. GST is termed as biggest tax reform In Indian Tax Structure. While collecting and paying GST many people are facing various problems of clarity in the concept of GST. This paper focused on the general awareness of public towards GST in Khalapur Taluka of Raigad District in Maharashtra.

Introduction:

Goods and Service Tax is a comprehensive tax levy on manufacture, sale and consumption of goods and services. Introduction of GST is very significant step in the field of indirect tax reforms in India. Goods and Service tax is levied and collected at each stage of sale or purchase of goods or services based on the input tax credit method. This method allows GST registered business to claim to the value of GST they paid on purchase of goods or services as part of their normal commercial activity. As today some taxes are levied by the state Govt. and some are levied by central Govt. GST is applied on goods and services at the place where actual consumption happens. It is based on the Destination Principle. It is the consumer of goods and services who bears the tax. The manufacture or wholesaler or retailer paying the applicable GST rate but will claim back through tax credit mechanism.

Statement of the Problem

The new GST Bill is implemented in India. Now the peoples are paying Goods and Service Tax on goods and services they are getting but there is a lack of awareness among the general public about GST. Even the professionals in the Indian Financial System are facing problems of clarity in the concepts of GST. Many businessmen's are also facing various problems towards GST. Therefore, there is a need to have a study on the public awareness towards GST.

Objectives of the Study

The following are the objectives of the present study:

1. To study about the socio- economic and demographic profile of the respondents
2. To study the public awareness towards GST.
3. To identify the level of awareness of public towards GST
4. To study the Impact of GST on public

Review of Literature

Ehtisham Ahmed and Satya Poddar (2009) stated in his research that GST introduction will provide simpler and transparent tax system with increase in output and productivity of economy in India.

Agogo Mawuli (2014) the researcher stated that GST is not good for low-income countries and does not provide broad based growth to poor countries. If still these countries want to implement GST then the rate of GST should be less than 10% for growth.

Nurulhasnishaari, Alizah Ali, and Noraini Ismail (2015), mentioned in his conclusion that to provide adequate and relevant fundamental information is necessary to make them better understand the general principle of GST by organizing seminar, talk, training, course and forum in order to increase awareness and knowledge and also conform to regulation.

Noormahayu Binti Mohd Nasir et al(2015), the researcher explained in their article entitked "public Awareness towards Goods and Services Tax (GST) in Kuala Lumpur, Malaysia" that the key factor that has contributed to the public awareness towards Goods and Services Tax (GST) in Kuala Lumpur and also revealed that all of three independent variables were found to have significant impact towards the publics' awareness on goods and services Tax (GST).

Dr.K.Veerakumar1 & Ms.T. Mohana Sundari (2017), stated in his research that the level of awareness of public towards GST was moderate and the majority of respondents give a high negative perception to the impact of GST. This eventually causes the majority of respondents did not accept the implementation of GST.

Need for the Study

"A Study on public awareness towards Goods and Services Tax with reference to Khalapur Taluka of Raigad District in Maharashtra" is an untouched topic, hence the present study has been undertaken to fill up the research gap.

Methodology

The research was based on both primary data and secondary data. Primary data was collected by using questionnaire and secondary data have been collected from journals and websites. It was not possible for the researcher to study the entire population of Public in Khalapur Taluka about the awareness towards GST. So the researcher has collected only limited respondents i.e. 100 respondents. The researcher has selected the method of Judgement sampling method for the present study.

Limitations

1. The area of the study is restricted to Khalapur Taluka of Raigad District only.
2. The content of the study is concerned with only general awareness of public towards GST
3. The researcher has collected data only from 120 general public due to time constraint.

Results and Discussion

Table 1: Socio Economic Profile of the Respondents

Particulars		No. Of Respondents	Percentage (%)
Gender	Male	75	62.5%
	Female	45	37.5%
Occupation	Business	50	41.67%
	Private Employee	25	20.83%
	Govt. Employee	25	20.83%
	College Students	20	16.67%
Income Level	1,00,000 to 2,00,000	17	17%

	2,00,000 to 3,00,000	15	15%
	3,00,000 to 5,00,000	23	23%
	Above Rs.5,00,000	45	45%
Education Level	Primary Level	15	12.5%
	Secondary Level	25	20.83%
	UG Level	36	30%
	PG Level	44	36.67%

While analyzing the socio economic profile of the respondents, it is evident that, majority of the respondents (62.5%) are male. In relation to the occupation wise classification most of the respondents (41.67%) are from business line and least respondents (16.67%) are college students who are not getting any income now. Regarding the income level of the respondents maximum (45%) respondents having income above Rs.5, 00,000 while in relation to the education level maximum (36.67%) respondents are post graduate.

Table 2: Awareness about GST Bill and GST Rate:

Particulars		No. Of Respondents	Percentage (%)
Awareness about GST Bill	YES	67	55.83%
	NO	53	44.17%
Awareness about GST Rate	YES	54	45%
	NO	66	55%
GST reduce the Tax burden	YES	52	43.33%
	NO	68	56.67
GST eradicate differentiation in taxes	YES	56	46.67%
	NO	64	53.33%
GST Boon or Bane	Boon	35	29.17%
	Bane	85	70.83%
Prices are reduced after GST implementation	Agree	32	26.67%
	Disagree	65	54.67
	No Idea	23	19.16
GST is India's moves towards developed nation	Agree	54	45%
	Disagree	35	29.17
	No Idea	31	25.83%

Source: Primary Data

Majority of the respondents (55.83%) have aware about the new GST Bill; 55% of the respondents have no idea about the rate of tax in GST; (56.67%) respondents are disagree that; the GST will reduce the 'tax burden' on consumers; only 46.67% of the respondents are agree that the GST will completely eradicate the differentiation of tax rates in various states; 70.83% of the respondents quote GST as a bane rather than a boon to India; 54.76% respondents are disagree about the prices are reduced after GST implementation, while 45% respondents said that the GST is India's moves towards developed nation.

Figure: 1 Principle of One Nation One Tax

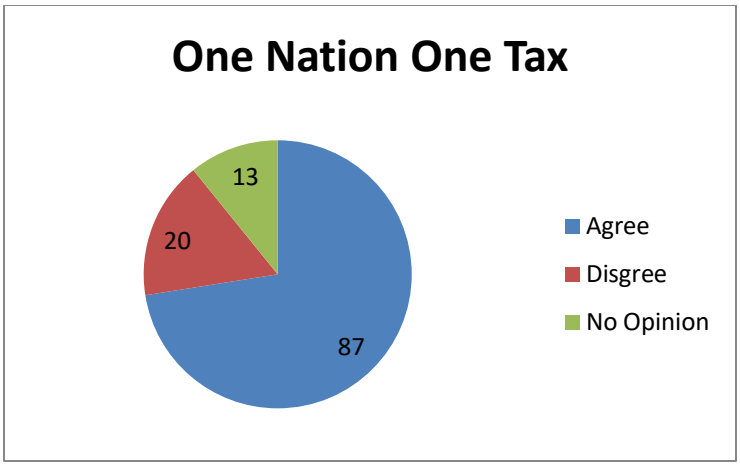

Figure 1 states that the 87 respondents are agree about the principle of one nation one tax while only 20 respondents are not agree with the principle of one nation one tax and 13 respondents have no opinion about the statement.

Findings of the study:

1. It is found that 62.5% of the respondents are male and 37.5% respondents are female.
2. It is found that majority of respondents are businessman (41.67%)
3. It is found that most of the respondents having income level of above Rs.5,00,000.
4. 36.67% respondents are PG degree holders.
5. Majority of respondents are aware about GST.
6. 55% respondents have no idea about GST rate.
7. 70.83% respondents said that GST is bane rather than boon to India.
8. Most of the respondents are disagree about the prices of goods are reduced after GST implementation.
9. 45% respondents are agree about GST is India's move towards developed nation.
10. The analysis states that 87% respondents are agree about the principle of "One Nation One Tax"

Suggestion:

1. It is suggested that the awareness should be provided to illiterate people.
2. It is also suggested that the government authority should arrange such programmes to make more awareness among public about GST.
3. The educated businessman and students should provide GST information to the general public.
4. Government should take necessary measures to make more people aware about new GST bill.

Conclusion:

GST is the great revolution in the structure of Indirect Tax System. The common people are mostly unaware about Goods and service tax, its rates and its impact on Indian economy. Proper arrangements should be made for making more awareness about GST amongst general public. Therefore, it is the need of each and every citizen to have awareness about the Goods and Service Tax in India.

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GST IMPACT ON MOBILE PHONES

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Abstract

GST in India is expected to be a destination based consumption based levy. 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. The motto of GST is **One Country One Tax**. It's a taxation system where, there is a single tax in the economy for goods and services. Its main objective is to consolidate all indirect tax levies into a single tax, except customs (excluding SAD) replacing multiple tax levies, overcoming the limitations of existing indirect tax structure, and creating efficiencies in tax administration. It would also bring raise in employment, promotion of exports and consequently a significant boost in overall economic growth and factors of production-land labour and capital. GST would ensure equitable burden between the manufacturing and services.GST would also solve several issues like inflation and fiscal deficit. More important, from the businessman and consumer perspective, this change is going to have substantial impact on the business as well cost to consumers depending upon the structure of the business and location of business and consumer. Therefore it becomes essential to restructure the business and location depending upon the assessment of implication of GST on each type of transactions. The impact analysis and planning for restructuring can be done only after the draft law is released. Introduction of GST should thus rationalize tax content in product price, enhance the ability of companies to compete globally, and possibly trickle down to benefit the ultimate consumer. This paper brings out about the overview of the concepts of GST and its impact of mobile phones ie. Price, mobile bills, call tariffs.

Key words: Goods and Services Tax, GST, Structure, Tariffs

Introduction

Indian economy is characterized with the presence of a distorted indirect tax structure leading to the biggest obstacle / hindrance to investors / industries to do business in India. GST will be one of the biggest tax reforms that replace all kinds of indirect taxes like the central excise duty, additional exercise duty, service tax, customs duty, State VAT etc. levied on goods and services by the governments - both center and state - once it's implemented. GST subsumes a series of all indirect taxes under a single domain .The recommended GST bill gives concurrent powers to both states and the center to make laws on the taxation of goods as well as services. Under the GST regime, the telecom would be allowed to avail such input tax credit for utilization against output GST liability. In order to achieve the desired goal of expanding the telecom business and accomplishing socio-economic development, it's essential that cost of the telecom service provider goes down, which will result in lower tariff rates and broader consumer base. Considering an overall objective, the proposed GST framework seems to have addressed the concerns of the telecom sector.The telecoms would still need to advocate with the Government for unresolved issues under the GST such as double taxation on account of free supplies to service provider, absence of provision for transition of input tax credit, lack of clarity on telecom's eligibility to claim credit relating to passive infrastructure etc. The telecom sector is dynamic, vibrant, price-sensitive and has a high growth potential. Strong policy support from the Government under GST is very crucial for the overall development.

Objectives of the Study

The present study has the below listed four objectives:

- To understand the concept of GST.
- To analyze the impact of GST on mobile price and tariffs.
- To analyze the impact of GST on mobile tariffs.
- To provide suggestions and recommendations regarding GST.

Research Methodology

The study is based on secondary data collected from books, journals, magazines and from various websites.

CONCEPTS OF GST

Goods and Service Tax is a comprehensive tax levy on manufacture, sale and consumption of goods and services at National Level. GST is a part of proposed Introducing GST and Its Impact on Indian Economy

Tax reforms in India having an extensive base that instigate the applicability of an efficient and harmonized consumption tax system. GST has been commonly accepted by world and more than 140 Countries have acknowledged the same. Generally the GST ranges between 15% - 20% in most of the countries

Under the GST regime, both the Centre and the State would have the powers to tax the supply of goods and services right from their primary stage to final consumption. At the centre's level, introduction of the GST will mean that it takes the place of central excise duty, service tax and additional customs duties. At the state level, the GST will take the place of State VAT.

ISSUES RELATING TO THE TELECOM SECTOR UNDER GST

1. The Concept of Necessity Services

Given the importance of communication services in our lives, they could easily qualify as 'Necessity Services'. Thus, one could hope that the government considers allotting telicome services

under the lower rate category and, in turn, charge a reduced GST rate reserved only for necessity goods. Nevertheless, this ambitious demand could be represented but is likely to be accepted.

2. Mandatory Annual Audit Compliance

With the merger of both goods and services under one authority, mandatory audit provisions may apply to both goods and service providers alike. As a result telecom operators may need to engage with the least two entities, one for compliance and another for audit, failing which a possibility of conflict of interest may arise. Such dual engagement with tax firms and management services providers will further lead to an adverse hike in compliance cost.

3. Status of Exemption Notification for Distributors

The telecom companies appoint agents and distributors for sale of SIM cards and recharge coupon vouchers. These agents/ distributors are exempted from service tax as per notification Sr. No. 29(f) of notification No. 25/2012-ST. But similar exemptions for distributors may or may not be available under GST. And if the exemption is rescinded, millions of mobile distributors will have to comply with the provisions of the previously unknown world of indirect tax.

4. Distribution of Input Service Credit

Telecom companies usually incur high cumulative service costs such as advertising expenses, legal expenses, etc. that are born by the Head office at the first point of contact. The input credit availed for the above is then split across revenue centers through the Input Service Distributor Scheme (ISD) under service tax. But under the GST regime, an ISD Scheme is still unheard of, mainly because of the remote practical possibility of splitting a state tax pool across other states.

5. Mobile Wallets

In these changing time, telecom companies have also evolved tenfold in order to optimize their customer service, From mere communication service, they have grown to include complex services such as value- added service, internet services, advertising services, etc., and next up is the mobile wallet service. Under the GST regime, it is expected that a clear inclusion of this service within the service ambit or a clear exclusion of this service as a transaction in money should be distinctly defined, thus ending the debate over its taxability.

6. Inter Linking Charges to other Circles

Inter linking charges are charges paid by telecom companies to one another for usage of each other's networks and towers when their users are outside their subscribed region. Currently, these charges may get covered under the definition of the term 'services' and hence, service tax is applicable. Under GST legislation, it would also be vital to evaluate whether there would be a tax on the supply of inter- linking services between two branches of the same company, considering whether the branches are in the same state or different states.

7. Place of Supply for Telecommunication

Presently, where both the telecom service provider and service receiver are in India, services would accrue at the place of service receiver. But, given its central nature, the complications of chargeability were not pondered upon in depth. When GST is implemented, it would be pertinent to determine the state that will receive the revenue of the SGST so paid. Consequently, telecom companies will be required to give a detailed explanation as to what could be perceived as the Place of Supply of Service.

8. **Power and Fuel**

In line with global trends and for the greater good of the industry and trade, it can be perceived that electricity duty shall be subsumed under GST. On the other side, even though petroleum has been brought under the GST regime, the central government still reserves the right to levy tax on it.

9. Sale of Sim Cards

It is not clear whether sale of SIM cards is a sale of goods or provision of service.

Findings and Discussions

1. The GST rates are very positive signal to the industry, and the people will certainly be pursuing the basic customs duty case and they believe that these two together, will give an impetus to local electronics manufacturing.

2. Most mobile phones may get costlier by 4-5% with the government imposing a goods and services tax (GST) of 12%, taking away the benefit under duty differentials that were being offered to local manufacturers.

3. According to the rates fixed by the GST Council, 'Telephones for cellular networks or for other wireless networks and parts for their manufacture' will attract a rate of 12%. So while imported phones will become cheaper, most of the locally manufactured phones will get costlier.

4. For mobile phones imported and sold in India, duty was from 17% going upto 27%, which now comes down to 12%, giving imports a leg up. And those made in lower VAT states would be priced higher to match up to 12% GST.

5. From July 1, 2017, all the mobile phone users have to shell out more for their mobile phone usage. The GST council has put telecom services under the 18 per cent slab. Previously, the telecom services were taxed at 15 per cent. The 3 per cent increase reflects in the bills of the current post-paid users. For the pre-paid users, there exists a deduction in the talk time.

6. Under the previous tax regime, if one's postpaid usage is for Rs. 500/-, one's total bill amount will be Rs. 575/-. Under the new GST regime, if one's current post-paid bill is for Rs. 500/-, one will have to shell out Rs. 590/-. It's Rs. 15/- more than what one is currently paying. However, there are reports that the telecom companies might absorb the 3% increase in the tax rate on their full talk-time pre-paid products as well as on select data sachet prepaid vouchers amid heightened competition.

7. Effective talk time for pre-paid customers will go down. If one recharges one's phone with Rs. 100/- pre-paid voucher, one gets talk time worth Rs. 85/-. In the post GST period, if one recharges ones phone for Rs. 100/-, one's talk time will marginally dip to Rs. 82/-. Bringing a total deduction of Rs. 3/-.

8. Already troubled by the disruption inflicted by the newbie Reliance Jio, the telecom industry expected some relief from the GST Council in the form of lower tax slab for telecom services. The industry lobbyists had argued that telecommunications being an essential service should attract lower tax rate. But the council decided to raise the tax rate.

Suggestions

The following suggestions are put forth for comfortable implementation of GST in the telecomm sector

1. To provide literacy and awareness about the GST to propagate the concept.
2. Develop a knowledge about the pre and post-paid tariffs of mobile calls.
3. Develop knowledge about GST and mobile phone bills: Impact on post-paid and pre-paid users

4. It should be realized that importing mobile phones to India will also get costlier with 12% tax on imported and domestic handsets.

Conclusion

The main purpose of GST is to make the current taxation system more comprehensive, efficient, effective, dynamic, transparent and business friendly. As a developing country, it's important for India to review its fiscal policy continuously. Various sectors in the economy also have a lot to be benefitted from the GST. Sectors like telecom and mobile service will be able to claim tax exemptions and a lot the other taxes such as CST for traders can be avoided, this will be a big relief on such sectors since the an enormous amount of the tax burden will reduce and in the long run they can lower the prices of their commodities which will be beneficial for the consumers.

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AWARENESS ABOUT GST AMONG THE COLLEGE STUDENTS IN PERAMBALUR DISTRICT

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Abstract

Tax is the form revenue to the government from individuals, companies or other organization to maintain the country's property. It is main source of income to the government. There are various types of tax system followed in each state in India and the GST is the major reform made by the government from 1.7.2017. It is also called as "One country one tax" scheme in India. It is a tax system of merging all direct and indirect taxes of existing taxes in to a single system of taxation. The Indian Government committed to replace 21 major indirect taxes levied on goods and services by the both central government and state government implement GST by 1.7.2017. It is also a tax collected from all goods and services other than on alcohol for accepting GST implementation in Malaysia human consumption (Raghuram&Deepa, 2015). A recent study tells that more of the population is unaware about the GST. With this background data have been collected from the student those who are future India in Perambalur district to know whether they are having awareness or not. The study also aims at the familiarity with the perception toward existing Tax System, awareness' about the GST among the students with problems and challenges in implementing the GST in India.

Key Words: Goods & Service Tax, Perception, Level of Awareness

Introduction

GST is the one form indirect tax which is making India one unified common market. It is a single tax collected from final consumer for the supply of goods and services. Tax collected from the each stage of goods from purchasing the raw material to finished product will increase the value of goods. GST may reduce the price of the goods because the tax is collected from the final consumer according the value of goods and services. GST is the biggest tax reform in India framed on the notion of "one nation, one market, one tax" for the entire nation for all goods and services. The tax system has been implemented after a long debate from 1.7.2017.It is expecting that it will reduce inter - state barriers. 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. (https://cleartax.in/s/impact-of-gst-on-indian-economy) GST is the biggest reform in our country, every one of them should have the awareness about GST no exception to students in higher educational institution. With this back ground data have been collected from the students and the percentage analysis has been carried out. The data have been collected from the students in perambalur district.

Importance of the study

Manufacturers, traders, and service providers across India have been placed under one unified tax umbrella, and no longer need to work with a tedious array of 17 distinct types of taxes they currently need to comply with. Each and every citizen of India should know about the government policy. Around 60 % of our population is working population, out of which majority of them are student. The college going students are the future India and they have know the mechanism is functioning. With this background the study is considered to be an important one.

Review of Literature

- Noormahayu Binti Mohd Nasir et.al(2015) Public Awareness Towards Goods and Services Tax (GST) in Kuala Lumpur, Malaysia International Academic Research Journal of Social Science 1(2) 2015 Page 101-106 This research aims to examine the key factor that has contributed to the public awareness towards Goods and Services Tax (GST) in Kuala Lumpur. In this study, several identifiable variables were selected concerning tax knowledge, tax morale and tax compliance. Using questionnaire as a research instrument, 302 sets of questionnaires had been distributed. Multiple regression analysis was used to test the cause of relationship among tax knowledge, tax morale, and tax compliance with taxpayer's awareness on GST. The results revealed that all of three independent variables were found to have significant impact toward the publics' awareness on Goods and Services Tax (GST)

- Jatin (2016) "Awareness Towards Goods And Services Tax In India"; One Of The Main Sources Of Governments' Revenue Is Collection From Taxes. Goods and Services Tax (GST) is one of several taxes that may make significant contribution in governments' income. The Goods and Services Tax (GST) is a value added tax to be implemented in India, on which the decision is still pending. However, Indian Government is still waiting for the right time to implement GST because it is still doing surveys to ascertain the social impact of GST. This study attempts to examine awareness among Indian masses towards the implementation of upcoming GST that is proposed to be implemented in India starting from April 1, 2017. This study aims at measuring the level of people satisfaction and attitudes towards the implementation of GST. This paper is an analysis of the impact of GST in Indian Tax Scenario.

- Vineet Chouhan, Pushpkant Shakdwipee (2017), " Measuring Awareness About Implementation Of GST: A Survey Of Small Business Owners Of Rajasthan" The study seeks to evaluate the awareness of the Business owners about GST and the difficulties they would face in case

of the current awareness about it. Small business owners were analysed in order to identify the awareness about GST from Rajasthan State and the kind and extent of relief provided and the implementation of the provisions under the GST law. Further multiple regression results revealed that 5 variables including GST improves the revenue growth to the state and country, The Government should rationalize and simplify the tax structure, GST will evade the cascading effect in Indirect tax regime, GST will assist in better conformity and revenue resilience, GST will bring uniformity with only two tax rates, it results in a good administration of tax structure

- Sakthi Devi K. R., (2017) "A Study on Awareness of Taxpayers Towards Goods and Services Tax (GST) Implementation , The President of India approved the Constitution Amendment Bill for Goods and Services Tax (GST) on 8th September 2016, following the bill's passage in the Indian parliament and its ratification by more than 50% of state legislaturesThis study only consists of 150 taxpayers in Coimbatore District. Data collected using questionnaires. The results showed that the level of awareness was moderate and the majority of respondents give a high negative impact towards GST. This eventually causes the majority of respondents did not accept the implementation of GST.

Statement of the problem

GST is one of the tax reform made by the government and it is applied on final consumption actually happens. More than half of people in the country are unaware of the Goods and Services Tax, a survey by a mobile news application company has claimed. The survey of over 3.6 lakh people across the country found that two Telugu speaking states of Andhra Pradesh and Telangana have the highest awareness on the GST with over 64 per cent of population knowing about it. People in Tamil Nadu have the lowest awareness level, the survey by Way2Online found. "Following an extensive research, the report concludes that less than half the population of India; 45 per cent to be precise, is aware of the new tax system. The remaining 55 per cent is unaware of what GST is," Way2Online said in a statement. Way2Online, a local language short news application, conducted this survey between June 26-30 with over 3,60,000 participants across the country. This is the main reason to collect the data have been collected from the students whether student's have clear cut idea about the GST.

Objective of the study

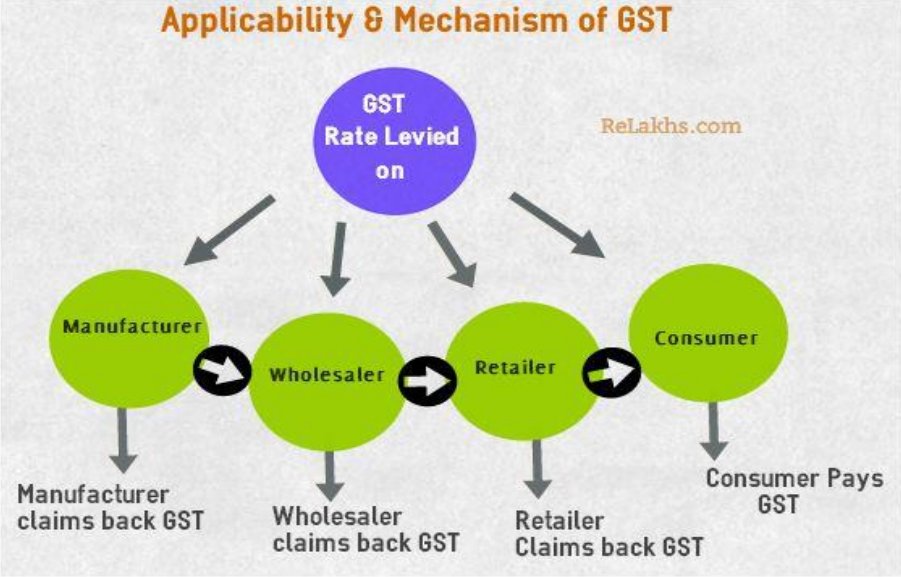
The aim of the study is to find perception, attitudes and apprehensions of students from higher educational located at perambalur district because this is recently developing district in Tamilnadu and all kinds of educational institutions are functioning in this district.

- To know the mechanism of GST
- To know the countries which are all implemented the GST
- To know the phases of GST in India
- To know the socio economic background of the students
- To know the level of awareness about the GST
- To know about the perception about the GST among the college students

Methodology of the study

The main reason behind to find out the level of awareness' about the GST among the college students those who are studying in higher educational institutions in Perambalur district. Both primary data and secondary data have been collected for the study. The secondary data have been collected from websites and the primary data have been collected from the students through the structured questionnaire.

GST mechanism



History of GST in the Worldwide

France is the first country to implement GST in 1954, Since then, Germany, Italy, the UK, South Korea, Japan, Canada and Australia have been among the over a dozen nations which have implemented the GST. China implemented GST in 1994 while Russia did it in 1991. Saudi Arabia plans to do it in 2018.

17 Phases of GST

- In 2000, Atal Bihari Vajpayee formed a committee for review on GST under the chairmanship of then finance minister Asim Dasgupta of West Bengal, in which he was given the responsibility of preparing the complete model of GST.
- The Kelkar Task Force advised to unify indirect taxes in the form of GST.
- The proposed national level GST in April, 2010 was first placed during the 2006 budget speech.
- In May 2007, an Empowered Committee of Finance Ministers (State Empowered Committee) was constituted to know the impact of GST on revenue of different states of India and implementation of GST.
- In 2008-09, Kelkar Task Force gave a report on the draft of GST called 'A Model and Roadmap for GST in India' and the first discussion was done after the arrival of this report in November.
- In 2010, Finance Minister P Chidambaram had announced in his speech that GST will be implemented from April, 2011.
- In 2011, the 115th Constitution Amendment Bill was introduced for the levy of GST on all goods and services in the Lok Sabha.
- In 2013, the Standing Committee presented its report on GST and in November 2009, the proposal to include the government's petroleum products in GST was rejected by the Empowered Committee.
- In 2014, 122th Constitution Amendment was passed in the Lok Sabha.
- After two years of waiting, Rajya Sabha passed the GST the on August 3, 2016 and received President's approval in September 2016.
- In 2017, the government introduced four types of GST bills, including Central GST, Integrated GST, GST Bill of Union Territories and GST Bill.
- In August 2016, when Assam became the first state to pass GST, then in April 2017, Bihar became the first non-BJP ruled state to pass GST.

- On 22 September GST Council was formed. This council will decide on tax rate for the new indirect tax system, the exemption given in it and its limits.
- On September 23, 2016, GST Network was formed, it is an online network designed to solve the problems and questions of consumers and businessmen.
- On May 20, the GST Council fixed four rates of GST (5%, 12%, 18%, 24%).
- The launch of GST was announced in May 2017.
- On June 20, 2017, Arun Jaitley announced that GST will be launched on the lines of the night of Independence, on the midnight of June 30.

TABLE - 1 DEMOGRAPHICAL PROFILE OF THE RESPONDENTS

Particulars		**No. of the Respondent**	**% of the respondent**
Age of the respondent	Up to 20yrs	13	13
	20-25yrs	26	26
	25-30yrs	43	43
	Above 30 years	18	18
	Total	**100**	**100**
Gender of the respondent	Male	53	53
	Female	47	47
	Total	**100**	**100**
Education level of the respondent	Graduate	43	43
	PG	36	36
	Professional	7	7
	Others	14	14
	Total	**100**	**100**

Sources primary data

Table 1 shows the demographical profile of the respondent. The following table explains the awareness about GST among the college students.

Table -2 Awareness about the GST

Sl.No	**Particulars**	**Number of Respondent**	**% of respondent**
1	Aware	41	41
2	Not aware	59	59
	Total	**100**	**100**

Sources Primary data

With the help of the above table, it is observed that only 41 of them know about the GST and they are also told that to some extend only we are having knowledge about GST.

Table – 3 Level of awareness about GST

Sl. No	**Particulars**	**No. of Respondent**	**% of respondents**
1	Very low	12	12
2	Moderate	26	26
3	Very high	3	3
	Total	**41**	**41**

Source Primary data

With help of the above table, it is observed that only very few of them having full knowledge about the GST.

Table – 4 Knowledge about GST among the college students

S. No	Particulars	Strongly Agree	Agree	Neutral	Dis Agree	Strongly Disagree	Total
1	GST aims simplifying tax system	24	9	0	6	2	41
2	GST aims to overcome the barriers in VAT	19	12	3	4	3	41
3	GST aims One India One tax system	22	19	0	0	0	41
4	GST aims to simply of all tax system	17	22	0	1	1	41
5	GST aims to increase the nation's income	11	13	6	8	3	41
6	GST aims to bring the prices of goods and services	13	18	0	7	3	41
7	Mechanism of Calculation of GST is very easy to understand	19	12	1	8	1	41
8	GST is the best taxation system in our country	23	11	0	6	1	41

Sources Primary data

Findings of the study

1. Only 41 % of the students are having awareness about the GST
2. Male students are having more awareness than the female students.
3. 43% of the percent are from the age group of 25 – 30.
4. Nearly 63 percent of them are studying in professional courses.
5. Majority of them feel that tax system is very easy to understand and it will reduce price of the products.
6. Majority of them feels that GST is the best taxation system for our country and it will increase the national income.

Suggestion

The major finding of the study majority of the students is not having awareness about the GST. Majority of them are pursuing their professional courses. This shows that the students still require information about GST. The colleges should make necessary steps to provide information about GST.

Conclusion

The younger generation of our country is our future. They should have awareness about the statements and other government initiatives taken by the government for our country's growth. They should know the pros and corns of the government policies. The educational institutions should take necessary steps to make them aware by way of organizing seminars, talks, training courses and forum.

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INDIA'S GST – AN ADMINISTRATIVE PERSPECTIVE

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ABSTRACT

Today countries and society has started to be more aware about the issues modify their attempt. Today goes to Goods and Service Tax (GST) and one country one tax research which due to increase features of central & state government. The papers will says about the recent challenges and features of goods and service tax in India and explain advantage & disadvantage about why the government adopting it features of goods and service tax in India.

(Key words: GST, Features, Advantage & disadvantage, Trend in India)

Introduction:

GST is one 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 manufacturer to the consumer. Credits of input taxes paid at each stage will be available in the subsequent stage of value addition, which make GST essentially a tax only the GST charged by the last dealer in the supply chain, with set-off benefits at all the previous stages. .

Registration, Payment and Return Procedures

Proposed Registration Procedures under GST

1) Existing dealers: Existing VAT/Central excise/Service tax payers will not have to apply a fresh for registration under GST.
2) New dealers: Single application to be filed online for registration under GST.
3) The registration number will be PAN based and will serve the purpose for Central and State Government.
4) Unified application to both tax authorities.
5) Each dealer to be given unique ID GSTIN.
6) Deemed approval within three days.
7) Post registration verification in risk based cases only.

Proposed Payment Procedures under GST

1. Electronic payment process - on generation of paper at any stage.
2. Single point interface for challan generation - GSTN.
3. Ease of payment can be made through online banking.
4. Credit card/Debit card, NEFT/RTGS and through Cheque/Case at the bank.
5. Common challan from with auto - population features.
6. Use of single challan and single payment instrument.

7. Common Accounting Codes.

Proposed Returns Filing Procedures under GST

Common return would serve the purpose of both Centre and State Government. There are eight forms provided for in the GST business processes for filing for returns. Most of the average tax payers would be using only four forms for filing their returns. These are return for supplies, return for purchases, monthly returns and annual return. Small taxpayers: Small taxpayers who have opted composition scheme shall have to file return on quarterly basis. Filing of returns shall be completely online. All taxes can also be paid online.

Central and State Level being subsumed into GST

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

1) Central Excise Duty,
2) Additional Excise Duty,
3) Service Tax,
4) Additional Customs Duty commonly known as Countervailing Duty, and
5) Special Additional Duty of Customs.

At the State level, the following Taxes are being subsumed:

a) Subsuming of State Value Added Tax/Sales Tax.
b) Entertainment Tax (other than the tax levied by the local bodies)
c) Octroi and Entry tax.
d) Purchase Tax.

GST- Administration

Keeping in mind the federal structure of India, there will be two components of GST – Central GST (CGST) and State GST (SGST). Both Centre and States will simultaneously levy GST across the value chain. Tax will be levied on every supply of goods and services. Centre would levy and collect Central Goods and Services Tax (CGST), and States would levy and collect the State Goods and Services Tax (SGST) on all transactions within a State. The input tax credit of CGST would be available for discharging the CGST liability on the output at each stage. Similarly, the credit of SGST paid on inputs would be allowed for paying the SGST on output. No cross utilization of credit would be permitted.

How would a particular transaction of goods and services be taxed simultaneously under Central GST (CGST) and State GST (SGST)

The Central GST and the State GST would be levied simultaneously on every transaction of supply of goods and services except on exempted goods and services, goods which are outside the purview of GST and the transactions which are below the prescribed threshold limits. Further, both

would be levied on the same price or value unlike State VAT which is levied on the value of the goods inclusive of Central Excise.

Will cross utilization of credits between goods and services be allowed under GST regime

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

How will be Inter-State Transactions of Goods and Services be taxed under GST in terms of IGST method

In case of inter-State transactions, the Centre would levy and collect the Integrated Goods and Services Tax (IGST) on all inter-State supplies of goods and services under Article 269 A (1) of the Constitution. The IGST would roughly be equal to CGST plus SGST. The IGST mechanism has been designed to ensure seamless flow of input tax credit from one State to another. The inter-State seller would pay IGST on the sale of his goods to the Central Government after adjusting credit of IGST, CGST and SGST on his purchases (in that order). The exporting State will transfer to the Centre the credit of SGST used in payment of IGST.

How will imports be taxed under GST

The Additional Duty of Excise or CVD and the Special Additional Duty or SAD presently being levied on imports will be subsumed under GST. As per explanation to clause (1) of article 269A of the Constitution, IGST will be levied on all imports into the territory of India. Unlike in the present regime, the States where imported goods are consumed will now gain their share from this IGST paid on imported goods.

How will IT be used for the implementation of GST

The Central and State Governments have jointly registered Goods and Services Tax Network (GSTN) as a not-for-profit, non- Government Company to provide shared IT infrastructure and services to Central and State Governments, tax payers and other stakeholders. The key objectives of GSTN are to provide a standard and uniform interface to the taxpayers, and shared infrastructure and services to Central and State governments. GSTN is working on developing a state-of-the-art comprehensive IT infrastructure including the common GST portal providing frontend services of registration, returns and payments to all taxpayers, as well as the backend IT modules for certain States that include processing of returns, registrations, audits, assessments, appeals, etc.

Tax Revenue collected from GST in India

July – November 2017

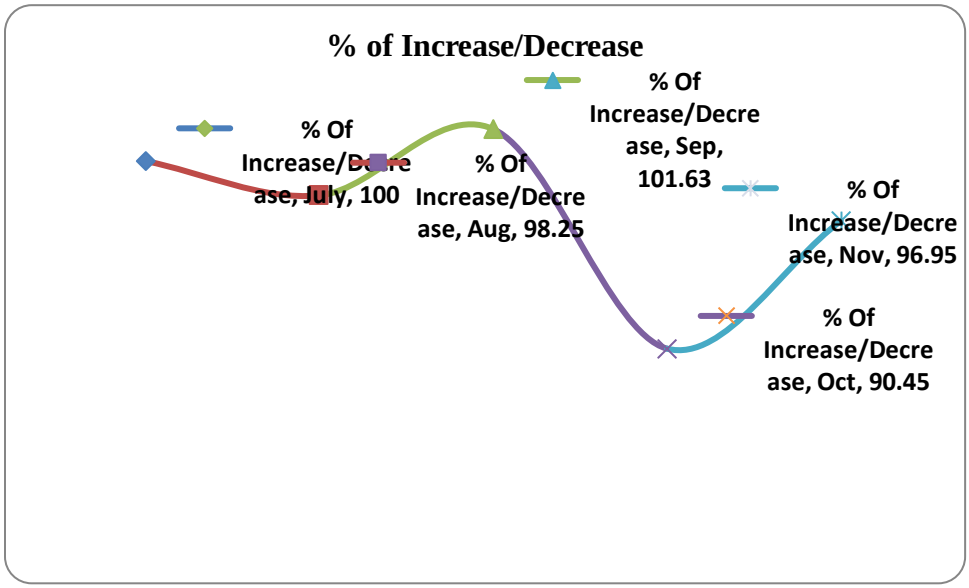
Tax Revenue forms a part of the Receipt Budget, which in turn is a part of the annual financial statement of the Union Budget. It gives a detailed report on revenue collected from different items like corporation tax, income tax, wealth tax, customs, union excise, service, taxes on Union Territories like land revenue, stamp registration etc. Taxes collected from both direct and indirect tax are considered in Tax Revenue. The initial revenue stock following the rollout of the goods and services tax (GST) seems to have abated, with states steadily improving collections aided by

relaxations in deadline, waiver of late payment fee and steps to encourage compliance, showed data from the GST Council.

Tax revenue collected on GST

Month	Tax Revenue (Rupees in Crore)	% Of Increase Decrease	% Of Difference
July 17	92,283	100	0
Aug 17	90,669	98.25	-1.75
Sep 17	92,150	101.63	1.63
Oct 17	83,346	90.45	-4.55
Nov 17	80,808	96.95	3.05

Trend of GST Revenue



The above view shows the Trend of GST Revenue collected for **five months** from **July** to **November 2017** that the GST decreased twice as well as increased twice. During the period, the GST Revenue had ups and downs trend and it fell down more especially in the month of October 2017. At present, the GST has **upward moving** in Tax Collection.

Conclusion

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

consumers' pocket but from the reduction of tax theft. The service providers it has come out of the necessity of bringing investment especially in regard to 'Make in India' as the investors need concession and benefits. There is not even of intention or aim of benefit and help to common man.

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IMPACT OF GST ON AGRICULTURAL SECTOR

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Abstract

The implementation of GST will have its impact on every sector, and quite large at the Indian Agricultural Sector as it accounts for approximately 16% of the national GDP and employs around 60% of the population. GST will improve the transparency, reliability, timeline of supply chain mechanism for the agri – products, which have various interpretations. This article tries to explore all the possible impacts of the GST on the agri – input market. Agriculture in all fields always had the soft corner because of which exemptions from taxes as relief has always been provided to this industry and indirect tax is no exception with GST following the same. All basic agriculture goods (not processed) which are not chargeable under current VAT Laws would not be charged to tax in GST. The central idea behind this form of taxation is to replace existing levies like value-added tax, excise duty, service tax, and sales tax by levying a comprehensive tax on the manufacture, sale and consumption of goods and services in the country.

Key words : GST, input tax credit, CGST, SGST

Introduction

There are much apprehension relating to proposed GST regime regarding the growth in Indian Economy and its effects thereof. As we know in Indian economy, destination based taxation requires high compliance cost and efficient administration. Taxation, both direct and indirect plays an important role in promoting economic growth as well as equitable distribution. GST is essential to improve the transparency, reliability, timeline of supply chain mechanism. A better supply chain mechanism would ensure a reduction in wastage and cost for the farmers/retailers. GST would also help in reducing the cost of heavy machinery required for producing agricultural commodities. Under the model GST law, dairy farming, poultry farming, and stock breeding are kept out of the definition of agriculture. Therefore these will be taxable under the GST. Fertilisers an important element of agriculture was previously taxed at 6% (1% Excise + 5% VAT). In the GST regime, the tax on fertilisers has been increased to 12% and this reduced to 5%. The same impact is on Tractors. Wavier on the manufacture of Tractors is removed and GST of 12% has been imposed.

Indian Agricultural Market

As per the GST law “agriculture" with all its grammatical variations and cognate expressions, includes floriculture, horticulture, sericulture, the raising of crops, grass or garden produce and also grazing, but does not include dairy farming, poultry farming, stock breeding, the mere cutting of wood or grass, gathering of fruit, raising of man-made forest or rearing of seedlings or plants. Therefore, these will be taxable under the GST. The main impact that GST in agriculture would bring is the inflation with currently 4% VAT being increased to 8% on many food items including cereals and grains as the exemption under VAT is limited to unprocessed food. The most affected from the inflation would be the consumers living below the poverty line.

Retail Price of Agri – Inputs

The retail price of the agri – inputs are directly affected by the manufacturing cost o the products. Thus, if manufacturing cost increases, the retail price of the product also increases and vice – versa. The retail price will increase for states where the products were already exempted (example Irrigation Systems in Rajasthan/Haryana/Gujarat), on the other hand other states were charging VAT.

Manufacturing Cost of Agri – Inputs

Manufacturing cost is the major component for any industry as if manufacturing cost rises, the price of the end product rises. This is because, manufacturers pass on the additional cost to the consumers. However, with the implication of GST, agricultural sector is expected to benefit, while the manufacturing cost of the agri – inputs are likely to rise.

Implementation on the Farmer's Profitability

Farmers' profitability largely depends upon tax structure for the inputs unitized by them. This is because it determines the cost of production for the farmers. Lower the cost of production, higher are the possibilities of him getting larger profits. The level of profitability would decline for farmers due to increase in cost of inputs. Farmers' cost of producing farm produce will go up against price they get in market which in a way upset cost -benefit ratio for them.

Export Market of Agri – Inputs

The subsuming 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 locally manufactured goods and services. This will increase the competitiveness of Indian goods and services in the international market and give boost to Indian exports. The uniformity in tax rates and procedures across the country will also go a long way in reducing the compliance cost.

Imports of Agri – Inputs in the Country

In general, with Constitutional Amendments, both CGST and SGST will be levied on import of goods and services into the country. The incidence of tax will follow the destination principle and the tax revenue in case of SGST will accrue to the State where the imported goods and services are consumed. Full and complete set-off will be available on the GST paid on import on goods and services. With reference to the agri – inputs, major proportion of experts opine that there will be no change in the imports as imports of product is largely associated with availability and quality of products, which do not have impact due to GST.

Benefits

- The agriculture sector would be exempted from undertaking compliances as well.
- All basic agriculture goods (not processed) which are not chargeable under current VAT Laws would not be charged to tax in GST.
- Service tax also exempts several services in relation to agricultural produce. But the definition of agricultural produce has always attracted disputes. Thus, the new definitions as per GST section 2(7) which defines agriculture and 2(8) which defines agriculturist holds importance with avoidance of further notification to not complicate the definition. As agriculturist would come under non-taxable person it holds importance to them as they would not be required to comply with GST compliances after falling into the above definition.

GST Rates on Agriculture Sector

Agriculture

Goods	Old Rate	GST	Diff(%)
Seed, Organic Compost without Brand	0	0	0
Chemical Fertilizer	* 6	5	-1
Head Pump and its Parts	12.5	5	-7.5
Tractor	12.5	12	-5
Pesticide	* 5.5	18	+11.5
Tractor Time and Rims	12.5	18	+5.5
Other Tractor Parts	12.5	18	+5.5
Harvester, Earth, Grader ,Parts	0	12	+12

Note: In Tamil Nadu before GST chemical fertiliser and pesticide was 0% rate.

Merits of GST in Agricultural Sector

- GST implementation will play favourable role for National Agricultural Market on merging all the different taxations on agricultural products. Once transportation facilitated, it will improve the marketing efficiency and create access to virtual world.
- GST is vital to enhance the performance of supply chain mechanism in terms of transparency, reliability and timeliness, which in turn will ensure reduction in waste and cost of agricultural produce.
- As the exemption under VAT is limited to unprocessed food, the main impact that GST in agriculture would bring is the inflation with currently 4% VAT being increased to 8% on many food items including cereals and grains.

Demerits of GST in Agricultural Sector

- Also as GST being single source of tax across nation will not allow farmers any more to take advantage of inter-state price variations. Similarly they will find difficult to get cheaper inputs due to constant pricing across states unlike in previous states laws..
- Drip and sprinkler irrigation equipment, which currently attracts a VAT rate of 5%, will be taxed at 18% under GST. Similarly, the tax rate on pesticide sprayers has gone up from 6% to 18% and electric motors from 7% to 12%. Tractors will be taxed at a rate of either 12% or 28%, up from the current 5%.
- GST is expected to reduce incidence of suppressed sales since billing and payment of tax would be necessary for availing set-off of taxes at each stage. The same standard would apply to transactions between traders in agricultural commodities where there is significant amount of suppressed sale

Implementation of GST

- ✓ Implications on agricultural sector, it could be concluded that though the overall tax burden on consumers will be less in new tax regime, but certainly it would have inflationary pressure on the food articles especially processed one which may lead to restoring the consumption towards fresh farm products. The implementation of GST is going to benefit a lot, the farmers/ distributors in the long run as there will be a single unified national agriculture market which will help them to sell their produce for the best available prices.
- ✓ The implementation of GST would boost the economic growth by the means of wider tax base, compliance in tax payment and by pushing balance of trade on favourable side. One of the most radical decisions taken at the GST council meet was to fix the applicable GST rate at zero per cent for most of the primary farm produce. The central government currently taxes neither production/sale of farm produce nor agricultural incomes. Under GST also, there will be no VAT and the cesses too are supposed to be subsumed within the zero per cent GST.

- ✓ Implementation of GST is essential to improve the transparency, reliability, timeline of supply chain mechanism. Since most of the agricultural commodities are perishable in nature. An improved supply chain mechanism due to GST would reduce the time taken for inter-state transportation and would ensure reduction in wastage and cost for the farmers/ retailers. GST system seeks to replace multiple taxes and tariffs and has set free the decisions on warehousing and distribution from tax considerations. Under GST, the logistics and transportation will be more cost and time efficient, thereby curtailing the wastage of precious food as well. Moreover, with the ease of availing tax credit under GST regime, it is expected to boost interstate trade leading to achieving the objectives of National Agricultural Market. Both CGST and SGST will be levied on import of goods and services into the country. Exports, however, will be zero-rated, meaning exporters of goods and services need not pay GST on their exports.

Conclusion

An increase in the cost of few agricultural products is anticipate due to the rise in inflation index for lesser period. Though, implementation of GST is going to benefit a lot, the farmers/distributors in the long run as there will a single unified national agriculture market. GST would certify that farmers in India, who contribute the most to GDP, will be able to sell their produce for the best available price. The implementation of GST is inevitably linked to successful implementation of NAM as it aims at unified tax structure of goods and services which would eventually include agricultural produce. The National Agricultural Market envisages smooth flow of goods across states leading to competitive and transparent prices with likelihood of increased share to the farmer in the value created in agricultural commodities. The learning's from the GST experience may also help in resolving various bottlenecks to be encountered in evolving a unified common agricultural market.

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GST – IN INDIA

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Abstract

GST has replaced many Indirect Taxes in India. The Goods and Service Tax Act was passed in the Parliament on 29th March 2017. The Act came into effect on 1st July 2017.In this article; we take a closer look at what is GST and the reason why it is making business and taxes simpler and easier. GST is one 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. GST is a destination 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. 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**.** Goods & Service tax (GST) is the most talked about topic in the field of indirect taxation today in India. It will be a game changing reform for Indian economy by developing a common Indian market and reducing the cascading effect of tax on the cost of goods and services. It will impact the Tax Structure, Tax Incidence, Tax Computation, Tax Payment, Compliance, Credit Utilization and Reporting leading to a complete overhaul of the current indirect tax system.GST will simplify and harmonise the indirect tax regime in the country. It is expected to reduce cost of production and inflation in the economy, thereby making the Indian trade and industry more competitive, domestically as well as internationally. It is also expected that introduction of GST will foster a common or seamless Indian market and contribute significantly to the growth of the economy.

Key words: GST, Indian Market, Business

Introduction

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.

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 of 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. Goods & Service tax (GST) is the most talked about topic in the field of indirect taxation today in India. It will be a game changing reform for Indian economy by developing a common Indian market and reducing the cascading effect of tax on the cost of goods and services. It will impact the Tax Structure, Tax Incidence, Tax Computation, Tax

Payment, Compliance, Credit Utilization and Reporting leading to a complete overhaul of the current indirect tax system.

GST will simplify and harmonise the indirect tax regime in the country. It is expected to reduce cost of production and inflation in the economy, thereby making the Indian trade and industry more competitive, domestically as well as internationally. It is also expected that introduction of GST will foster a common or seamless Indian market and contribute significantly to the growth of the economy.

What is Goods and Services Tax (GST)?

GST is a single uniform indirect tax which was introduced to replace Central and State indirect taxes such as VAT, CENVAT, and others. GST applies on all types of businesses, small or large. This makes it one of the greatest tax reforms in the country. The entire nation will follow a unified tax structure. As the name suggests, GST will be applicable on both goods and services and India will follow a dual system of GST to keep both the Centre and State independent of each other. The GST council will be headed by the Union Finance Minister and it will consist of various State Finance Ministers. GST will be devised as a four-tiered tax structure with tax slabs of 5%, 12%, 18%, and 28% for various different categories of products and services. 0% rate is kept for most essential goods such as rice, wheat.

What are the indirect taxes that GST will replace?

Designed as a uniformed tax for the entire nation, it will replace the following indirect taxes earlier levied by the Centre and the State:

(i) Taxes levied and collected by the Centre:

1. Central Excise duty
2. Additional Duties of Customs (commonly known as CVD)
3. Special Additional Duty of Customs (SAD)
4. Service Tax AND

(ii) Taxes levied and collected by the State:

1. State VAT
2. Central Sales Tax
3. Entertainment and Amusement Tax (except when levied by the local bodies)
4. Taxes on lotteries, betting and gambling

Switch Over to GST Registration:

Taxable Persons who are paying service tax, State Vat or Central Excise are required to migrate to GST. Many of the existing taxable persons have already migrated to GST Registration. Those who have not migrated should obtain provisional GST Registration number as soon as possible. They should get single provisional registration for each State even if they have multiple units/branches/ divisions within one State. Those taxable persons whose annual turnover are below Rs.20lakhs but are presently paying tax are required to migrate to GST and then apply for cancellation. In fact, if they do not submit any further details, the registration will automatically get cancelled. They should file tax return as per their present registration for the period ending 30-6-2017.

When would one be liable to pay taxes under GST?

A person would be liable to pay taxes, if he is registered or liable to be registered under GST. A person would be liable to be registered in GST:

a) If he is mandatorily required to be registered under **GST**

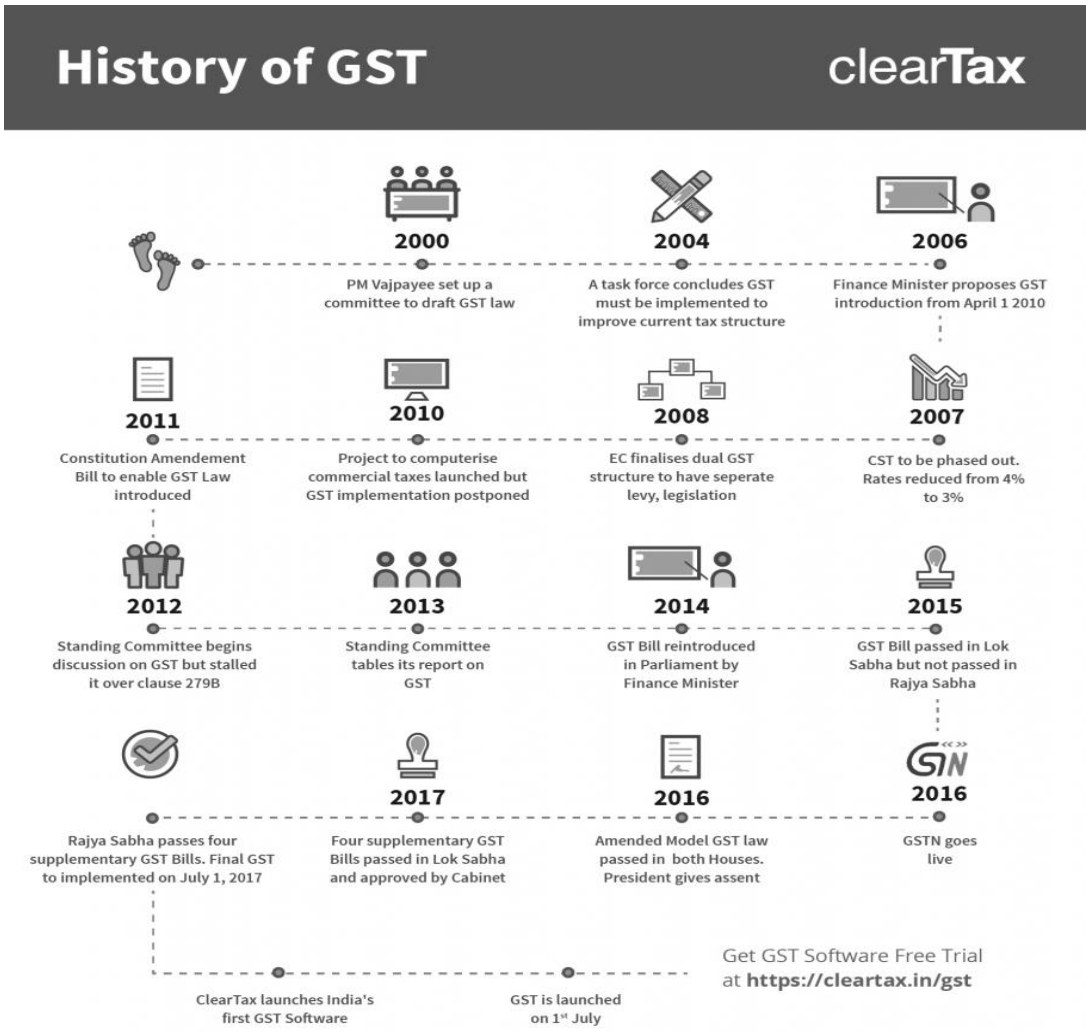
b) If he is making a taxable supply of goods or services or both and his aggregate turnover under same PAN in the entire country exceeds the threshold limit as provided in

GST. Threshold limit in GST is Rs.10Lakhs/ 20Lakhs (for persons in Specified States/ Non Specified States) for person having only within State supplies and there would be no threshold limit for persons having Inter-State Supplies.

The concept of liability of a person liable to pay tax in GST revolves around registered person or person liable to be registered under the law.

What are the benefits of GST?

1. Make compliance easy by providing all tax payer services like registration, returns, payment etc. online through use of Information Technology.
2. Same tax structure across country making One Nation, One tax.
3. Seamless flow of credit of all taxes paid in earlier stage and therefore reduces inflation by removing cascading effect.
4. More transparency in "Doing Business" and creating competitiveness in Industry.
5. Uniformity of taxes and Compliances will reduce compliance costs for industry.
6. Less chances to avoid taxes and more control over tax evaders will help in better administration.
7. More revenue collection and decrease cost of collection due to use of IT by GSTIN.
8. Tax burden will reduce due to seamless credit and prices of commodities and services will reduce eventually.



What changes has GST brought in?

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. 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.

Illustration: Based on the above example of biscuit manufacturer along with some numbers, let's see what happens to the cost of goods and the taxes in a pre GST and GST scenarios**.**

Tax calculations in Pre GST regime:

Action	**Cost**	**10% Tax**	**Total**
Manufacturer	1,000	100	1,100
Warehouse adds label and repacks @ 300	1,400	140	1,540
Retailer advertises @ 500	2,040	204	2,244
Total	1,800	444	2,244

Along the way, the tax liability was passed on at every stage of the transaction and the final liability comes to rest with the customer. This is called the **Cascading Effect of Taxes** where a tax is paid on tax and the value of the item keeps increasing every time this happens.

Tax calculations in GST regime:

Action	Cost	10% Tax	Actual Liability	Total
Manufacturer	1,000	100	100	1,100
Warehouse adds label and repacks @ 300	1,300	130	30	1,430
Retailer advertises @ 500	1,800	180	50	1,980
Total	1,800		180	1,980

In the case of Goods and Services Tax, there is a way to claim credit for tax paid in acquiring input. What happens in this case is, the individual who has paid a tax already can claim credit for this tax when he submits his taxes. In the end, every time an individual is able to claim input tax credit, the sale price is reduced and the cost price for the buyer is reduced because of a lower tax liability. The final value of the biscuits is therefore reduced from Rs. 2,244 to Rs. 1,980, thus reducing the tax burden on the final customer.

What are the components of GST?

Transaction	New Regime	Old Regime	
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 Centre will then share the IGST revenue based on the destination of goods.

- **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 regime will be as follows:

Illustration:

- Let us assume that a dealer in Gujarat had sold the goods to a dealer in Punjab worth Rs. 50,000. The GST rate is 18% comprising of only IGST.

In such case, the dealer has to charge Rs. 9,000 as IGST. This IGST revenue will go to the Central Government.

- The same dealer sells goods to a consumer in Gujarat worth Rs. 50,000. The GST rate on the good is 12%. This rate comprises of CGST at 6% and SGST at 6%.

The dealer has to collect Rs. 6,000 as Goods and Service Tax. Rs. 3,000 will go to the Central Government and Rs. 3,000 will go to the Gujarat government as the sale is within the state.

What are the major taxes being presently levied in the supply chain of goods and services by State/Central Government?

Following are the major taxes being levied in the supply chain of goods by the State/Central Government:

S.No.	***Taxes***	***Taxable Event***	***Nature of Tax***
1.	State VAT	Sale of Goods within the State	State Tax
2.	Excise Duty	Manufacturing of Goods	Central Tax
3.	Central Sales tax	Sale of Goods between two States	State Tax
4.	Additional Customs Duty	Import of Goods	Central Tax
5.	Special Additional Duty	Import of Goods	Central Tax
6.	Entry Tax	Entry of Goods in to Local Area	State Tax

Following are the major taxes being levied in the supply chain of services by State/Central Government:

S.No.	***Taxes***	***Taxable Event***	***Nature of Tax***
1.	Service Tax	Provision of Service	Central Tax
2.	Entertainment Tax	Provision of Entertainment	State Tax
3.	Luxury Tax	Provision of Luxury	State Tax

Who becomes a taxable person under GST?

Short answer is a person who carries out any business at any place in India and who is registered or required to be registered under the GST Act. Amongst others, GST registration is mandatory for:

- Any business whose turnover in a financial year exceeds Rs 20 lakhs (Rs 10 lakhs for North Eastern and hill states)
- An input service distributor
- An E-commerce operator or aggregator
- A person who supplies via e-commerce aggregator

Precautions while filing return for June 2017:

The taxable persons should file tax returns up to date for month ending June 2017. Great caution is required to file this return, since if the input tax credit available is not properly reflected in the return, there will be financial loss. As far as possible, taxable person should utilise the available Cenvat Credit and Input Tax credit of State Vat to the maximum possible extent. Only minimum amount should be paid by cash. This will ensure that issues relating to carry forward of credit.

GST Network

- GSTN would be incorporated as a limited company with strategic control remaining with the Government and it would have a self-sustaining revenue model by collecting nominal user charges for services.

- The GST common portal to be set up before the GST roll out would function as a pass through portal for GST dealers and for submitting registration applications, filing returns, making payments, etc.

- GSTN chairman Navin Kumar announced that Infosys, India's second largest IT service exporter has been selected to build Technology Infrastructure for GSTN.

Fate of GST

The proposed goods and service tax (GST), India's biggest revenue shake-up since independence in 1947, seeks to replace a slew of federal and state levels, transforming the nation of 1.2 billion people into a customs union. After Parliamentary Affairs Minister Venkaiah Naidu said

the government had agreed to accept the opposition party's demand, Senior Congress leader Kapil Sibal told reporters that "The government is using optics of meetings and is not serious about GST". Congress wants the government to cap the GST rate at less than 20 percent, scrap a proposed state levy and create an independent mechanism to resolve disputes on revenue sharing between states. The political slugfest between the two sides has ensured that Finance minister Arun Jaitely's self-imposed deadline of April 1 for the GST's launch will be missed. While Jaitely has yet to set a new date for the rollout, aides say passage of the constitutional amendment bill in February's budget session of parliament would allow them to implement it by October.

Conclusion

The condition for an optimal threshold is derived from the general first-order condition for an optimal tax system, namely that the perceived marginal cost of taxation is equal to the marginal benefit from public expenditure, for all taxes and related parameters and all types of expenditure. This condition clearly does not hold in practice. In considering just one component of the GST structure, the threshold value for imported units, there is nevertheless an implicit assumption that the remainder of the tax structure is in fact optimal. For example, the marginal cost of funds from income taxation is equated to the required ratio, so that in an optimal system, the GST threshold should be adjusted so that its marginal cost of funds is equal to that from the alternative. If it is lower, the threshold should lower and more tax obtained from imported units, and if it is higher, the threshold should be raised and any additional required revenue obtained from the alternative source. Precise details about the cost components and the demand elasticity, along with the marginal cost of funds from alternative tax sources, are extremely difficult to obtain for New Zealand. In the absence of reliable estimates, illustrative numerical values were reported, showing the sensitivity to administrative costs, the demand elasticity and, importantly, value judgements.

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IMPACT OF GST ON TOURISM SECTORS WITH SPECIAL REFERENCE TO MALABAR (DT), KERALA

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Abstract:

The main aim of this paper is to analyze the impact of GST in the tourism sector, especially in the state of Kerala with special reference to Malabar area. GST has brought in the 'one nation one tax' system, but its effect on various industries is slightly different. GST also known as the Goods and Services Tax is defined as the giant indirect tax structures designed to support and enhance the economic growth of a country. The first level of differentiation will come depending on whether the industry deals with manufacturing, distributing and retailing or is providing a service. GST is expected to fill the loopholes in the current system and boost the Indian economy. This is being done by unifying the indirect taxes for all states throughout India. As the enterprises are vulnerable to any major changes in economy due to a new policy implementation, founders and employees of these companies are extremely concerned about the **impact** of the four tax slabs of 5%, 12%, 18%, and 28% that have been specified in **GST**, Jul 20, 2017.The rates announced by the Goods and Services Tax Council on Friday has comes as a shocker to the hospitality and tourism industry. Four tax slabs of 5%, 12%, 18% and 28% have been fixed for services including telecom, insurance, hotels and restaurants.

KEYWORDS : *GST, impacts in tourism sectors, procedure of GST*

Introduction:

GST also known as the ***Goods and Services Tax*** is defined as the giant indirect tax structure designed to support and enhances the economic growth of a country. 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. GST is a comprehensive tax levy on manufacturing, sale and consumption of goods and services at a national level. More than 150 countries have implemented GST so far. However, the idea of GST in India was mooted by Vajpayee government in 2000 and the constitutional amendment for the same was passed by the Lok sabha on 6th May 2015 but is yet to be ratified by the Rajya sabha. However, there is a huge hue and cry against its implementation. It would be interesting to understand why this proposed GST regime may hamper the growth and development of the country.

Objectives of the Study:

The following points are arises in this paper as an object of the study ;

- To study the impact of GST in tourism sectors in Malabar of Kerala
- To understand the procedure for issue of GST
- To give some suggestion regarding to the GST.

Research methodology

Research is a scientific and systematic search for pertinent information. The main aim of research is to find out the truth which is hidden and which has not been discovered as yet. In this study, researcher wants to know how far the tourist and hospitality sectors have satisfied with the GST implementation. Research on Tourist choice behavior is one of the most needed studies by many tourist managers. Tourists take into account the various factors in terms of facilities, local attractions etc, before choosing their destination. Local attractions, accessibility, facilities are some

of the factors that generate tourist flow to a particular location. Absence of any of these facilities may deter the tourists from traveling to enjoy the attractions of many areas like backwaters in Kerala. The theory of consumer behavior for a service sector points out that customers' buying behavior and levels of satisfaction are influenced by the customer's background, characteristics and external stimuli. These factors are also taken into consideration by the researcher while preparing the questionnaire for the study. Here selected 50 samples which were collected from the respondents in 3 districts of Malabar in Kerala, through non-probability convenience sampling. The districts are Malappuram, Calicut and Wayanad. Out of 50 respondents 25 are tourist managers and rest of them are tourists.

In the present study, descriptive research design was used. Data has been collected from primary sources through questionnaire and secondary sources like journals, books, websites and magazines.

Literature Review:

GST is the biggest reform this year, *says* ***Prof. Neeraj Hatekar****, who teaches Economics at the University of Mumbai.* He predicts that GST will create a common market for goods and services reduce the aggregate tax burden as tax on taxes is being done away with. "We should not worry about the inflationary impact; it's not going to be much. It will increase economic activity in the economy leading to more jobs, more activity and faster growth. Hence, in the long run it will positively affect the common man. All industries should be happy with this reform."

"The common man should be relieved as food grains and milk is exempt and other essential items of mass consumption like edible oil, sugar, tea, life-saving drugs and electricity bills should cost less. However, it's too early to predict the overall effect of GST on the common man; at least he will be spared the assault of multiple taxation." ***says Prof. Geeta Menezes,*** *who teaches Economics at Mithibai College.*

According to ***Rohit Muraleedharan,*** *Economics professor at NMIMS University,* "GST is going to increase production through a boost in domestic consumption with the right rates, it might also lead to an increase in tax net as GST will encourage tax payment and might act as a self-policing one."

GST AND ITS IMPACTS ON TOURISM SECTOR

Due to the implementation of GST, serious concern is expressed over high rates of taxation under the new GST regime, as it would stifle the tourism business in the country by making it unsustainable and drive away the foreign tourists to destinations other than India. Reducing the tax for hotels from 28 percent to 18 percent will substantially bring down the tax on houseboats and declare tax holiday for inbound travelers. In the pre-GST regime, hotels were charging 19 percent tax on rooms. Making a strong case for rectification of tax anomalies, the tax has been to the tune of 38 percent on tour packages for domestic travelers and 33 percent for inbound international tourists clubbing the hotel tax with tour operators. So it is a savior issue to the tourists coming to Kerala.

The high tax of 28 per cent plus the tour operator's tax of five per cent is costing a foreign traveller hotel tariff of 33 per cent whereas the average tax rate in foreign countries is only between 7 per cent and 17 per cent. Also the tour operators demanded bringing down the GST on houseboats from 28 per cent to earlier tax rate of five per cent, saying that the high rate of taxation would adversely impact this unique industry of Kerala that employs a large number of people. It is seen that houseboats have not been mentioned anywhere in the categorisation. Officers are holding different views whether it should be 18 per cent or 28 per cent. It is also one of the major issues in the tourism sector. It is suggested to cut it down to five per cent.

1. **GST Impact on Air fare :** Economy class passengers will have a reason to rejoice with the tax coming down to **5%** from **6%**, paving way for cheaper flights. But then, Business Class users might see a hike in the same with an estimated hike from **9%** to **12%**.

2. **GST Impact on Hotel Tariffs :** The speculated change of GST on hotel tariffs is again happy news for travelers on a budget. As per the estimates, hotels with a tariff between INR 1000 to INR 2500 will see a drop to **12%** on taxes from the previous **15%** to **20%**.Going by the finding that hotels bring in chunk of revenue for the travel and tourism sector, this will bring in more money for sure. Luxury seekers, again, might have bear the pinch again as hotel tariffs between INR 2500 to INR 7500 will attract surpassing a flat rate of **18%**; tariff beyond INR 7500 would see it soaring to **28%**.

3. **GST Impact on Restaurant Bills :** One of the main components of travelling, eating out is where you might have to shell out more money after July 1. As estimated, GST will add to the food bills, taking the tax up to **12%** from **6%** for non AC restaurants and **18%** for AC restaurants. Add to it the fact that GST will bring in 5% tax for smaller restaurants that have an annual turnover of less than 50 lakhs. Quite a steep hike, this one is where frequent travelers will end up paying more. With the three major travel components seeing speculated changes, one might want to work out an arrangement that includes flying economy and a budget stay rather than eating out at a non-AC restaurant in a typical Indian summer.

4. **GST Impact on Tourist/ Leasure place tickets :** ther is a clear reason for outing one family to tourist places for pleasuring their leisure time with their family. For that they will ready to enter in natural and beautiful places. Now a days after the implementation of GST the ticket rate have huge increases happened. The tax reate from 12 % to 28%. It is not able to afford as a lay man while he come with his family members.

GST Procedure:

Audits under GST are the examination of records maintained by a registered dealer. The aim is to verify the correctness of information declared, taxes paid and to assess the compliance with GST. Audit under GST- 1-768x624

a. **Audit by Registered Dealer:** Every registered dealer whose turnover during a financial year exceeds the Rs 1 crore has to get his accounts audited by a CA or a CMA.

b. **Audit by GST Tax Authorities**

i. General Audit: The commissioner or on his orders an officer may conduct any audit of any registered dealer.

ii. Special Audit: The department may conduct a special audit due to the complexity of case and considering interest of revenue. The CA or a CMA will be appointed to conduct the audit.

1. **Assessment :-** means determination of tax liability under GST. Assessment under GST has been divided into 5 types:
   a. Self Assessment
   b. Provisional Assessment
   c. Scrutiny Assessments
   d. Summary Assessments
   e. Best judgment assessments

2. **Demand and Recovery :-** Demand and recovery provisions are applicable when a registered dealer has paid tax incorrectly or not paid tax at all. It is also applicable when incorrect refund or ITC is claimed by the dealer. The proper officer will issue a show cause notice along with a demand for payment of tax and penalty in case of fraud. Demand can arise in the following cases:

    - Unpaid or short paid tax or wrong refund
    - Tax collected but not deposited with the Central or a State Government
    - CGST/SGST paid when IGST was payable and vice versa.

    If demand is not paid, the IT department starts recovery proceedings

3. **Advance Ruling : -** means seeking clarifications from GST authority on certain tax matters before starting the proposed activity. This helps to reduce costly litigation. A advance ruling is a written decision given by the tax authority to an applicant on queries related to the supply of goods/services.

Findings and Suggestion :

The following are the findings and suggestion on the basis of data collected from the to overcome those anomaly included in GST.

- Kerala "God's own Country" earns a considerable amount of its revenue from its tourism sectors.
- On the basis of data collected, it is observed that majority of the tourists as well as stake holders are not satisfied with the implementation of GST in tourism sector as well as hospitality.
- Introduction of Goods and Services Tax (GST), were unbearable for most enterprises.
- In Kerala, tourists looking for budget hotels are likely to enjoy in the monsoon, even more after the implementation of GST or goods and services tax from July 1, 2017, as tariffs will be down.
- For budget rooms ranging from Rs.1000- 2500 and up to 4000, GST rate is 12% & 18% which are cheaper compared to the tax of 19% before GST. But the case is different for Luxury rooms costing Rs.7500 or above where the GST amounts to at least Rs.1500 more per night; i.e the GST rate is nearly 9% more in comparison to the current tax rate of around 19 per cent, i.e. 28%. GST for hotels with tariff above Rs 5,000 will be 28 per cent.
- While GST is expected to improve the efficiency of how business is done in India, many hoteliers are nervous about adapting to a new online filing system of returns.
- Eating out is also likely to be costlier. Till now Hotels in Kerala paid just a meagre 0.5 per cent tax for their non AC restaurants but after the coming of GST, there is a 12 per cent GST on non-AC restaurants with annual turnaround of more than Rs. 50 lakh.
- Houseboat has not been mentioned anywhere in the categorisation. Officers are holding different views whether it should be 18 per cent or 28 per cent. It is also one of the major issues in the tourism sector. So it is requested to cut it down to five per cent.
- While simultaneously nothing for movie buffs **:-** Under GST, entertainment tax will be merged with service tax and a composite 28% levy will be charged on cinema services and on gambling and betting at race courses. While the rate proposed for cinema halls is lower than the current 40% to 55%, it may not result in a reduction in ticket prices as States continue to hold the right to levy local charges on them.

A major hurdle for the hospitality and tourism sector in India is its uncompetitive tax structure. A country as small as Singapore gets 10.9 million tourists while India gets only 6.31 million. Nations like Malaysia and Thailand attracted 24.7 million and 19.09 million tourists in 2014 and earned foreign exchange worth $18.3 billion and $26.26 billion respectively. In contrast, India managed only $94 million. See in the case of hospitality, it is not only a high foreign exchange grosser; it is also among the largest tax generators. By the Prime Minister's own declarations, the growth of the nation will parallel the growth of tourism. It's perplexing that the industry is being taxed to death. If GST is not reconsidered, foreign exchange inflow will dry up sooner than later.

Conclusion:

Goods and Services Tax (GST) is an indirect tax which was introduced in India on 1 July 2017, *One nation; one tax; and one market* and was applicable throughout India which replaced multiple cascading taxes levied by the central and state governments. It is adversely affecting many sectors like tourism etc. Due to the price hike occurring from GST, majority of the tourists will tend to shift their tourist preferences from India and especially the state of Kerala (also known as God's Own Country) to other countries. So the government should bring necessary adjustments in the GST policy so as to save our economy. At the same time, the government should make an attempt to insulate the vast poor population of India against the likely inflation due to implementation of GST. No doubt, GST will simplify existing indirect tax system and will help to remove inefficiencies created by the existing current heterogeneous taxation system only if there is a clear consensus over issues of threshold limit, revenue rate, and inclusion of petroleum products, electricity, liquor and real estate. Until the consensus is reached, the government should resist from implementing such regime. "We are left with no choice but it's the customer who will have to bear the brunt of this increase. Moreover, GST is more complex, with more paper work". The government should realise that countries like Myanmar, Thailand, Singapore, Indonesia and others levy taxes ranging from 5 to 10 per cent. Hence, India cannot afford to have these kind of complex and high GST.

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IMPACT OF GST IN SERVICE SECTOR

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Abstract

It is no news that the implementation of the GST (Goods and service tax) will pose some major advantages and a few disadvantages to the services industry. Many service businesses will face a lot of changes over the years as they try to conform to the introduction of this new taxation system and we can be sure that many of them are happy because of the changes. You can trust that this new taxation system will also affect the people in general and not only business owners. Even so, the joy is that it is not all bad. We can gladly look forward to the positive and especially the people in the service business sector is keen on how things will turn out. In this article, we'll assess the GST impact on service sector – both positively and negatively. We'll also see what you need to know if you a service provider.

Services Sector in India: An Overview

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

Services under followed by the sector

Transport

The new taxation in this sector will help in more efficient cross-state transportation, less paperwork for road transporters, and bring down logistics costs.

Previously all the 29 states collected taxes at different rates on goods that moved across their borders. As a result, tax on freight was collected multiple times. The GST will replace around 15 state and federal taxes and tariffs. The incidence of tax will come down to 5% from 6% for bookings made on cab aggregators like Ola and Uber. Buses and pick-up vans carrying more than 10 passengers will be subjected to no extra cess. With the reduction in rates, domestic travel or budget travel will become easier compared to business class travel. Business class travel will get costlier with a marginal increase from 9% to 12%. Non-AC train travel has been exempted and AC travel will become a bit more expensive as the tax rate has gone up to 5% from the present 4.5%. Other options like metro, local trains and religious travel have also been exempted.

Entertainment

Earlier, the entertainment tax was levied by states and the rates ranged from 0 to 110%, with an average of 30%. The earlier service tax was 15% and the industry enjoyed 60% abatement. So 40% of the 15% tax had to be paid. The total tax during the VAT regime was around 20.5%. Under the GST system, tax on the tickets will be 28% along with the food and drinks tax of 18%. So the rate of tax will be lower than the previous system. GST is expected to have a mixed effect on the entertainment industry depending on the states. For states with a high entertainment tax, GST will be beneficial as it will reduce the prices for the end consumers. However, GST will have a negative effect on states, which already have a low entertainment tax.

ATM services

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

Positive Effects of GST on Service Sector

No double taxation: This is one thing that was affecting many service providers. In the previous system of taxation, the works contract was complex, and this took a toll on many people. Here, the transfer of goods is a part of the service contract. This means that every invoice has the value of the goods used as well as the services supplied.

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

Access to inputs held in stock: The service providers will access CENVAT credit of input that is held in stocks. This is best applicable when a person is moving from one category of taxation to the next like the exemption category to the taxable one.

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

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

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

Negative Impacts of GST on Service Sector

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

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

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

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

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

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

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

What You Can Do To Comply With the GST

As a service provider who is subject to the GST taxation system, it is very important that you ensure your business complies with the provisions of GST. You can do the following to ensure that you comply with the regulations of GST

File your returns under GST: We all know that all businesses need to file their returns. There is no exemption to this. When there has not been much activity with the business, you can file nil returns. Failure to do comply will attract a penalty. You have to give detailed information on all activities of the business.

Vendor ratings: The government has a mechanism in place that rates vendors based on how timely they are with their returns, their payments and so on. People who look forward to working with you will be rating you on the basis of these scores.

Know your SAC: In GST regime, you need to mention 'Service Accounting Code (SAC)' for every service you sell. So, its important for you to know the correct SAC of the service you are selling.

Raising invoices: Proper GST compliant invoices have to be raised under the GST system. Invoices issued to the GST showing compliance have specific fields that need to be filled before issuance. The issuance is done via a GST portal and information on both the buyer and seller are captured.

Know the applicable taxes: It is important to know that the GST system is made of two components and that is the CGST and the SGST. The taxes subsumed at the CGST include central excise duty, the special additional duty of customs, service tax, additional excise duty, and additional customs duty.

The SGST component is made by subsuming the Purchase tax, luxury tax, entertainment tax, VAT, Octroi and entry tax, and others. If you are selling within your state, you need to apply SGST & CGST and if you are selling outside of your state, you must apply IGST.

Use a good GST accounting software: This software will be your best friend as it will help you with filing your returns more easily and in a faster, error free way. This software will alert you to any discrepancies that there may be and you can get to it before any damage is done.

Profit Books is one of the popular GST softwares in India. It will help you to create GST invoices, manage inventory and even file GST returns directly from the software.

Conclusion

The taxation of goods and services in India has, hitherto, been characterized as a cascading and distortionary tax on production resulting in misallocation of resources and lower productivity and economic growth. It also inhibits voluntary compliance. It is well recognized that this problem can be effectively addressed by shifting the tax burden from production and trade to final consumption. Thus, a flawless GST law in the context of the federal structure would optimize the effectiveness. GST is a well-designed destination-based value added tax on all goods and services which is the most elegant method of eliminating distortions and taxing consumption. Under this structure, all different stages of production and distribution can be interpreted as a mere tax pass-through and the tax essentially sticks on final consumption within the taxing jurisdiction. Further, the pattern of consumption will be the criteria for accrual of tax revenues to states. Accordingly, the tax collection will go the states having higher consumption as compared to the present system of collection by manufacturing states. The GST Council finalized the tax rates for most of the goods and services and has backed the 1 July deadline for rolling out the unified indirect tax that will help create a single national market and ensured that items of mass consumption bear the least tax burden. Thus, based on the current tax rates (central excise and VAT) for key product segments across sectors and the finalized GST rates, we expect most sectors to gain or otherwise in a limited way.

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A STUDY ON THE IMPACT OF GOODS AND SERVICES TAX IN PASSENGER VEHICLE SEGMENT.

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Abstract

This study attempts to find out the impact of newly launched Goods and Services Tax on the automobile industry in particular to the passenger vehicle segment. The industry accounts for 7.1 per cent of the country's Gross Domestic Product (GDP).The overall Passenger Vehicle (PV) segment has 14 per cent market share and 80% of the market is with two wheeler segment in automobile industry.India is also a prominent auto exporter and has strong export growth expectations for the near future. Since, the policies like Demonitisation and GST has significantly affected various sectors and Small and Medium Enterprises in particular. Initially proposed GST expected to reduce the prices of cars but further modifications in the GST has increased the prices of the cars.

Key words: GST, Automobile industry, Passenger Vehicle

Introduction

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. 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 of 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.

Story of GST in India

The reform process of India's indirect tax regime was started in 1986 by Vishwanath Pratap Singh, Finance Minister in Rajiv Gandhi's government, with the introduction of the Modified Value Added Tax (MODVAT). Subsequently, Manmohan Singh, and the Finance Minister P V Narasimha Rao, initiated early discussions on a Value Added Tax at the state level. A single common "Goods and Services Tax (GST)" was proposed and given a go-ahead in 1999 during a meeting between the then Prime Minister Atal Bihari Vajpayee and his economic advisory panel, which included three former RBI governors IG Patel, BimalJalan and C Rangarajan. Vajpayee set up a committee headed by the then finance minister of West Bengal, Asim Dasgupta to design a GST model.

The Ravi Dasgupta committee was also tasked with putting in place the back-end technology and logistics (later came to be known as the GST Network, or GSTN, in 2017) for rolling out a uniform taxation regime in the country. In 2002, the Vajpayee government formed a task force under Vijay Kelkar to recommend tax reforms. In 2005, the Kelkar committee recommended rolling out GST as suggested by the 12th Finance Commission.

After the fall of the BJP-led NDA government in 2004, and the election of a Congress-led UPA government, the new Finance Minister P Chidambaram in February 2006 continued work on the same and proposed a GST rollout by 1 April 2010. However in 2010, with the Trinamool Congress routing CPI(M) out of power in West Bengal, AsimDasgupta resigned as the head of the GST committee. Dasgupta admitted in an interview that 80% of the task had been done.

In 2014, the NDA government was elected into power, this time under the leadership of NarendraModi. With the consequential dissolution of the 15th LokSabha, the GST Bill – approved by the standing committee for reintroduction – lapsed. Seven months after the formation of the Modi government, the new Finance Minister ArunJaitley introduced the GST Bill in the LokSabha, where the BJP had a majority. In February 2015, Jaitley set another deadline of 1 April 2017 to implement GST. In May 2016, the LokSabha passed the Constitution Amendment Bill, paving way for GST. However, the Opposition, led by the Congress, demanded that the GST Bill be again sent back to the Select Committee of the RajyaSabha due to disagreements on several statements in the Bill relating to taxation. Finally in August 2016, the Amendment Bill was passed. Over the next 15 to 20 days, 18 states ratified the GST Bill and the President Pranab Mukherjee gave his assent to it.

A 22-members select committee was formed to look into the proposed GST laws. State and Union Territory GST laws were passed by all the states and Union Territories of India except Jammu & Kashmir, paving the way for smooth rollout of the tax from 1 July 2017. the Jammu and Kashmir state legislature passed its GST act on 7 July 2017, thereby ensuring that the entire nation is brought under an unified indirect taxation system. There was to be no GST on the sale and purchase of securities. That continues to be governed by Securities Transaction Tax (STT).

The Goods and Services Tax was launched at midnight on 1 July 2017 by the former President of India, Pranab Mukherjee, and Prime Minister of India, Narendra Modi. The launch was marked by a historic midnight (30 June – 1 July) session of both the houses of parliament convened at the Central Hall of the Parliament. Though the session was attended by high-profile guests from the business and the entertainment industry including Ratan Tata, it was boycotted by the opposition due to the predicted problems that it was bound to lead to for the middle and lower class Indians.

AUTOMOBILE INDUSTRY IN INDIA:

The Indian auto industry is one of the largest in the world. The industry accounts for 7.1 per cent of the country's Gross Domestic Product (GDP). The Two Wheelers segment with 80 per cent market share is the leader of the Indian Automobile market owing to a growing middle class and a young population. Moreover, the growing interest of the companies in exploring the rural markets further aided the growth of the sector. The overall Passenger Vehicle (PV) segment has 14 per cent market share.

India is also a prominent auto exporter and has strong export growth expectations for the near future. In April-March 2017 exports of PV and Commercial Vehicles (CV) registered a growth of 16.20 per cent and 4.99 per cent respectively, over April-March 2016. In addition, several initiatives by the Government of India and the major automobile players in the Indian market are expected to make India a leader in the 2W and Four Wheeler (4W) market in the world by 2020. Production of passenger vehicles, commercial vehicles, three wheelers and two wheelers grew at 5.41 per cent in FY17 to 25,316,044 vehicles from 24,016,599 vehicles in FY16.The sales of passenger vehicles, commercial vehicles and two wheelers grew by 9.23 per cent, 4.16 per cent and 6.89 per cent respectively, during the period April-March 2017. India's electric vehicle (EV) sales increased 37.5 per cent to 22,000 units during FY 2015-16 and are poised to rise further on the back of cheaper energy storage costs and the Government of India’s vision to see six million electric and hybrid vehicles in India by 2020.

Impact of the GST on Automobile Sector:

The Automobile industry has seen significant disputes under central excise valuation like, sale below the cost for market penetration, inclusion of State Industrial Promotion subsidies retained by the manufacture, deductibility of past sale discounts from value under excise, valuation of demo cars treatment of PDI charges and other dealer reimbursement advertisement charges recovered from dealers etc., and sales though marketing companies and mutuality of interest. The model GST law continues with the concept of transaction value which is a welcome measure, however the powers for rejection of the transaction value are very wide, and could lead to significant valuation disputes. The GST is working towards a more viable approach when it comes to tax, which is applicable in the manufacturing process.

The tax under the new regime which the manufacturer has already levied in the manufacturing process in deducted when the final product created by the manufacturer is produced in the market. Hence, the tax on products in overall reduced as the tax otherwise charges on the final product does not include the pre charged one. The same process is followed on the level of the wholesaler who sets off the tax when he purchases the good from the manufacturer and releases them in the market. The product passes from the wholesaler to the retailer the retailer after adding value to the product again sets off the tax when releasing the goods finally in the market. In this chain of passing the goods from one to another, the tax sets off at every level, releasing a bit of pressure on all the people on the respective stages. Hence, when the final product is released the overall value of the good when taxed has a marginal variation in favor of the consumer as to re-existing rate of taxes. The double tax burden is being eliminated from this region as taxes that may have been charged and again charged on the tax that was already paid has been done away with the section, though has variations as per type of vehicle

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

Tax rates Before and After GST in Passenger Vehicle segment:

Category of cars	**Before GST (Approximately including all taxes)**	**After GST**	**Increase /Decrease**
Small cars <1200 cc	28%	28%GST+1% cess	+1%
Mid size cars From 1200-1500cc	39%	28%GST+17% cess	+6%
Luxury cars	42%	28%GST+ 20% cess	+6%
SUV	45%	28%GST+ 22% cess	+5%

The above table shows that there is 1% increase in the tax rate of small car segment after introduction of GST and 6% tax increase in the Luxury vehicle segment.

SALES REPORT OF PASSENGER CARS

Manufacturer	**September 2017**	**September 2016**	**Growth**
Maruti Suzuki India	1,50,521	1,37,277	9.64%
Hyundai Motor India	50,028	42,605	17.42%
Tata Motors	17,286	16,351	5.72%
Toyota Kirloskar Motor	12,335	12,067	2.22%
Mahindra & Mahindra	25,327	20,537	23%

The table shows that obvious increase in the demand for passenger cars in the second quarter of 2017 to the second quarter of 2016 irrespective of GST.

Conclusion

There is no impact of Goods and Services Tax on the automobile sector particularly in the passenger car segment. There is no significant changes in the prices of cars after implementing the GST. The demand for the car has been raised due to increase in the purchasing capacity of the people and more vehicle loan offered by the banks. Impact of tax cascading will also go away that will reduce overall cost of vehicle manufacturing as all taxes on input paid will be offset with the output liability of GST.

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GST ON FMCG – PROBLEMS AND PROSPECTS

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Abstract

Goods and Services Tax (GST) will be a game changing reform for Indian economy by developing a common Indian market and reducing the cascading effect of tax on the cost of goods and services. GST is a consumption based tax levied on sale, manufacturing and consumption on goods & services at a national level. Many taxes such as central excise duty, service tax, central surcharge and cess etc. levied by Central Government and VAT / sales tax, entertainment tax, octroi & entry tax, purchase tax, luxury tax, taxes on lottery etc. levied by State Governments have been subsumed under GST. The fast moving

consumer goods (FMCG) sector of India comprises more than 50 percent of the food and beverage industry and another 30 percent from personal and household care, thereby spanning the entire rural and urban parts of the country (Subramanian, 2015). Under the proposed GST regime, it is expected that it would result in a simpler tax regime, especially for industries like FMCG. Presently the peak tax costs for industry players amount to approximately 27% (i.e. Excise Duty of 12.5% and VAT ranging from 12% to 15%). Under the GST regime, it is proposed that the revenue neutral rate would be in the range of 16% to 19%, thereby resulting in significant benefit for the sector.

Key Words: GST, FMCG, Tax.

Introduction

The Goods and Services Tax (GST), the biggest reform in India's indirect tax structure since the economy began to be opened up 25 years ago, at last looks set to become reality. The Constitution (122nd) Amendment Bill finally got the nod of Rajya Sabha. Government successfully stitching together a political consensus on the GST Bill, to pave the way for much-awaited roll out of the landmark tax reform that will create a common market of 1.25 billion people. GST will be a game changing reform for Indian economy by developing a common Indian market and reducing the cascading effect of tax on the cost of goods and services. It will impact the Tax Structure, Tax Incidence, Tax Computation, Tax Payment, Compliance, Credit Utilization and Reporting leading to a complete overhaul of the current indirect tax system. Law, provide for compensation100% to States for any loss of revenues arising on account of GST, for a period which may extend to five years, based on the recommendations of the GST Council Here, every tax payer will be issued a 15 digit common identification number which will be called as "Goods & Service Tax Identification Number" (GSTIN) a PAN based number.

The rates for various FMCG segments have mostly been along expected lines. Items of mass consumption—toothpaste, soaps, hair oil—have been put under the 18% tax slab, significantly lower than the 22-24% tax rate they have been paying. This is in accordance with the government's stance of keeping tax rates low for mass consumption products. In fact, the GST rate schedule indicates that nearly 81% of all items are in the 18% tax bracket or below. The remaining 19% fall in the 28% tax slab. Lower prices could potentially support volume growth for certain products, particularly in the rural segment. "We believe it could result in a faster consumption shift from unbranded to branded products, spurring volume growth for FMCG companies. Simultaneously, it will also bring operational efficiency with rationalisation of supply chain by removing bottlenecks," says Manyal. Analysts also point out that tax exemption provided to several critical products required for food processing—jaggery, cereals and milk— would benefit this industry.

So, which are the companies that stand to gain from a benign tax regime? The extent of impact would depend on the product mix of the companies. Oral care major Colgate Palmolive is likely to emerge as the biggest beneficiary. "Colgate pays an effective tax of 25-26%. The new 18% tax on toothpastes (make up 80% of the company's sales) is a positive, particularly as it levels the playing field against Dabur and Patanjali, who enjoy tax benefits," says a Motilal Oswal report. Hair and edible oil companies too will benefit. "Marginally lower rates in hair oil with no increase in edible oil rates will benefit Marico," SAYS AN AXIS CAPITAL REPORT.

Indian economy and GST

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

The rollout has renewed the hope of India's fiscal reform program regaining momentum and widening the economy. Then again, there are fears of disruption, embedded in what's perceived as a rushed transition which may not assist the interests of the country. Will the hopes triumph over uncertainty would be determined by how our government works towards making GST a "good and simple tax". The idea behind implementing GST across the country in 29 states and 7 Union Territories is that it would offer a win-win situation for everyone. Manufacturers and traders would benefit from fewer tax filings, transparent rules, and easy bookkeeping; consumers would be paying less for the goods and services, and the government would generate more revenues as revenue leaks would be plugged. Ground realities, as we all know, vary. So, how has GST really impacted India? Let's take a look.

Impact of GST on FMCG

Fall in Logistics Cost

FMCG sector would also benefit from GST in the form of saving a considerable amount of expenses on logistics. Distribution cost of the FMCG sector currently amounts to 2-7% of total cost, which is expected to drop to 1.5% after implementation of GST. Due to the smoother supply chain management, payment of tax, claiming input credit, removal of CST under the GST regime there will be a cost reduction in terms of transportation and storage of goods. It is expected that the reduction in cost and taxes would make the consumer goods cheaper.

Stock Transfers

Stock transfers outside the State will be subject to GST. It is unclear whether stock transfers within the State will also be subject to GST. It is to be noted that the GST framework was intended to tax only inter-State stock transfers and not intra-State stock transfers. Additionally, with respect to the valuation of stock transfers, the GST Valuation Rules provide that the value of goods shall be the transaction value. Transaction value is the price paid or payable for the supply of goods. As stock transfers do not have a consideration, this provision cannot be implemented. In addition, GST valuation rules provide that if the transaction value is not available then the value for the good/service would be considered as the transaction value of good/service of same kind and quality.

Warehousing

Many of the companies, according to their convenience and to enjoy a lot of tax benefits/holidays/exemptions, under the current tax regime set up their warehouses in the states like Himachal Pradesh and Uttaranchal. The dilemma is still there, to whether all the tax holidays, benefits and exemptions would be there or not, once GST is implemented. Since the costing is one of the major parts of any company, thus, major companies like ITC, Hindustan Unilever, Nestle, Dabur & Cadbury are still anxious regarding the migration of Tax holidays/exemptions.

Tax Beneficiaries

The products that are widely consumed inclusive of toothpaste, hair oil, soaps, all have been enclosed in the 18% slab, which is lower than the 22-24% tax rate. Keeping the Frozen Vegetables and

Branded Cheese have been under the 5% rate list that are largely neutral with the previous rates were around 3-4%. Cereals have been exempted, so are likely to become more affordable. Being already in the bracket of 4-6%, Coffee, Tea, and Sugar have not seen any impact on the prices. Most of all items are in the 18% tax bracket or might be below that. The minor category falls in the 28% tax slab.

GST RATE ON FMCG GOODS

FMCG industry was anxiously waiting for the GST rates to be announced on the different products. GST rates for all different goods or products under the FMCG have been announced by the Indian Government. Most of the products/goods have been categorized under the tax brackets as expected by the FMCG industry experts. Although there are few products placed under the 12% bracket which is expected to be more expensive than under current laws. We have created info graphic explaining the different products falling under the different tax brackets.

Basic food products such as milk, rice, wheat and fresh vegetables have been kept under the NIL brackets which is in line with the expectation from the FMCG experts. Paneer branded and sold like mother dairy paneer or Nestle Paneer and Frozen vegetables have been kept under the 5% bracket which would be largely neutral as the current rates are around 3-4%. Although there are certain products like butter, Cheese and Ghee will get expensive under GST as they are placed in the 12% bracket which is higher than the current average tax rate of 4-5%. FMCG sector is very pleased with the rates announced under GST law for FMCG products. The FMCG industry is going to benefit from the lower logistics cost and better competitive market and rates for most of the products being kept under the expected tax bracket. The total current tax rate for the FMCG industry is around 22-24 percent. Under GST, the tax rate comes to an average of 18-20 percent. Let's look at how the new tax rates under GST impact major products within the sector:

Product	**Previously taxed**	**Currently taxed**	**Companies impacted**
Detergents	23%	28%	HUL, P&G, Jyothy Laboratories
Shampoo	24-25%	28%	HUL, P&G, Dabur, Himalaya, Patanjali
Sanitary napkins	10-11%	18%	P&G Hygiene and Health Care
Skincare	24-25%	28%	HUL, Dabur, Himalaya, Patanjali
Hair dyes	23-28%	28%	Godrej Consumer Products
Ayurvedic medicine	7-10%	12%	Dabur, Emami
Toothpastes, soaps, hair oil	22-24%	18%	Colgate-Palmolive, HUL, P&G
Paints	25-26%	28%	Asian Paints, Berger Paints, Nerolac
Branded paneer	3-4%	5%	Nestle, Mother Dairy
Butter, ghee, cheese	4-5%	12%	Amul, Nestle, Mother Dairy

BENEFITS OF GST ON FMCG

On this background, experts believe that the FMCG industry in India has a lot to benefit from GST. One of the key reasons is the fact that FMCG manufacturing-to-consumption journey traverses multiple States and currently is subject to various sales taxes, State border entry taxes in addition to the Central Excise. This not only means that every product becomes more expensive in the hands of the consumer but the entire journey involves wastage of precious time. Post-GST, delays and stoppages at border check posts are likely to get minimized and operations comparatively easier. Eventually, cost of products may drop because only one tax is expected to replace the existing multiple taxes, wherein a few taxes even amount to taxes on taxes.

The GST era is also expected to encourage building higher economies of scale in terms of bigger warehouses and bigger vehicles to carry the produce. Load consolidation for primary freight can allow use of bigger vehicles. For example, 24 ft in place of 20 ft and their higher efficiency can deliver savings of about 10%. It is therefore no surprise that most FMCG companies are planning to create a hub-and-spoke warehouse model. In this model, they will switch to a network consisting of one big warehouse 'hub', connected to smaller 'spokes' spread across the country. This will facilitate better management of logistics and faster movement of goods.

Almost all manufacturing companies' current warehousing networks are designed on a State-wise basis on account of VAT laws. The stock transfer model has been adopted by FMCG companies to save on the CST costs applicable on inter-state sale of goods which is not available as a credit to the customer. Stock transfer of goods, which currently does not attract VAT / CST (if despatched against Form F), will attract IGST under the GST regime. While the IGST would be available as a credit at the consignee location, there would be a working capital impact on account of the IGST paid on stock transfers for the inventory holding period. As an alternate model, in case of direct inter-state sale of goods from factory to customers, IGST would be payable, which would be creditable to customers. Hence, companies would need to re-examine the existing distribution network in order to optimise the tax costs, working capital impact, whilst maintaining the customer service levels.

Warehouse consolidation would thus result in inventory pooling. This leads to lower inventory at the warehouse level and also lower total warehouse space. Larger warehouses can bring economies of scale, lowering costs. This not only stands to improve the profitability of FMCG companies but is also likely to benefit the consumers if the manufacturers decide to pass on some benefit to them. The transportation sector is also expected to see an increased level of efficiency in the nation-wide movement of larger capacity trucks, leading to faster factory-to-consumer journey of products, lesser stoppages at State border posts, lesser harassment of truck drivers across States, optimized fuel consumption, leading to not only lesser costs but also lesser air pollution.

CONCLUSION

The dual governance structure of central and state bodies make the current tax system very complicated. The multi-layered system, with both Central and State governments having the power to levy taxes brings about many inefficiencies in the system. The double taxation policy also adds cost as the tax paid earlier in the value chain gets re-taxed and firms end up paying tax on the tax paid. The government over the past years has tried to bring about some changes to try and minimize this cascading impact, however this is not to the same extent as the new Goods and Services Tax (GST)

intends to do. GST is expected to be the next big bang fiscal reform in the Indian context. GST, if implemented in the true spirit of its intent, will bring about major change and result in rationalizing and simplifying the tax structure at both the Central and State levels (even across state borders). In short, under the proposed GST regime, various Indirect Taxes would be subsumed (except for few taxes such as Stamp Duty) and hence it is expected that it would result in a simpler tax regime, especially for industries like FMCG. Apart from simplification of tax compliances, the rate of tax will also have a significant impact on the FMCG sector. Presently the peak tax costs for industry players amount to approximately 27% (i.e. Excise Duty of 12.5% and VAT ranging from 12% to 15%). Under the GST regime, it is proposed that the revenue neutral rate would be in the range of 5% to 28%, thereby resulting in significant benefit for the sector. So, GST would have an impact on the pricing, working capital, contracts with vendors and customers, ERP systems, processes, internal control and accounting. Another important impact of GST on FMCG companies would be the opportunity to review the supply chain and move to a supply chain based on business parameters. Hence, GST would impact every aspect of the business. GST is thus expected to play a Santa to the FMCG industry and infuse greater overall efficiency. This will enable FMCG companies contribute meaningfully to the overarching goal of the Indian Government to move up the country on the 'Ease of doing business' index.

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PRINCIPLES & PHILOSOPHY OF TAXATION – VIEWS OF WISE PEOPLE

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Abstract

As a common man of the society each and every taxpayer has a question that I work hard and earn money and why should I pay the tax to the government. These words can be heard more commonly where people meet. A clear understanding towards the concept of taxation will help to clear this. The government, who are the authority to design the taxation schemes and the people who pay the tax and the ultimate beneficiaries of the taxation scheme have to be clear about the taxations structure. For this purpose, the words of the wise people can be treated as guidelines.

Keywords: Taxation structure, Wealth of Nations, Thirukkural.

Introduction

Taxes being the major source of income for the Government, evading of tax causes economic inequality, many projects have be put on hold, welfare programs have to set aside. But analysis of the reasons for evasion of tax is necessary. The reasons for the evasion of tax are that there is a high rate of taxation, failure to curb bribery, lack of simplified procedures, existences of too many taxes, and lack of organized and systematic administrative structure. Hence, people should be made happy to pay the tax both directly as well as indirectly. Several people have given their contribution towards the formulation of taxation policy. Here in this article, the principles given by two great people namely Adam Smith and Thiruvalluvar are dealt with.

Recent Steps taken by the Government

As per the Direct Taxes Enquiry Committee "Black money and tax evasion, which go hand in hand, have the effect of seriously undermining the equity concept of taxation and warping its progressiveness. Together, they throw a greater burden to the economy." The black money creates inequalities among people. The overall consumption pattern is titled in favor of rich and elite classes.

Hence, the government has taken few measures in order to ensure that the tax evasion is eliminated in the form of Penalties and Prosecutions, on the recommendation of the Wanchoo Committee the Settlement Committee was established to provide mechanism for final disposal of cases, P.Chidambaram the then Finance Minister of India has introduced Voluntary Disclosure of Income Scheme wherein "30% tax and 100% mental relief".

Principles & Philosophy of Taxation

The taxation of every country has some principles according to the nature of the economy of the country. But there are some wise people who have suggested some ideas through their principles and philosophies how the taxations should be. It includes experts from several countries.

Thiruvalluvar:

The great saint Thiruvalluvar in his renowned sayings "Thirukkural" explains about the need for taxation in several stanzas. One of such stanzas can be given as example, in 'Teruporul' as in Kural 756 quoted as

"Uruporulum, ulkuporulum than onaar
Theru porulum vaendhanporul"

The above Kural specifies the three sources of income that would legitimately accrue to the king. 'Uruporul' would refer to the just dues that the king"s subjects pay, whether the tax-rate be one-tenth, one-sixth, or otherwise. 'Ulkuporul' means the customs collection (ulkam, sulkam or sungam).

In Kural No: 385 he says that

'eyatralum eettalum kaathalum katha

Vazhuguthalum valladhu arasu.'

This kural explains that a great king will be able to acquire wealth, develop and guard it; for equitable distribution on State expenditure and public good. A good king acquires wealth in many ways. 'Iyatralum' stands for all these methods of creation of wealth, not alone through legitimate taxes. Naturally it refers to the production of agriculture as well as mineral and other wealth on a wide front, and the royal income accruing from all these. One particular commentator mentions heirless estate as a possible source, but this would be rare. It refers also to victory over other kings inimical to him, and the consequential tributes secured from then in cash and kind (Kural 756, quoted under Kural 381). The next steps are the consolidation and investment in ways that develop these resources, while ensuring effective protection of this wealth. Obviously Valluvar envisaged not only keeping the entireking"s money safe in the treasury, but also the meaningful and productive investment of such resources. This idea may not be construed merely as ensuring greater returns from royal lands, or state enterprises, but more by promotion of private enterprises, by which the taxable capacity of the citizen may be increased. The final step is the effective and equitable distribution of this wealth, to meet all the State"s expenditure and the Citizen"s legitimate needs. The concept of distribution, therefore, of the State"s wealth was not a new one introduced into the polity of world states by the modern welfare-state oriented specialists alone.

Adam Smith:

Adam Smith is widely regarded as the godfather of classical economics, but also deserves credit as a fundamental thinker in public finance.Adam Smith, who wrote a book called The Wealth of Nations, has mentioned the principles for creating tax system.

(1) Canon of Equity. It implies that tax should be Levied on citizens on the basis of equality. The sacrifice of all citizens must be equal.

(2) Canon of Certainty: This canon of taxation suggests that the tax which an individual has to pay, should be certain and not arbitrary. It should be certain to the lax payer how much tax he has to pay, to whom and by what time the tax is to be paid. The place and other procedural information should also be clear.

(3) Canon of Convenience or Ease: According to this canon of taxation, every tax should be levied in such a manner and at such a time that it affords to the maximum of convenience to the tax payer.

(4) Canon of Economy. This principle suggests that the cost of collecting tax should be the minimum so that a major part of collections may bring to the Government treasury. If the administration expenses in the collection of taxes consume a major portion of tax revenue collected; it cannot be said to be a good tax system.

(5) Canon of Productivity. According to this canon of taxation, the tax should be of such a nature as to yield sufficient income to the Government to run the administration efficiently and to work for the welfare of the people.

(6) Canon or Elasticity. The tax system should have a capacity to respond quickly to the changes in demand for revenue. If the tax system is inelastic, the Government cannot be able to meet various exigencies arise from time to time.

(7) Canon of Simplicity. According to this canon of taxation, the tax should not be complicated in its nature. It should be so simple that tax payer can understand its complications without the help of any expert. It would safeguard the tax payer against the exploitation of tax authorities and experts.

(8) Canon of Diversity. The cannon requires that there should be a number of taxes of different varieties so that every class of citizen may be called upon to pay something towards the national exchequer. The yield from a number of taxes is more dependable than from anyone.

(9) Canon of Desirability or Expediency. A tax should be expedient or desirable so that the Government may defend itself against the public criticism, by advocating its expediency. A tax without any expedient cause will face severe criticism from the tax payers. An unjust tax will always face sharp unwillingness on the part of the tax payers to pay and they will try to evade them, Every new tax must have a justification to create a feeling of acceptance in the mind of the tax-payers.

Conclusion:

The government is for the people and ultimately all the steps taken by the government should benefit to the people. The people, as the beneficiaries of the steps taken by the government should be ready to respond what they are given. A better understanding between these will help the harmonious functioning and development of the economy as a whole. The words of wise people are not just words of a common man. They are the outcome of their power of discerning and judging properly as to what is true or right; possessing discernment, judgment, or discretion. Hence, their words and advices must be given concern both the government as well as the people.

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GST IN INDIA - AN OVERVIEW

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Abstract

Goods and Service Tax, a significant breakthrough and the next logical step towards a comprehensive Indirect tax reform in India. This paper gives an overview of GST and further discusses how the mechanism reduces the tax burden and other cascading effects. Brief description is given on the history of tax, GST background, introduction, salient features and illustration of reducing tax burden. GST is the new story of VAT to be implemented in India decision on which is pending. It aims at creating a single and unified market benefiting both corporate and economy because this is the only Indirect tax that directly effects all sectors of economy, it enables widespread setoff for Input Tax Credit(ITC) and subsuming of many indirect taxes having a dual concept model operating at centre(CGST) and state(SGST) to maintain commonality. Therefore this paper focuses on the overview and reducing tax burden through GST.

Keywords: Cascading effect, CGST, ITC, SGST

Introduction

The word tax is derived from the Latin word "taxare" meaning to estimate. It is a compulsory contribution to the state revenue levied by the government on worker's income and business profits or added to the cost of some goods, services and transactions. In general it is a financial charge or fee imposed by the government and tax is the principle source of revenue for a country's government. The history of tax in the world is dated back to ancient Egypt around 3000 B.C in the first dynasty of the old kingdom where Pharaoh would conduct a biennial tour of the kingdom collecting tax revenues from people where early taxation is also mentioned in the Bible. We can find tradition of taxation in India from ancient times where references can be drawn from many ancient books like "Manusmriti" and "Arthasastra", even Islamic rulers imposed "Jizya" If we look into the Indian context, India witnessed remarkable changes in the whole taxation system during the period of British rule, even though it was highly favourable to the British they incorporated modern and scientific methods of taxation. In 1922, a paradigm shift occurred with the enactment of a new income tax which led to setting up of a comprehensive taxation system with own administration. In 1924, a Central Board of Revenue was created to administer central taxes. The attainment of independence marked another shift for taxation whereby taxes were paid for welfare of the people rather than compulsion from British. Broadly, there are two types of taxes namely, Direct and Indirect Taxes. Taxes in India are levied by the central and the state governments. Some minor taxes are also levied by local authorities such as municipality or local council. The authority to levy tax is derived from the constitution of India which allocates the power between centre and state.

Goods and Services Tax in India

The introduction of GST in India is not an entirely new initiative, but it is to rectify certain basic implementation shortcomings of VAT. So, this is an attempt to improve the existing VAT system further and also the tax system of India.VAT was introduced in the Indian taxation system from April 1, 2005 in an effort to address the with the earlier Sales Tax. The States have switched over from a multiple point Sales tax to a Value Added Tax (VAT) covering all transactions of sale of goods within the State The essence of GST is to correct certain shortcomings of VAT like, the way it taxes inputs and outputs, bringing services under tax net, which is not possible under the VAT system. Hence, GST has been modeled as an extension of the current VAT that would make the tax system more comprehensive and smoother in its functioning.

Stage of Supply Chain	Purchase value of Input	Value addition	Value at next stage	Rate of GST	GST on output	Input Tax credit	Net GST= GST on output - Input tax credit
Manufacturer	100	30	130	10%	13	10	13-10=3
Whole seller	130	20	150	10%	15	13	15-13=2
Retailer	150	10	160	10%	16	15	16-15=1

GST on Various Sectors

Consumers

Generally the purchase price would reduce as tax content of most products would come down. However if a product has evaded tax completely then it may find increase. Further those items which are now taxable where tax rate earlier was zero may be more expensive as exemption and zero rated list may come down in the GST regime. The tax paid would be transparent in the invoice given to the customer. No hidden taxes would have been paid. The difficult choice of paying more if bill demanded and less if without bill would over a period of time disappear as this is a self policing system. The free flow of trade (over a period of time) between states and throughout the country would provide more choice to the consumer.

Traders

The impact of tax on the wholesaler or retailer would be limited to the value addition. The tax paid at earlier stages (except SGST of other states) would be available as set off for payment of GST on supplies. Therefore traders would prefer to buy/ receive supplies with invoice. The tax payable as a percentage of

the supply value would be small whereby the compliance would be more cost effective than evasion. Cost of products and services would reduce due to the cascading effect of tax being reduced. Traders in GST regime can concentrate on growth into large entities instead of remaining small and fragmented.

Manufacturers

There would be a saving in taxes absorbed at various stages of manufactures thereby reducing the cost of goods sold. This would make them more competitive both in domestic and international markets. The exports would Impact of GST on Various Sectors and Challenges for GST Implementation 57 be cheaper as taxes paid at earlier stages could be refunded. The difference between large manufactures and small would reduce. The indignity of harassments and bribe for honest manufacturers would substantially reduce over a period of time.

Service Providers

The present rate of tax on services is 14% (w.e.f 01.06.2015) which would be doubled in GST. This may seriously impact all the service providers especially who have long periods of realization. Those working on low margins may become unviable. The net tax payment maybe substantial as most advisory services the manpower costs is the maximum. Hardly any set off would be available. The goods used in providing the services would be eligible for credit. Hopefully the service exporters would see refunds coming promptly without a direct transaction cost. Present destination based to consumption based levy: Presently, service tax is levied at origin and is a destination based levy, the burden of which is borne by the end customer. Under GST, they would be taxed at the place of consumption. Service tax-SGST levied by States: Under GST law, the service tax would be levied not just by Centre but also by the States who would be empowered to levy SGST by amendment to the Constitution of India.

Government- Centre and State

The collection of Income tax would increase with increase disclosure. The country would as a whole reduce corruption and move up ethical chain gradually. The compensation of loss to the states on account of implementation of GST would be an outgo. The trading sector, manufacturing and service sector in the parallel economy would also get into the mainstream and pay taxes. This would lead to buoyant revenues over a period of time. The tax administration would be easier and cost of collection would be reduced.

Transaction	Current System	GST
Cost of Raw Materials	100	100
Tax on Raw Material @ 10%	10	10
Value added by Manufacturer	20	20
Tax payable by Manufacturer	2 (CENVAT : 10% of 20)	2 (GST : 10% of 20)
Retailers Cost	132	132
Value added by Retailer	20	20
Tax Payable	15.2 (Sales tax : 10 % of 152)	2 (GST : 10% of20)

GST Implementation

Understanding GST- GST model Goods and Service Tax creates an audit-trail of value chain across the income and production chain. Introduction of GST make the Indian products competitive in domestic and international market. GST regime intends to subsume most indirect taxed under a single taxation regime. GST is a value added tax levied across goods and series. This is expected to help broaden the tax base, increase tax compliance and reduce economic distortions caused by inter-state variations in taxes.3 The main idea is no good and service is exempt, and there is no differentiation between a good or service, whether as an input or as a finished product.

GST	
Centre Taxes	**State Taxes**
Service Tax	VAT
Central Excise Duty	CST

Additional Custom Duty	State cess and Surcharges
Special Additional Duty of Customs	Octroi and Entry Tax
Central cess and Surcharges	Purchase Tax
	Luxury Tax
	Lottery and Gambling Tax
	Entertainment Tax

GST on Small Entrepreneurs and Traders

Many entrepreneurs across India were eagerly waiting for the announcements about GST during the annual budget. The VAT tax structure is largely considered to be unfair leaving companies and small business owners at the mercy of strict adherence to official formalities and under a constant threat. The present VAT system has made competition unfair as it forces the manufacturers to charge different prices for the same goods across states due to different tax rates. GST will put in place state-of-art tax system replacing the current VAT system allowing companies to grow evenly while helping the government to fill in leakages and loopholes. Under the proposed GST structure, every company gets a deduction on the taxes already paid by its suppliers. In other words, it is the tax paid on the value addition or the transaction costs incurred in the supply chain. That results in every buyer ensuring that his supplier has paid his part to claim his deductions. GST would be one of the most significant fiscal reforms of independent India. GST will result in major rationalization and simplification of the consumption tax structure at both Centre and State levels. The final GST base and rate will result in a significant redistribution of tax across different goods and services. Goods currently subject to both Centre and State taxes should experience a net reduction in tax, with a positive impact on consumer demand.

Effect of Taxes Prior and Post GST

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

Emergence of GST

The concept of VAT was introduced in the year 1986 to overcome the limitation of levy of duty i.e., cascading of taxes, where duty was collected on both inputs used and outputs produced. This problem was addressed with the help of VAT where the tax paid on the inputs can be deducted from the tax payable on the outputs produced. Even though the problem of cascading of taxation was addressed there were other problems like goods and services were taxed differently, sectors like real estate, oil and gas productions, etc were exempted from tax, Several central and state taxes were exempted from tax. Thus, in order to overcome these problems GST was introduced. In the year 2011, 115th amendment was made in the constitution bill for the introduction of GST but the bill was lapsed with the dissolution of 15th Lok Sabha. And in December 2014 122ndamendment was made in the constitution bill for the introduction of GST and the bill was passed by the Lok Sabha. It has not been approved by the Rajya Sabha yet

Conclusion

The overview of Goods and Service Tax (GST) gave an insight about the entire concept and reducing tax burden, therefore it can be considered as a most logical step towards indirect tax reforms in our country. All sectors of the economy have benefits and impact with GST whether individual, industry, trade, government departments, service sector, professionals, importers etc. It is a simple mechanism yet can boost economy compared to the previous system also having uniform and transparent system to all players than existing complexities. It is ready to integrate state economies and boost the overall GDP as it reduces the tax burden making single unified Indian market with growth dynamics and strong economy

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GOODS AND SERVICE TAX AND ITS IMPACT ON VARIOUS SECTORS

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Abstract

The taxation of goods and services in India has, hitherto, been characterized as a cascading and distortionary tax on production resulting in misallocation of resources and lower productivity and economic growth. It also inhibits voluntary compliance. It is well recognized that this problem can be effectively addressed by shifting the tax burden from production and trade to final consumption. Thus, a flawless GST law in the context of the federal structure would optimize the effectiveness. GST is a well-designed destination-based value added tax on all goods and services which is the most elegant method of eliminating distortions and taxing consumption. Under this structure, all different stages of production and distribution can be interpreted as a mere tax pass-through and the tax essentially sticks on final consumption within the taxing jurisdiction. Further, the pattern of consumption will be the criteria for accrual of tax revenues to states. Accordingly, the tax collection will go the states having higher consumption as compared to the present system of collection by manufacturing states. The GST Council finalized the tax rates for most of the goods and services and has backed the 1 July deadline for rolling out the unified indirect tax that will help create a single national market and ensured that items of mass consumption bear the least tax burden. Thus, based on the current tax rates (central excise and

VAT) for key product segments across sectors and the finalized GST rates, we expect most sectors to gain or otherwise in a limited way.

KeyWords: GST, VAT, Tax Policy, Regime, Economic Development.

Introduction

GST or the Goods and Services Tax is an indirect tax that brings together most of the taxes that are imposed on all goods and services (except a few) under a single banner. This is in contrast to the current system, where taxes are levied separately on goods and services. The GST, however, is a comprehensive form of tax based on a uniform rate of tax for both goods and services. However, the GST is payable only at the final point of consumption. India's looming the new regime of Goods & Service Tax ("GST"), a modern tax reform which will usher in growth and opportunities for businesses in India. It is a tax trigger, which will lead to business transformation for the industry. It will have a far-reaching impact on business avenues, compelling organizations to realign bottlenecks such as production cost, production time, supply chain, compliance, logistics etc. with changing indirect tax structure. GST is a value added tax where tax is imposed only on the value added at each stage in the supply chain. It is levied at all points in the supply chain. Credit is paid for acquiring inputs used in making the supply. In India GST is defined as "tax on supply of goods or services other than alcohol for human consumption". In simple language, GST is a single tax on all goods and services in the entire economy. GST can make the indirect tax system very efficient and will benefit all stakeholders including manufacturers, sellers, the ultimate consumers and the tax collecting governments apart from giving a substantial boost to GDP growth.

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 in India

Positive Impact of GST in India:

- GST is a single taxation system that will reduce the number of indirect taxes. From now, a single taxation term would cover all of those indirect taxes.
- The prices of products and services would reduce, thus this system would prove to be beneficial for the people who are fed up of paying high prices.
- This would reduce the burden from the state and the central government. With the introduction of GST, all indirect taxes would come under a single roof.
- GST would not be charged at every point of sale like other indirect taxes so in this way, market would be developed.
- Corruption-free taxation system. GST would introduce corruption-free taxation system.
- Less tax compliance.
- Removes cascading effect of taxes.
- Manufacturing costs will be reduced, hence prices of consumer goods likely to come down.
- Due to reduced costs some products like cars, FMCG etc. will become cheaper.

- A unified tax regime will lead to less corruption which will indirectly affect the common man.

Negative Impact of GST in India:

- The introduction of GST in the country will impact real estate market. This would increase new home buying price by 8% and reduce buyers" market by 12%.
- GST is a mystifying term where double tax is charged in the name of a single tax.
- Most of the dealers don't pay central excise tax and cheat the government by simply giving the VAT. But all of those dealers would now be forced to pay GST.
- The short-term impact of GST is expected to be neutral-to negative for the broader economy.
- 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.
- For consumers, it will be a mixed bag as some goods become cheaper while others will be expensive.
- Services will become expensive e.g. Telecom, banking, airline etc.
- Being a new tax, it will take some time for the people to understand its implications.
- 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.
- 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.

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.

Impact of GST on 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.

Impact of GST on Commerce

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.

Impact of GST on Pharmacy

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

Impact of GST on 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.

Impact of GST on 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).

Impact of GST on 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.

Impact of GST on 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.

Impact of GST on 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.

Impact of GST on 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.

Impact of GST on Automobiles

The automobile industry in India is a vast business producing a large number of cars annually, fuelled 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.

Impact of GST on Manufacturing

The manufacturing sector in India is not only plagued with concerns ranging from decline in exports and infrastructure spending but also with the burden of complying with a complex indirect taxation system. Multiple indirect tax legislations have led to significant compliance and administrative costs, classification and valuation disputes and generally impaired the ease of doing business in this sector. The implementation of GST will significantly improve the competitiveness and performance of India's manufacturing sector. For most industrial products, GST rates have been slated at 18%. Today a manufacturer pays about 28-30% as taxes, so this means an average saving of around 10%.

Impact of GST on Start-ups

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.

Impact of GST on 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.

Impact of GST on Energy

The energy sector is a key driver for economic growth but remains plagued by policy and regulatory bottlenecks. Lack of pass through of indirect taxes contributes to the inefficiencies that have crept into this sector. Unfortunately, this legacy issue is set to continue under the new GST regime, with generation and sale of electricity being kept outside the purview of GST but capital goods and services used in the energy sector being brought within the GST net. New GST rate slabs for coal and capital

goods are expected to bring cheer to the power sector. Coal, the key raw material for about 60% of the power produced in the country, has been placed under the 5% slab, while capital goods and intermediate industries will be under the 18% slab. Thus, the 5% rate for coal, down from 11.7% in the current tax regime is a major breather as it would help reduce the final tariff which would be passed on to the consumers. At the same time, capital goods falling in the 18% tax slab would also help the power project developers to reduce their cost and hence the capacity charge will reduce.

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. As discussed above, there is a mixed response from the FMCG sector, with some viewing it as positive, while many others have expressed disappointment. The impact on FMCG firms will depend on their product mix, given that the tax rates have gone up for some products and have fallen for others.

Services sector in India is a rapidly growing sector and significantly contributing to fiscal revenues. Ninety percent of the services are placed in the 18% bracket, which in absolute terms is a marginal increase, but is expected to reduce complexity in transaction and improve ease in availing of input credit. Thus, as compared to the current 15% service tax including cesses, the services viz. IT, telecom, insurance, banking etc. may witness negative impact due to increased cost of services. However, macro benefits emanating from implementing GST far outreach the negatives, it is also a significant change communicating to the world at large that we are focused on one path for economic progress. To conclude, IT driven taxation regime, lesser manual intervention of tax authorities, positive effect on so many sectors and uniform tax structure may witness increase in GDP for Indian economy.

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INPUT TAX CREDIT MECHANISM UNDER GST

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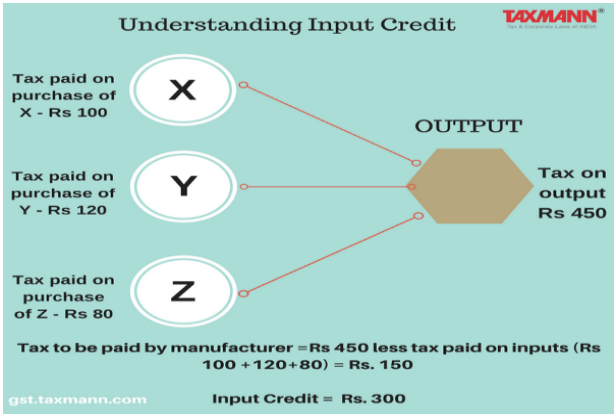
Abstract

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. India is a centralized democratic and therefore the GST will be implemented parallel by the central and state governments as CGST and SGST respectively. One of the biggest advantages expected from the implementation of GST Act is that it would remove cascading effect by facilitating seamless flow of credit. This would be given effect by providing for the availment of ITC to the purchasing dealer in respect of the GST paid by the supplying dealer and thus by removing the restrictions placed in the present Cenvat credit rules on availment of credit which lead to break in the credit chain and consequent cascading effect which further leads to increase in cost of goods and services. Thus linking of invoice to invoice would eliminate any ambit for revenue leakage

Introduction

Input Tax Credit (ITC) is the backbone of the GST regime. GST is nothing but a value added tax on goods & services combined. It is these provisions of Input Tax Credit that make GST a value added tax i.e., collection of tax at all points after allowing credit for the inputs. The procedures and restrictions laid down in these provisions are important to make sure that there is seamless flow of credit in the whole scheme of transition without any misuse. Thus, the clarity of rules of availment and utilization will have significant impact on making GST a taxpayer-friendly tax. One of the positive features of GST is that it helps to avoid the undesirable cost cascading effect (or tax on tax) that existed previously. Now, in the case of GST, there is the mechanism of Input Tax Credit (ITC) which helps to eliminate the cost cascading effect of the pre-GST tax regime. Under GST, there is not cost cascading effect because of two facts. First, most of the taxes are merged under a single tax, and second, the input tax credit.

Input Tax Credit



"Input Tax" means the GST Taxes (CGST, SGST, IGST) charged on any supply of goods or services or both made to a registered person in the course or furtherance of his business and includes such tax payable on reverse charge basis— but excludes tax paid under composition levy. The taxes attach themselves with the cost only when the goods or services are finally consumed by the consumer.

Who is eligible to take ITC?

Every registered person shall be entitled to take credit of input tax charged on any supply of goods or services to him which are used or intended to be used in the course or furtherance of his business on the basis of any one:

- Tax Invoice issued

- ❖ Debit note
- ❖ Bill of entry
- ❖ Invoice prepared in respect of reverse charge basis
- ❖ Document issued by Input Service Distributor for distribution of credit.

It is important to observe the words 'used by him' and 'in his business'. These words refer to the registered taxable person in question and not the legal entity as a whole. So, ITC paid in a State MUST NOT be in relation to the business of a taxable person in another State even if belonging to the same taxable person.

Conditions of ITC:

(i) The said goods or services or both are used or intended to be used in the course or in the furtherance of his business;

(ii) He is in possession of tax invoice/ debit note / tax-paying document issued by a supplier registered under this Act.

(iii) He has received the said goods or services or both subject to job-work facilities and restrictions relating to input tax credit

(iv) The supplier has uploaded the relevant invoice on the GSTN (online GST portal);

(v) The supplier has paid the said amount of tax (as charged in the invoice) to appropriate Government in cash or by way of utilization of input tax credit, as admissible;

(vi) He – claimant of input tax credit – has furnished GST return in FORM-GSTR 2;

Apportionment of credit and blocked credit:

ITC based on use of Inputs

1. Use of Inputs for Taxable / zero rated supplies – ITC will be available.
2. Use of Inputs for Non-Taxable/Exempt/Nil-rated supplies – then ITC not available.

Blocked credit

1. ITC for motor vehicle is generally not However such ITC is available only if Motor vehicles are used for:a. Transportation of Goods. Further supply of such vehicles, transportation of passengers, imparting training on driving, flying, navigating such vehicles or conveyances.

2. ITC on Supply of goods and/or services such as – food and beverages, outdoor catering, beauty treatment, health services, cosmetic and plastic surgery: Available only if such supply of goods or services of each category is used for making an outward taxable supply of the particular category of goods or services.

Example: a school buys food and edible items in the canteen for providing food to the students. In such a case, ITC on food is not available. Only hotels and restaurants can avail the ITC.

3. ITC on membership of a club, health and fitness centre, travel benefits to employees on vacation i.e. leave or home travel concession **:** Never available

4. ITC on Works contract services when supplied for construction of immovable property, other than plant and machinery available only if it is for further supply of works contract service**.**

5. ITC is not available on Goods or services received by a taxable person for construction of an immovable property on his own account, other than plant and machinery, even though it is used in course or furtherance of business.

6. ITC on rent-a-cab, life insurance, health insurance allowed only if it is notified by the Government as obligatory for an employer to provide to its employees or such inward supply of goods or services or both of a particular category is used by a registered person for making an outward taxable supply of *the same category of goods or services or both or as part of a taxable composite or mixed supply.*

Technical aspects of the scheme of Input Tax Credit:

Any registered person can avail credit of tax paid on the inward supply of goods or services or both, which is used or intended to be used in the course or furtherance of business.

- The pre-requisites for availing credit by registered person are:

a. He is in possession of tax invoice or any other specified tax paying document.
b. He has received the goods or services. "Bill to ship" scenarios also included.
c. Tax is actually paid by the supplier.
d. He has furnished the return.
e. If the inputs are received in lots, he will be eligible to avail the credit only when the last lot of the inputs is received.
f. He should pay the supplier, the value of the goods or services along with the tax within 180 days from the date of issue of invoice, failing which the amount of credit availed by the recipient would be added to his output tax liability, with interest [rule 2(1) & (2) of ITC Rules]. However, once the amount is paid, the recipient will be entitled to avail the credit again. In case part payment has been made, proportionate
credit would be allowed.

- Documents on the basis of which credit can be availed are:

a. Invoice issued by a supplier of goods or services or both
b. Invoice issued by recipient along with proof of payment of tax
c. A debit note issued by supplier
d. Bill of entry or similar document prescribed under Customs Act
e. Revised invoice
f. Document issued by Input Service Distributor

- No ITC beyond September of the following FY to which invoice pertains or date of filing of annual return, whichever is earlier
- The Input Service Distributor (ISD) may distribute the credit available for distribution in the same month in which, it is availed. The credit of CGST, SGST, UTGST and IGST shall be distributed as per the provisions of Rule 4(1) (d) of ITC Rules. ISD shall issue invoice in accordance with the provisions made under Rule 9(1) of Invoice Rules.
- ITC is not available in some cases as mentioned in section 17(5) of CGST Act, 2017. Some of them are as follows:

a. motor vehicles and other conveyances except under specified circumstances.
b. goods and/or services provided in relation to:
    i. Food and beverages, outdoor catering, beauty treatment, health services, cosmetic and plastic surgery, except under specified circumstances;
    ii. Membership of a club, health and fitness center;
    iii. Rent-a-cab, life insurance, health insurance except where it is obligatory for an employer under any law;

iv. Travel benefits extended to employees on vacation such as leave or home travel concession;

c. Works contract services when supplied for construction of immovable property, other than plant & machinery, except where it is an input service for further supply of works contract;

d. Goods or services received by a taxable person for construction of immovable property on his own account, other than plant & machinery, even when used in course or furtherance of business;

e. Goods and/or services on which tax has been paid under composition scheme;

f. Goods and/or services used for private or personal consumption, to the extent they are so consumed;

g. Goods lost, stolen, destroyed, written off, gifted, or free samples;

h. Any tax paid due to short payment on account of fraud, suppression, mis-declaration, seizure, detention.

❖ Special circumstances under which ITC is available:

a. A person who has applied for registration within 30 days of becoming liable for registration is entitled to ITC of input tax in respect of goods held in stock (inputs as such and inputs contained in semi-finished or finished goods) on the day immediately preceding the date from which he becomes liable to pay tax.

b. A person who has taken voluntary registration under section 23(3) of the CGST Act, 2017 is entitled to ITC of input tax in respect of goods held in stock (inputs as such and inputs contained in semi-finished or finished goods) on the day, immediately preceding the date of registration.

c. A person switching over to normal scheme from composition scheme under section 10 is entitled to ITC in respect of goods held in stock (inputs as such and inputs contained in semi-finished or finished goods) and capital goods on the day immediately preceding the date from which he becomes liable to pay tax as normal taxpayer.

d. Where an exempt supply of goods or services or both become taxable, the person making such supplies shall be entitled to take ITC in respect of goods held in stock (inputs as such and inputs contained in semi-finished or finished goods) relatable to exempt supplies. He shall also be entitled to take credit on capital goods used exclusively for such exempt supply, subject to reductions for the earlier usage as prescribed in the rules.

e. ITC, in all the above cases, is to be availed within 1 year from the date of issue of invoice by the supplier.

f. In case of change of constitution of a registered person on account of sale, merger, demerger etc, the unutilised ITC shall be allowed to be transferred to the transferee.

g. A person switching over from composition scheme under section 10 to normal scheme or where a taxable supply become exempt, the ITC availed in respect of goods held in stock (inputs as such and inputs contained in semi-finished or finished goods) as well as capital goods will have to be paid.

h. In case of supply of capital goods or plant and machinery, on which ITC is taken, an amount equivalent to ITC availed minus the reduction as prescribed in rules (5% for every quarter or part thereof) shall have to be paid. In case the tax on transaction value of the supply is more, the same would have to be paid.

Conclusion:-

Under the present structure, the way the CENVAT credit provisions are drafted has led to a lot of litigation concerning availability of CENVAT credit. The provisions related to denial of CENVAT credit for exempted goods and or services have also contributed to many litigation. It is hoped that the proposed GST regime would simplify the provisions regarding availability of input tax credit.

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SINGLE TAXATION POLICY – THE EXPECTATIONS

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Abstract

Governments are continually searching for additional funds to pay for the needs of their citizens, businesses, and bureaucrats. At the local level, taxes support spending for schools roads, libraries, athletic facilities, fire and police services, and the salaries of county and municipal employees. States collect taxes for highway construction and upkeep, public colleges, buildings, and law enforcement. The federal government levies taxes in order to provide its citizens with an interstate highway system, a capable military force, health services, an Internal Revenue Service, thousands of parks and monuments, and scores of other things. So, taxation is for the people. The current paper provides an outline of a common man's expectations towards a Single Taxation Policy.

Keywords: Taxation, Tax burden, Incidence of Tax. GST.

Introduction

It is undoubtedly true that tax is the main source of income to the government which acts for the wellbeing of the people of a country. And as citizens of India, the largest democracy of the world, each and every one pay taxes directly or indirectly to the government. But When the topic of tax comes, being a common man there are two questions that arise in our mind the first one is why the government needs to collect tax and the second one is what does the government do with the amount of tax collected? Well the answer for the first question is that the amount of tax collected is very huge and is the main source of income for the government. The answer for the second question is that the government invests the tax collected for providing the amenities and for the development of the society.

Is tax a Burden?

There is a funny saying that "death comes once, but the payment of tax comes every year". This quote is an outcome generated by tax burden suffered by the person who said this. For a common man's understanding there are broadly two different forms of taxes namely direct taxes and Indirect taxes. The meanings of these two terms could be understood from the name itself. We have to understand two more terms to know about taxation. They are Tax Incidence and Tax Impact.

Tax Incidence:

Tax incidence otherwise called as tax burden is the effect of a particular tax on the distribution of economic welfare. Put in simple words, tax incidence is the burden a taxpayer has to suffer.

Tax Impact:

Impact of a tax refers to the effect of taxation on a person from whom government collects money in first instance. This means the effect that the imposition of tax is going to have.

Tax Incidence &Tax Impact differentiated:

1. Impact refers to the initial burden of the tax, while incidence refers to the ultimate burden of the tax.

2. Impact is at the point of imposition, incidence occurs at the point of settlement.

3. The impact of a tax falls upon the person fr6m whom the tax is collected and the incidence rests on the person who pays it eventually. For example, suppose a tax — excise duty — is imposed on soap.

Its impact is on the producers, in the first instance, as they are liable to pay it to the government. But, the producers may succeed in collecting it from the consumers by raising the price of soap by the amount of tax. In that case, consumers eventually pay the tax and so the incidence falls upon them.

4. Impact may be shifted but incidence cannot. For, incidence is the end of the shifting process. Sometimes, however, when no shifting is possible, as in the case of income tax or such other direct taxes, the impact coincides with incidence on the same person.

This makes it clear to understand the Direct Tax and Indirect Tax.

Single Taxation Policy:

Taxes in India are levied by the Central Government and the state governments. Some minor taxes are also levied by the local authorities such as the Municipality. India has abolished multiple taxes with passage of time and imposed new ones. Few of such taxes include inheritance tax, interest tax, gift tax, wealth tax, etc. Wealth Tax Act, 1957 was repealed in the year 2015.

Direct Taxes in India were governed by two major legislations, Income Tax Act, 1961 and Wealth Tax Act, 1957. A new legislation, Direct Taxes Code (DTC), was proposed to replace the two acts. However, the Wealth Tax Act was repealed in 2015 and the idea of Direct Taxation Committee was dropped.

One of the major problems of tax structure of India was the multiplicity of taxes. Taxes by Union Government, State Governments and the local governments have resulted in difficulties and harassment to the tax payer. He has to contact several authorities and maintain separate records for each of them.

In order to eliminate the problems created by the multiplicity of taxes, the concept of single taxation across the country was initialized. Moreover, nearly about 90 per cent of the countries in the world are following a unified taxation scheme. The initialization of single taxation in the form of GST has passed several phases to have a full form.

A Common man's expectations:

Tax, is the payment we make to the Government, for a good/service. It is this money that Government uses for all the functions it is expected to do. Military, Infrastructure - Economic and social, Basic amenities, Welfare etc., and hence, it cannot be avoided. But the tax payer, as a common citizen of the country, should be made understood about the need and importance of taxation so that he feels that the tax he is paying is only for the benefit and it is not a burden.

The role of Information Technology, Press Media and Social Media is very significant. The emergence of social media, more particularly, has been seen as a boon for dissemination of information. Each and every part of the country has been analysed by each and every through social media. Even in political elections, the role of social media has been predominant.

Regarding GST, whether true or fake several messages we have seen in the social media. So, each and every citizen should assume their social responsibility regarding sensitive matters such as government

policy. On the other hand, the government should be ready to read the minds of the people of the country regarding their movements through these social media.

GST has been propagated as a big step towards "One India, One Tax" mission. Hence, it is inevitable for the government to understand the expectations of the people of the country before taking any initiations. GST can be viewed as a relief from tax burden when it is seen from the advantages point and as a heavy burden from the view of its disadvantages.

Conclusion:

The problems we have recently regarding the GST may be viewed as a teething problemwhich arise due to the initial stage of implementation or as an agitation from the public. The following steps taken by the government may justify the implementation of GST. However, it is in the hands of the government to have a clear understanding about the expectation of the people regarding tax reforms make it clear for the people that the tax reforms taken are for their benefit only. And one more point worth notice is that the term common man includes several classes of people like general public, tax payers, business people, intermediaries and also the government itself.

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A STUDY ON IMPACT OF IMPLEMENTATION OF GST ON COMMON MAN IN INDIA – AN OVERVIEW

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Abstract

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. For transaction within a State, there will be two components of GST Central GST (CGST) and State GST (SGST) being levied on the value of goods and services. Both the Centre and

States will simultaneously levy GST across the value chain. In case of inter-state transactions, the Centre would levy and collect the Integrated Goods and Services Tax (IGST). The IGST would roughly be equal to CGST plus SGST. The GST was established to subsume various indirect taxes levied at different levels, reducing the red-tape, plugging leakages and paving the way for a transparent indirect tax regime.

Keywords: GST, Unified indirect tax, CGST, SGST, IGST.

INTRODUCTION:

India's biggest tax reform till now, goods and services will prove to be a milestone for simplifying the present system and converting the country into a single market. It will adjust almost all indirect taxes and create a simple tax system. In India, the jurisdiction between the Central and the State Governments regarding the jurisdiction of the indirect tax and the consequence of litigation is also found in many areas both the governments impose taxes and the challenge of making the non-direct tax laws becomes a challenge. India is the center of the country where people pay lots of taxes which create illusions in the people. At present we pay two types of taxes, direct and indirect. Direct taxes are paid to the direct government by the taxpayer in the form of direct taxes such as income tax, wealth tax, and corporation tax. While indirect tax is levied on goods and services rather than income or profit. It is not paid directly to the government but it is collected from the intermediaries (retail market). Prior to GST, the tax was levied separately by the Central and the State, but after the introduction of GST, a uniform tax will be levied on the goods and services in the entire country.

After the introduction of GST, all these indirect taxes will be a tax system. Currently, GST has been implemented in about 160 countries. The first was to introduce GST to the French. Currently Canada has a dual GST system. At present, the government has amended 122 constituencies which were passed by the Lok Sabha in May 2015 and on August 4, 2016, the GST Bill was passed in the Rajya Sabha. For the amendment, the Constitutional Bill was passed in less than 30 days within 50% of the States (i.e., at least 16 states in 31 State Legislatures) since the bill was passed with the unanimous consent of all parties; this situation was not so difficult.

Within 23 days, 16 states confirmed the GST bill and Assam was the first state to approve the GST bill. After obtaining the requisite number, the GST bill was ready for the approval of the presidential post. After that, the Constitution (122th) Amendment Bill, 2014 became a law! After this, the Constitution (122th) Amendment Bill, 2014 became a law! This is called the 101st Constitution Amendment Act. When the Hon'ble President of India gave final approval on 8th September, 2016! And then from July 1, 2017 it has been decided to apply all the country except the J & K. But on July 6, the resolution was passed to implement the GST in the Jammu and Kashmir Legislative Assembly. This led to a tax system in the entire country.

OBJECTIVES OF THE STUDY:

The study aims at:

- To recognize the concept of GST.
- To study the Impact of GST on common man.
- To evaluate the advantages and Challenges of GST.

GST IMPACT ON THE COMMON MAN:

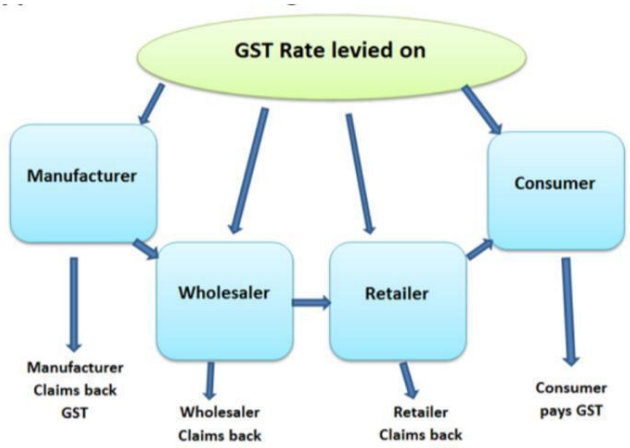
The general burden of untested taxes is to be taken by the common man. In this case, the GST will benefit the common man only. According to GST, the tax rate will be different from the current level. Due to which prices of commodities and services will come down, this will be directly benefited by the common man. But some items will increase by comparison to the earlier ones, which can also cost the consumer more value. Taxes of both the central and the states will be charged at the time of sale in the GST system. Also, both taxes will be fixed on the basis of tax saving. This will reduce the prices of goods

and goods and benefit the common man. In this way, the common man's budget will be affected on goods and services.

GST TAX SLAB RATE:

Tax Rate	Indicative items
0%	Foodgrains used by common people
5%	Edible oil, Spices, Tea, Coffee
12%	Computers, Processed food
18%	Soaps, Oil, Shaving sticks
28%	White goods, cars
28% Plus Cess	Luxury cars, Pan masala, Tobacco, Aerated drinks

APPLICABILITY AND MECHANISM OF GST:



Calculation of GST:

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

Expected price movement for Items upon implementation of GST:

Decrease	No GST	Increase
Television	Bread, White whole meal	Mobile phone
Refrigerators	Cooking oil	Computers
Air-conditioner	Beef, Mutton, Chicken & Pork	Eye pod & Tablets
Spark plug , Car battery	Local fruits	Photocopy machines
Home theatre system	Diesel	Digital photo printing
Hair dryer	Petrol unleaded 95	Transportation of goods
Electric fan	Rice	Drinking water
Gas cooker	Fresh vegetables	Magazines
Electric iron	Fresh fish	Fish balls
Tooth brush	Public transport	Nail colour

Dettol & Antiseptic	Motor oil	Motorcycle
Dinning set	Engine oil	Watches
Diapers	Clinic X-ray	Ice cream
Car850 cc	Toll	Cheese
Toothpaste	Chilli	Oats & Cereals
Plastic mat	Alcohol	
Imported fruits	Tobacco	
Soft drink		

BENEFITS OF IMPLEMENTATION GST:

- Under the current tax rate regime , the consumers pays approximately 25-26% more the cost of production for the most manufactured goods due to central excise duty and value added tax.
- With GST rate excepted at around 18% , Goods such as TV's and washing machines are excepted to become cheaper
- A unified tax system removing a bundle of indirect taxes
- Removes cascading effects of taxes which will lead to lower cost to consumers.
- Uniformity of structure all over India including Jammu and Kashmir
- Increased demand will lead to increase supply hence rise in production of goods .The increased production will lead to more job opportunities.
- A unified tax regime will lead to less corruption which will indirectly effect the common man
- The whole process is digitized leaving no chance of tax evasion with the help of digitized record of all businesses. Each business whose annual turnover is over 20lakhs will have to digitalize their business for transparency in paying taxes and input credit benefits
- Items of mass consumption like toothpaste ,soaps , hair oil etc have been put under the 18% slab rate of GST ,significantly lower than the 22-24% tax which used to be paid earlier
- In FMCG sector, under GST schedule 81% of the goods are taxed under 18% tax bracket or below, the remaining 19% are taxed under 28% slab rate of GST.

DRAWBACKS OF GST:

- Certain item of almost every individual uses like petroleum, electricity, real estates are excluded under GST which is a greater disadvantage to the common man
- Services become expensive like telecom, banking, airlines etc...
- Being a new tax it will take some time for the people to understand it completely as some of the sectors in the Indian economy are unorganized
- FMGC products like shampoo, baby foods, sanitary napkins, paints, detergents, skincare, and ayurvedic medicine etc… prices have been increased drastically.
- An increase in inflation might be seen initially.

Conclusion :

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

India after the Demonetization of the money in 2016. The movement of goods will now become much simpler across the country and cheaper as the new regime replaces the old system, where a product was taxed multiple times and at different rates Let us hope this "One nation, one tax" proves to be a game changer in a positive way and proves to be beneficial not only to the common man but to the country as a whole. A rising Indian economy will anyways help in the financial growth of the common man!

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GST IN INDIA (BENEFITS AND IMPLEMENTATION) - AN OVERVIEW

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Abstract

The President of India approved the Constitution Amendment Bill for Goods and Services Tax (GST) on 8 September 2016, following the bill's passage in the Indian parliament and its ratification by more than 50% of state legislatures. This law will replace all indirect taxes levied on goods and services by the central government and state government and implement GST by April 2017. The implementation of GST will have a far-reaching impact on almost all the aspects of the business operations in India. With more than 140 countries now adopting some form of GST, India has long been a stand-out exception. 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.

Key Words: GST in India, Advantages. Implementation, Benefits

Introduction

The President of India approved the Constitution Amendment Bill for Goods and Services Tax (GST) on 8 September 2016, following the bill's passage in the Indian parliament and its ratification by more than 50% of state legislatures. This law will replace all indirect taxes levied on goods and services by the central government and state government and implement GST by April 2017. The implementation of GST will have a far-reaching impact on almost all the aspects of the business operations in India. With more than 140 countries now adopting some form of GST, India has long been a stand-out exception. 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. Under the GST regime, the tax will be levied at every point of sale. Now let us try to understand the definition of Goods and Service Tax – "GST is a comprehensive, multi-stage, destination-based tax that will be levied on every value addition."GST is a value-added tax levied at all points in the supply chain, with credit allowed for any tax paid on input acquired for use in making the supply.

OBJECTIVES OF GST

1. One of the main objective of Goods & Service Tax (GST) would be to eliminate the doubly taxation i.e. cascading effects of taxes on production and distribution cost of goods and services. The exclusion of cascading effects i.e. tax on tax till the level of final consumers will significantly improve the competitiveness of original goods and services in market which leads to beneficial impact to the GDP growth of the country.
2. Introduction of a GST to replace the existing multiple tax structures of Center and State taxes is not only desirable but imperative. Integration of various taxes into a GST system would make it possible to give full credit for inputs taxes collected. GST, being a destination-based consumption tax based on VAT principle.GST will simplify India of its complex and complicated indirect tax structure and will ensure a single unified tax regime, which will be reshaping India's indirect tax structure.Tax experts and Economists see it as one of the biggest tax reform since independence.
3. The existing tax on most of the consumer goods is on the higher side. Most of the goods (for e.g. electronics, beauty products, and non-luxury automobiles) attract an excise duty of 12.5% and a state levy of VAT at 12.5% to 15%. Additionally, in the current scenario, there is numerous cascading effect i.e. tax on tax on the account of CST, VAT, Octopi, entry tax, local body tax, etc till the product reaches the ultimate end-customer.A combined effect of such indirect taxes leads to an effective tax rate of 25% to 30% and the burden is solely on the end customer. With the unified rate of GST, the prices of the most goods would reduce significantly in the overall indirect tax cost. This decrease in indirect tax can lead to decrease in manufacturing cost and increase in baseline profits, giving ample space for reducing prices and benefiting end-users.

Multi-stage

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

- Purchase of raw materials
- Production or manufacture
- Warehousing of finished goods
- Sale to wholesaler
- Sale of the product to the retailer
- Sale to the end consume

Goods and Services Tax will be levied on each of these stages, which make it a multi-stage tax.

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.

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.

GST History

The implementation of the Goods and Services Tax (GST) in India was a historical move, as it marked a significant indirect tax reform in the country. The amalgamation of a large number of taxes (levied at a central and state level) into a single tax is expected to have big advantages. One of the most important benefits of the move is the mitigation of double taxation or the elimination of the cascading effect of taxation. The initiative is now paving the way for a common national market. Indian goods are also expected to be more competitive in international and domestic markets post GST implementation. From the viewpoint of the consumer, there would be a marked reduction in the overall tax burden that is currently in the range of 25% to 30%. The GST, due to its self-policing and transparent nature, is also easier to administer on an overall scale.

When did GST start?

Several countries have already established the Goods and Services Tax. In Australia, the system was introduced in 2000 to replace the Federal Wholesale Tax. GST was implemented in New Zealand in 1986. A hidden Manufacturer's Sales Tax was replaced by GST in Canada, in the year 1991. In Singapore, GST was implemented in 1994. GST is a value-added tax in Malaysia that came into effect in 2015.

Tax Structure before GST

- Before the implementation of GST, taxation laws between the Centre and states were clearly demarcated. There were no overlaps between the fiscal powers, whatsoever. The Centre would levy tax on goods manufacture, except alcohol for consumption, narcotics, opium, etc.
- The states had the power to charge tax on the sale of goods.
- The Centre would levy the Central Sales Tax that was collected by the originating states.
- The Centre was also levying service tax on all types of services.
- Additionally, the Centre was charging and collecting additional duties of customs on goods that were imported into or exported from India. This tax was levied in addition to the Basic Customs Duty. This additional duty of customs is referred to as Countervailing Duty (CVD) and Special Additional Duty (SAD) and it counter balances excise duties, state VAT, sales tax, and other such taxes.

The introduction of the GST regime made amendments to the Constitution so that the Centre and states are empowered at the same time to levy and collect GST. This concurrent jurisdiction of the states and

Centre also requires an institutional mechanism that ensures joint decisions are taken about the structure and operation of GST.

Constitution (One Hundred and First) Amendment Act, 2016

In order to address prevalent issues in taxation, the Constitution 122nd Amendment Bill was put forth in the 16th Lok Sabha on 19 Dec 2014.

- The Bill suggests levy of GST on all goods and services, except alcohol that humans consume.
- The tax is levied as Dual GST by the Centre and states/union territories. The component levied by the Centre is Central Tax - CGST, while that levied by the state is State Tax - SGST. The tax levied by union territories is Union Territory Tax - UTGST.
- The Centre would levy the GST on inter-state trade or imports of services and goods. This tax is referred to as Integrated Tax - IGST.
- The Central Government will also levy excise duty on tobacco products, in addition to GST.
- The tax on five petroleum products, i.e., high speed diesel, crude, petrol, natural gas, and Aviation Turbine Fuel (ATF) will be outlined later after a decision is made by the GST Council.

September 2016: A Goods and Services Tax Council (GSTC) was created by the union finance minister, revenue minister, and ministers of state to take decisions on GST rates, thresholds, taxes to be subsumed, exemptions, and other features of the taxation system. The state finance ministers mentioned that the EC would be a platform for states where there would be discussions of their regional issues. The GST Council is a separate entity that would oversee the implementation of the GST system.

Decisions taken by GST Council

Some of the major decisions taken by the GSTC so far are:

- → There would be four tax rates under the GST regime, i.e., 5%, 12%, 18%, and 28%. Some goods and services were also classified as exempt from tax.
- → Above the peak rate of 28% would be levied on certain sin and luxury goods.
- → The administrative control over 90% of taxpayers with turnover less than Rs.1.5 crore would be with the State tax administration. 10% of control would be with the Central tax administration.
- → Administrative control over taxpayers having turnover above Rs.1.5 crore would be equally divided between the State and Centre tax administration.

Goods and Services Tax Network

Goods and Services Tax Network (GSTN) was set up as a private company in 2013 by the Government under Section 25 of the Companies Act, 1956. GSTN is expected to offer the front-end services of registration, payment, and returns to taxpayers. It would also develop back-end technical modules that will be utilized by 25 states that have opted in.GSTN has also identified 34 IT and financial technology companies and tagged them as GST Suvidha Providers (GSPs). These organisations will develop applications that will be used by taxpayers when they interact with GSTN.

Key features of the GST regime

The GST system is characterized by the following features:

- → GST is applicable on the "supply" of services or goods as opposed to the earlier concept of taxation on goods manufacture, sale of goods, or service provision.
- → GST is a destination-based tax structure unlike the origin-based structure that existed previously.
- → CGST, IGST, and SGST/UTGST are levied at rates that would be mutually agreed upon by the states and Centre.
- → GST will replace the central taxes mentioned below:

1. Duties of Excise (medicinal and toilet needs)
2. Central Excise Duty
3. Additional Duties of Excise (Goods of Special Importance)
4. Additional Duties of Customs (CVD)

5. Service Tax
6. Special Additional Duty of Customs(SAD)
7. Additional Duties of Excise (Textiles and Textile Products)

Advantages of GST

Hailed as one of the biggest tax reforms of the country, the Goods and Services Tax (GST) subsumes many indirect taxes which were imposed by Centre and State such as excise, VAT, and service tax. It is levied on both goods and services sold in the country.

Any reform is bound to have advantages and disadvantages. In this article, we will talk about both the advantages and disadvantages of GST:

Advantages of GST

1. GST eliminates the cascading effect of tax
2. Higher threshold for registration
3. Composition scheme for small businesses
4. Simple and easy online procedure
5. The number of compliances is lesser
6. Defined treatment for E-commerce operators
7. Improved efficiency of logistics
8. Unorganized sector is regulated under GST

Disadvantages of GST

1. Increased costs due to software purchase
2. Being GST-compliant
3. GST will mean an increase in operational costs
4. GST came into effect in the middle of the financial year
5. GST is an online taxation system
6. SMEs will have a higher tax burden

Components of GST

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

1. **CGST:** Collected by the Central Government on an intra-state sale (Eg: Within Maharashtra)
2. **SGST:** Collected by the State Government on an intra-state sale (Eg: Within Maharashtra)
3. **IGST:** Collected by the Central Government for inter-state sale (Eg: Maharashtra to Tamil Nadu)
4. In most cases, the tax structure under the new regime will be as follows

Transaction	New Regime	Old Regime	
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.

What changes has GST brought in?

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.**GST** avoids this cascading effect as the tax is calculated only on the value-add at each stage of transfer of ownership. Understand what the cascading effect is and how GST helps by watching this simple video: 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.Based on the above example of biscuit manufacturer along with some numbers, let's see what happens to the cost of goods and the taxes in a pre GST and GST scenarios.

Tax calculations in Pre GST regime:

Action	Cost	10% Tax	Total
Manufacturer	1,000	100	1,100
Warehouse adds label and repacks @ 300	1,400	140	1,540
Retailer advertises @ 500	2,040	204	2,244
Total	1,800	444	2,244

Along the way, the tax liability was passed on at every stage of the transaction and the final liability comes to rest with the customer. This is called the **Cascading Effect of Taxes** where a tax is paid on tax and the value of the item keeps increasing every time this happens.

Tax calculations in GST regime:

Action	Cost	10% Tax	Actual Liability	Total
Manufacturer	1,000	100	100	1,100
Warehouse adds label and repacks @ 300	1,300	130	30	1,430
Retailer advertises @ 500	1,800	180	50	1,980
Total	1,800		180	1,980

In the case of Goods and Services Tax, there is a way to claim credit for tax paid in acquiring input. What happens in this case is, the individual who has paid a tax already can claim credit for this tax when he submits his taxes. In the end, every time an individual is able to claim input tax credit, the sale price is reduced and the cost price for the buyer is reduced because of a lower tax liability. The final value of the biscuits is therefore reduced from Rs. 2,244 to Rs. 1,980, thus reducing the tax burden on the final customer.

Suggestions

1. In lines with Central Excise Tariff Act, interpretive notes to GST classification of Goods as well as Services are provided to ensure the correct classification of goods.
2. Provisions related to Settlement Commission as provided draft laws be reinstated as initially due to complexity of the law genuine mistakes may occur and there may be provisions for settlement.
3. In order to support smooth transition to GST, TRANS 1 format for service providers are released instantly.
4. The Government of India and State Governments should sensitize their own departments about GST implications and the need to revisit the contractual clauses for price variation (upward or downward).
5. In order to support smooth transition and ensure reduced litigations, Advance Ruling Authorities be notified at the earliest so as to enable the tax payers to make applications and gain a clarity regarding tax implications.
6. Anti-Corruption measures need to be strengthened by building in the accountability of Revenue officers. A 360 degree Compliance Rating be given to the officers ensure compliance on their part.

Conclusion

Nowadays there are so many things heard about GST, little right and many wrong. GST is like a book which has been hardly read but everybody is giving opinion about it. Here, i will try to explain the GST in the most unusual, simple and interesting way. For a common man GST stands for ' Goods and Services Tax", and is proposed to be a comprehensive indirect tax levied on manufacturing, sale and consumption of goods as well as services at the national level. It will replace all other indirect taxes levied on goods and services by the Indian Central and State governments. In conclusion, GST which is likely to be inflationary would hit people in the lower income group hardest as they currently pay little or no income tax at all. However, a number of considerations suggest that the impact would be moderate. Sales tax and service tax component are already hidden in the prices of all commodities and basic items would be largely exempted from GST. Other necessities such as fuel and power, public transport and medical care are concerned, there is sufficient already. Government need to intervene to ensure that the poor is protecting from GST effect.

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COMPARISON OF INDIAN GST WITH OTHER COUNTRY MODELS

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Abstract

This paper gives meticulous understanding about GST in India and some other countries of the world. The paper facilitates one with the thorough understanding of GST and various aspects concerned with it. Implementation of GST in India was a very tough trade to be dealt with. The paper gives an analysis of the GST system in India and some other developed as well as developing economies of the world. There are only two countries apart from India namely Canada and Brazil to have implemented the duel GST model. In most of the other countries of the world there is a single unique taxation system which is either VAT or a GST.

Key words: GST (Goods and Services Tax), Indian Tax Scenario, two-tiered One-Country-One-Tax regime, tax structure.

Introduction

The introduction of the Goods and Services Tax (GST) raised much hope that it would herald the emergence of a 'good and simple tax' with 'one nation, one market, one tax'. However, there has been considerable concern with the new tax, both in tails, including the ease of paying the tax and filling returns. Trade and industry have been grappling with the problem of payment, filling the returns and claiming input tax credit, and exporters have been facing liquidity crises as the zero-rating of the tax has not worked and refunds have not been forthcoming, with difficulty in filling returns. Of course, the GST Council has been quite responsive to tweak the structure and operational details to make it simpler. Yet, considerable work needs to be done to ensure a smooth transition and to reap the revenue and productivity gains to the economy.

The Goods and Service Tax is taking India by the storm. Though much has been said about, the GST will make tax collection efficient, reduce corruption and make the Inter-state movement of goods etc. easier, it is not the first time a tax law like this is being implemented anywhere in the world. France was the first country to implement GST in 1954, in order to reduce tax evasion. Since then, more than 165 countries have implemented GST with some countries preferring the dual-GST model (e.g. Brazil, Canada). India, too, has chosen the Canadian model of dual-GST. The United States does not have a unified tax model alike GST, with the states following their own taxes.

Concept of GST is not new to the world as nearly 165 countries as on 2016, have opted this mode for bringing individually tax rates into a single tax. In most countries value added tax (VAT) is taken as a substitute for GST. Presently, countries like Australia, Canada, Singapore, New Zealand, Jersey (UK), Malaysia, Indonesia and Pakistan have a GST system while remaining follow a VAT system. Let's have a look at what differentiates the country's GST regime with others.

In comparison with emerging market economics (EMEs), India has highest rate of GST at 18% - with major commodities falling under this rate. EMEs like China and Brazil have their most of commodities falling under the tax rate of 17%, 10% respectively. However, some of the developed countries like France, Germany and United Kingdom have higher GST rates set between 19 – 20%.Latest data of Organisation for Economic Co-operation and Development stated that average VAT/GST rate in major OECD countries is between 20-22% higher than the rate proposed for India. The Reserve Bank of India (RBI) in its research report named "GST: A Game Changer" - showcased performance of many countries after implementation of GST.

New Zealand:

GST in New Zealand was introduced in 1986 at a rate of 10%. However the rates were changed twice later – 12.5% in the year 1989 and 15% in 2010 in a move to mobilize higher revenue while removing distortions in the tax structure.

This led to adoption of GST at single rate with food included in the GST base at the full rate. Such broad-based the tax net and also reduced both compliance and administrative costs. At present, the country is highest tax productive nations among OECD countries.

Canada:

Canada introduced GST in the form of a multi-level VAT in 1991 on supplies of goods and services purchased in the country – included almost all products except certain essentials like groceries, residential rent and medical services.

Once implemented, the bill led to new processing operations and techniques to verify the accuracy of the returns submitted by small entrepreneurs. However, Canada imposes their own sales tax besides GST – this has created price distortions in the country.

Singapore:

The country introduced the bill in April 1994 at a tax rate of 3% to make it acceptable to the public and to minimize inflation. The government committed not to raise tax for next 5 years which came in as an important decision in reviving consumer spending. Also, Singapore introduced a compensation scheme under the GST which provided support to the needy and underprivileged. However, in initial stage of GST, the country faced uptick in inflation to 3.1% in 1994 from 2.3% in 1993. It was then increased to 4 percent from 1 January 2003, 5 percent from 1 January 2004 and 7 percent from 1 July 2007.

Australia:

Though the GST concept was first seeked in the year 1975, it was implemented in Australia after 25 years on July 2000 at a tax rate starting at 10%. Australia also replaced a range of existing

taxes like the wholesale sales tax (WST), debit tax, financial institutions duty, and stamp duty on shares, leases, mortgages and cheques. However, the10% tax rate led to low GST revenue productivity from a tax collection standpoint.

Malaysia:

GST in this country has been imposed in the year 2015, after 26 years of debate over its potential merits and shortcomings. It was introduced at a standard rate of 6% - which is relatively low compared to VAT rates in other ASEAN countries.

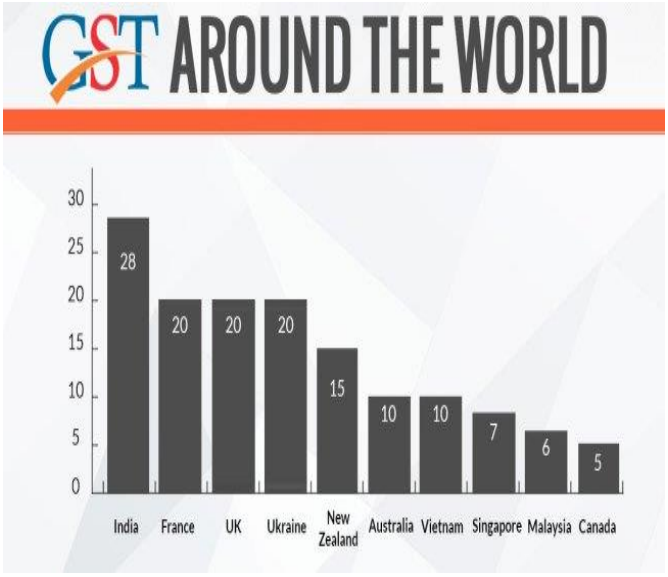
After implementation of GST, the cost of doing business in Malaysia reduced as the tax burden was transferred from manufacturers to consumers. Yet, the country has seen low revenue productivity in terms of tax collection.

What differentiates India?

Indian government has structured GST for efficient tax collection, reduction in corruption, easy inter-state movement of goods etc. India does not follow an ideal VAT. Central sales tax which the central imposed on the sale of goods from one state to another will continue in the different form called Integrated GST.

One big differentiation between GST in India and GST in other countries is that, in India two types of GST is charged - hence called as duel GST. Explaining the impact of GST, analysts at Care Ratings cited few reasons. Firstly the impact of GST on price levels is difficult to ascertain as there are various factors other than tax rates that drive price levels. Main issue in GST is tax evasion arising out of small businesses not registering, under-reporting of actual sales by traders; traders collecting tax but not remitting to the government; and traders making false claims for refunds. Clear Tax in its report said, "Unlike India, other countries have a much higher threshold for GST applicability thus reducing the burden for small businesses. This will bring in challenges for our SMEs."

GST In India and Other Countries



Now if one acknowledges the working of GST in other nations for understanding the GST implication, first of all, it is a known fact that more than 165 nations have brought up GST and as a matter of fact, European tax economy has conceived the GST more than 50 years ago.

In the Asia Pacific geography, the taxation scheme is a popular and broadly accepted subject of taxation. But the most important and questionable thought over this discussion concludes that there are above 40 models of GST applications which are currently running through the system of various economies in the world which includes a diverse set of rules and regulations.

THE GREATER ECONOMIES AND THEIR GST IMPLEMENTATION:

GST India vs GST New Zealand

GST has been implemented in New Zealand in 1986 and after that, it had been applying the taxes on everything at a single and consistent rate which is 10% till 2010. The tax rate after 2010 has increased to 15% which is applicable to all purchases. There is no GST on residential rents and financial services. Here businesses can also recover the GST as an input cost.

GST India vs GST Singapore

Singapore also follows the single and consistent rate system on every purchase. GST was initiated in Singapore in 1994 with the flat GST rate of 3% which was lowest in the market. With effect from 2007, the GST rate has been increased to 7% which is still very less compared to GST rates of India.

GST India vs GST Indonesia

In Indonesia, imports are subject to VAT and GST, but most of the exports are exempted from the list of it. The tax rate is 10% if the services are supplied out of Indonesia by foreign taxpayers, and certain items are taxed at 20% with the cap of 35%. The luxury tax which is applicable on import is 10% to 50%. Most of the items like gold, mining products, arts and entertainment, education, insurance, parking, public transport, medical health, labour, hotel, financial, food and beverage served in hotels are not subject to pay any VAT.

GST India vs GST China

After the European and Asia Pacific market, the China has maintained the GST applications over goods and the conditioned provision of repairs, processing and replacement assisted services, which also means that it is restrictedly collected on goods which are consumed in the manufacturing process as the fixed asset goods and service tax in foreign country like China is not under recoverable terms. There are three tax rates; which includes 0%, 5%, and 19%.

GST India vs GST Australia

Going to the far shores, in Australia, the GST is a federal tax which is collected by the supreme authority and thus divided further among the states without any conflict arising through the process. The GST was firstly introduced in 2000 with the tax rate of 10% which is consistent till date.

GST India vs GST Canada

Now looking to Canada model of GST, the country governs the taxation regime under 3 schemes i.e. Federal GST, Joint federal and separate federal. Federal tax is generally accepted tax system while joint federal runs on the basis of the synchronized behavior of the economy and states and the last one separate federal which only applies to the Quebec as it is deemed as a quasi-independent province. The GST rate in Canada is 5% on supplies of goods and services and in some provinces, there is harmonised sales tax which is 15%.

GST India vs GST Brazil

Talking about the Brazil model of GST, it is much independent and carefree in comparison to other nations and has a dividing rule of taxes between the states and the center. Brazil has six tax slabs which are 0%, 1.65%, 2%, 7%, 12%, and 17%.

GST India vs GST USA

The US is a federal republic where taxes are collected at a separate level from federal, state, and local governments. Here the federal tax rates are between 10% and 39.6% of taxable income while state and local government is charging the tax from 0% to 13.30% of total taxable income.

GST India vs GST UK

In the UK there are three tax rates including 0%, 5%, and 20% applicable on goods and services. Most of the goods are covered under 20% tax rates. The VAT on postage stamps, financial, property transactions, most food and children's clothes are exempt from any tax.

GST India vs GST France

GST has been firstly implemented in France in 1954 with 4 tax rate slabs. The rates here are chargeable in the slab of 2.1%, 5.5%, 10% and 20%. Among the tax rates, 20% is the standard rate applicable to most of the goods in France.

GST India vs GST Ukraine

In Ukraine, there is a standard tax rate which is 20% and the VAT value is added to the cost of Goods and service price. There are some of the supplies are also subject to lower rates under 0% and 7%. Generally, 7% rate is applicable to pharmaceutical products, medicines and medical equipment while the export of goods and services attract 0% VAT.

GST India vs GST Malaysia

GST has been implemented in Malaysia with effect from 1 April 2015 with the consistent rate of 6%. Here, Sales tax and service tax are categorised by different tax rates which are 10% and 6% respectively. Some of the items like piped water, first 200 units of electricity per month, transportation services, highway toll and health service are exempted from taxation.

Raising the threshold

As mentioned above, expert opinion based on international experience shows that there is much to be gained by having the threshold at reasonably high levels. As mentioned above, international experience is that a threshold closer to $10000 would eliminate 75% of the taxpayers and the sacrifice in terms of revenue would be less than 4%. Moreover it is the small businesses which produce and trade in commodities and services which are predominately consumed by low income groups and therefore, keeping the threshold high would be desirable from the viewpoint of equity as well. Considering this, going further, it may be desirable to fix the threshold at Rs.50 lakh. The revenue loss will be minimal but ease of doing business will be high. The inclusion of petroleum products in the GST base will depend on mainly the revenue gains from the reform. Nevertheless, it is a desirable objective and the GST council must act on it. International experience shows that including real estate may not be easy.

Steps ahead

There is some concern that the revenues from GST in the past few months are somewhat below expectations. Things could improve as the new changes bring in stability and technology platform stabilises. Hopefully the implementation of GST may help in augmenting income tax as well.

Strong political commitment, to implementing the reform, thorough advance preparation, adequate investment in tax administration and taxpayer services, services, extensive public education programme, support from business community and good timing of reform are the important pre-requisites for successful implementation of the GST. It is also important to note that problems of transition to a major tax reforms are unavoidable and most countries go through this. In this regard, the approach of the GST Council must be commended for being receptive to the concerns of businesses and in dealing with the glitches in technology. Some of the noise heard is also due to the fact that all traders, in one way or the other, are brought into the formal sector. That hurts some. The GST Council has recognised that it needs to carefully calibrate the reform until the desired goal of a Good and Simple Tax is realised. Hopefully the GST Council will keep the goals clear and consider the reform effort as a work in progress.

OPPORTUNITIES AND CHALLENGES OF GOODS SERVICE TAX (GST) FOR INDIAN ECONOMY

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Abstract

The present study aims to find out the opportunity and challenges of goods service tax (GST) for Indian Economy. Research design is purely and simply the framework or plan for a study that frames the scope towards to enrich the analyses and interpretation of information on the basis of concepts and theoretical sketch. It also emphasis the picture in eyebrow way on Indian economy thorough new lamp the light on innovative discussion and effects of Goods Service Tax (GST). There are various measures, factors, issues, makes phenomenal shifts to accelerate the economy in a best manner. It is a new stepup in nation building for new business and entrepreneurship concerning exports and import. In this spectrum, it is suitable and apt to locate and indentify the opportunities and challenges of GST in new era emergence and hence the descriptive study on theoretical and conceptual is considered. Though the research has been properly planned and well executed, there are certain limitations, which are inherent in nature and are out of the researcher's purview. The effectiveness of the project is felt only when the results are read along with the limitations and constraints faced during the course of this study. The summary and observations are the result and outcome of the interpretations made during the study of analysis.

Keywords : Goods Service Tax, Common Economic Market, Central Goods and Service Tax, State Goods and Service Tax and Integrated Goods and Service Tax

Introduction

Tax policies play an significant parameter 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. Analysis of the tax levy can be extended to international competitiveness of the adversely affected sectors of production in the economy. Such domestic and international factors lead to inefficient allocation of productive resources in the economy. This results in loss of income and welfare of the affected economy. Even though the country has moved on the path of tax reforms since mid 1980s yet there are various issues which need to be restructured so as to boost productivity and international competitiveness of the Indian exporters.

The proposed reform on moving to a 'goods and services tax' would impact the national economy, international trade, firms and consumers. In its process, it has different compartmentation over to posses many futuristics operations.

- GST is a tax on both goods and services across the supply chain/Value Chain.
- It is levied at every stage of supply/Value Addition.
- The GST on Inputs (known as ITC - Input Tax Credit) is generally available as credit for set-off against the GST on the output supply.

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. New Article 366(26A) defines service to mean anything other than goods. Existing Article 366(12) defines goods to include all materials, commodities and articles. (Source : An Insight of GST in India (October 2015), Tax Research Department, The Institute of Cost Accountants of India (Statutory Body under on Act of Parliament), Volume I, www.icmai.in)

Goods and Services Tax (GST) in India is proposed to be the maiden REFORM (and not an amendment) in the existing indirect taxation structure. The proposed GST is a long pending and much awaited tax reform which India which is hoped to iron out the wrinkles in the existing indirect taxation system. This comprehensive tax policy is expected to be one of the most important contributor to the India’s growth story.

Origin of Goods Service Tax (GST) and Global Scenario

The framework for levy of indirect taxes under the Constitutional provisions in India vide Article 246, Seventh Schedule empowers both the Central Government and the State Governments to levy and collect applicable taxable-event based indirect taxes on transactions of goods and/or services. The taxable event varies from the point of manufacture or sale or provision of services or imports/exports. The existing indirect tax laws are origin-based tax, structured to levy and collect at the point of happening of the prescribed taxable event. Goods and Services Tax (GST) in India as we are all aware and envisage to be the greatest indirect tax reform in the country post-independence. GST with its embedded element of simplicity in levy and collection of taxes as opposed to multiple / multi-point levy and collection of indirect tax, would remove the tax distortions besides reducing the cost of goods and services in the hands of the final consumer.

India has a federal form of government and hence a federal finance system. The essence of federal form of government is that the Centre and the State Governments should be independent of each provided with sources of raising adequate revenues to discharge the functions entrusted to it. For the successful operation of the federal form of government, financial independence and adequacy form the backbone. The federal character of public finance in India has its origin as far as the seventies of the last century. Although at that time the country had a unitary form of government, some division of functions and financial powers between the Center and the state was found administratively desirable. Ever since then the arrangements have been revised and improved from time to time. Fiscal federalism entails the division of responsibilities in respect of taxation and public expenditure among the different layers of the government, namely the Center, the states and the local bodies. Fiscal federalism helps governmental organization to realize cost efficiency by economies of scale in providing public services, which correspond most closely to the preference of the people. From the point of view of economy, it creates a unified common market, which promotes greater economic activity. Backed by the constitutional powers enshrined to levy duty/tax on transaction concurrently but independently, there has been instability and uncertainty in related indirect tax laws, which therefore calls for a REFORM in the levy and collection of indirect taxes, especially as regards taxation of goods and/or services.

India is all set to usher in a game-changing tax reform—the goods and services tax (GST). Apart from creating a unified market across India, GST will help make India's manufacturing competitive by cutting high logistics and warehousing costs. The regulatory reforms proposed in the GST presents a golden opportunity to revisit, rationalize and re-engineer transportation and logistics networks, given the inherent inefficiencies with taxes based on the crossing of administrative boundaries or border checkpoints.

Goods & Service Tax (GST) or VAT serves the purpose to impose a broad-based tax on final consumption by households. Hence, GST is a comprehensive tax levy on supply of goods and services.

- Both Government and Industry are keen to implement GST
- Governments are looking at increasing the tax base and tax collections (i.e. increase revenue buoyancy) through GST
- State is looking at GST as a window for taxing services
- Centre is looking at GST to go beyond the point of manufacture
- Industry wants GST to eliminate the cascading effect of taxes
- Harmonization of taxes

GST would also address issues of development through greater interaction between VAT/GST systems, along with growing risks of double taxation and unintended nontaxation in the absence of international VAT/GST coordination. Basic principles of VAT/GST are generally same across the tax jurisdictions in so far as they are designed to tax final consumption in the jurisdiction where it occurs according to the destination principle. The fundamental proposition is that GST/VAT is a tax on final consumption and hence the burden should not rest on the business. GST/VAT prescribes that the tax should be collected at every stage of value addition. Each business entity/tax payer in the supply chain should take integral part in the process of controlling and collecting the

tax, remitting the proportion of tax corresponding to its margin, i.e. on the difference between GST imposed on its taxed inputs/supplies and the GST imposed on its taxed outputs/supplies. This design of tax structure, ensures the neutrality of the tax. As a result, the GST thereby "flows through the business" to tax supplies made to final consumers, hence gives its essential character in domestic trade/supplies as an economically neutral tax.

The proposed reform through introduction of GST would bring about a sea change in the legal provisions for imposing duty/tax liability in stages of manufacture, sale (inter-state/intra-state) of goods, rendering of services and shall stand replaced with the place of supply, where the final consumption/ enjoyment and use of goods/services were made. Hence, this revolutionary reform is necessary to be introduced to perceive the following opportunities for the intended stakeholders:

Principle of Equity

It is desirable for Indian economy to become more competitive and efficient in its resource usage. Apart from various other policy instruments, India must pursue taxation policies that would maximise its economic efficiency and minimise distortions and impediments to efficient allocation of resources, specialisation, capital formation and international trade.

Equity can be brought in and established through a good taxation system. Equity can be classified as (a) horizontal and (b) vertical. While vertical equity is based on high marginal rates of taxation, both in direct and indirect taxes, horizontal equity relies on simple and transparent broad-based taxes with low variance across the states.

There will be no distinction between goods and services for the purpose of tax with a common legislation applicable to both. Since, the proposed GST would be broad-based with low variance across the States in India, there shall arise benefits of horizontal equity. Further that, it should be an inclusive growth across all the state in India. Presently tax is collected by the state where it is originated where as GST is a destination based consumption tax, hence more revenue will flow to the state where consumption is more and therefore such revenue can be utilised for developing infrastructure so that there will be multiple growth of industry & service across all the state.

Common Economic Market (CEM) - Post GST

Common Economic Market has been generally understood to mean ' group formed by countries/states within a geographical area to promote duty free trade and free movement of labour and capital among its members'.

Example: European Union.

"The concept of a common market involves the elimination of all obstacles to intracommunity trade in order to merge the national markets into a single market bring about conditions as close as possible to those of a genuine internal market" - Court of Justice Ruling in Case 15/81, Netherlands

Common Economic Market - characteristics:

- free movement of goods
- free movement of salaried and non-salaried workers
- freedom of establishment of persons and companies in the territory of any member state
- free capital movements for business or personal purposes

Common Economic Market - advantages:

- living standard of people expected to go up due to free flow of goods and services within the region
- no tariff and non-tariff barriers, trade in Common market partners – increasing the gains from trade from that source
- through more straight forward access to larger markets (the whole Single Market) firms can operate at a larger scale, production in most efficient in scale (bigger often equals cheaper) and scope (the same production inputs might be used for multiple purposes)

An analysis of countries implemented GST with rates of taxes:

Sr. No.	Region	No. of Countries	Tax Rate (Range)
1.	ASEAN-(Thailand& Philippines)	7	7-12%
2.	Asia-(Iran & Tajikstan)	19	5-20%
3.	Europe-(Jersey& Hungary)	53	5-27%
4.	Oceania-(Niue & New Zealand)	7	5-15%
5.	Africa-(Nigeria & Gambia)	44	5-40%
6.	South America-(Brazil & Uruguay)	11	10-22%
7.	Caribbean, Central & North America (Canada & Barbados)	19	5-17.5%
	Total No. of Countries	160	

[Source: "Countries implementing VAT or GST"]

Proposed GST Model for India

India is opting for ―Concurrent Dual GST‖ model. The need for a Dual-GST model is based on the following premise:

- At existing framework, both levels of Government i.e. Centre and State, as per Constitution holds concurrent powers to levy tax domestic goods and services;
- The proposed Concurrent Dual-GST model would be a dual levy imposed concurrently by the Centre and the States, but independently;
- Both the Centre and State will operate over a common base, i.e. the base for levy and imposition of duty/tax liability would be identical.

Goods & Services Tax (GST) in India – Type of GST

To arrive at the method / type of GST, one must remember/recall the three methods applied for computation of National Income of a country. They are Income Method, Production Method and Expenditure (or Consumption) Method. GST can also be classified in similar types - Gross Income, Production and Consumption. The diagram demonstrates the type of GST and its corresponding features.

Goods & Services Tax (GST) in India - Why Consumption Type of GST ?

Indian is proposed to follow the destination based, consumption type of GST. The reason for adoption of consumption type GST are:

- most favoured tax base from both the perspective of economic neutrality and ease of administration
- restricts tax burden to final consumption goods
- no distinction drawn between capital goods and other inputs and no depreciation need to be computed
- consumption is argued to be a broad measure of the ability to pa y taxes, much like income
- it excludes savings from the base, hence does not discourage investment

Summary

Government should ensure that a basic framework of GST law be common for all state. The definition such as goods, dealer, business, sale, turnover, service, supply etc. should be same for all states. This will facilitate consistent implementation of GST across country.

The taxable event should be clearly defined. Under the current excise and service tax laws, there is considerable litigation on basic issues such as taxable event. Under the GST regime it is very important that taxable event like "supply of goods', 'supply of services' are defined in an unambiguous manner.

There should be no distinction between goods and services under the GST regime. Distinction between goods and services could lead to overlapping of taxes. The ntire purpose of GST is defeated since such a differentiation would not be materially different from the current indirect tax regime prevalent in the country. Further, increasingly, lot of business transactions are executed by way of bundled contracts where there is supply of goods and rendering of services as part of the same transaction which makes the distinction between goods and services rather blurred.

Currently, there is substantial confusion whether services such as rent, construction etc are services or not. Also, whether sale of immovable property attracts state VAT or no has been a matter of substantial litigation under works contracts category. Further, there are registration and stamp duties applicable on sale of immovable property. In this background, taxability of real estate transactions should be dearly spelt out and the availability of input credits should be clearly spelt out to avoid litigation.

It is recommended that Export refund mechanism should be simple and fast which will intensify export. The current export refund mechanism is subject to lot of interpretational issues. Further, there are a plethora of export refund schemes. This has resulted in huge refund backlogs for tax authorities and blockage of funds.

It is recommended that Railways should include in the GST regime. It will help to track goods which transfer from one state to another as well as chances of tax evasion will decrease. Stamp Duty should also be subsumed under GST. Presently stamp duty taxed concurrently by the Centre and State. It‘s not clear is it going to subsumed or not. If subsumed under GST then big relief to real estate industry – to claim input tax. 13th Finance Commission, has suggested that activities like housing, construction and railways should be included in the proposed goods and services tax (GST) to increase the tax base and enhance collections, either immediately or during a subsequent phase.

He added that construction sector is a significant contributor to the national economy and housing expenditure dominates the personal consumption expenditure, so the two sectors would increase the tax base. He said that the inclusion of the railway sector in the tax regime will provide a level playing field to road and air transportation sector. The inclusion will also ensure that all inter-State transportation of goods can be tracked through the proposed I.T. network and, in fact, the railways itself would benefit from the inclusion.

It is recommended that Therese hold Limit should be same for Goods as well as services Service. As per the proposed scenario, for CGST govt will come up with different Therese hold limit for Goods & Service. If Govt want separate tax rate & threes hold limit for goods & services then govt have to come with exhaustive list for identifying goods & service.

It is recommended that the rate structure (Exempted goods, Special rated goods, concessional rated goods, standard rated goods, specified rated services) should be common for SGST & CGST, common for both goods and services and common across all states.

It is recommended that for units having multiple jurisdictional presences, the legislature may consider continuing the LTU/centralized registration concept for CGST (Eg: Tele-communication companies).

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THE ROLE OF GST TO MAKE INDIA ONE UNIFIED COMMON MARKET

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PGP. Shabnam, Research Scholar in Commerce, Jamal Mohamed College, Trichy **Abstract**

GST is one Indirect Tax for the whole nation, which will make India one united common market. GST is a single tax on the supply of Goods and Services, right from the manufactures to the consumers. Credits of inputs taxes paid at each stage will be available in the subsequent stage of value addiction, which makes GST essentially a tax only on value addiction at each stage. The final consumer will thus bear only the GST charged by the cost dealer. The supply chain with set-off benefits at all the previous stage. The benefits easy compliance uniformity of tax rates, and structures removal of cascade. Improved competition ,Gain to manufactures and exporters, Benefit for Central Government and State Government, Simple and easy to administer better controls on leakage, higher revenue efficiency. For the consumer- single transparent Tax proportionate to the value of goods and services relief in aver all tax burden.

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.

Objectives of the Study

- To identify basic concepts of GST
- Filing of GSTR 1, GSTR 2 and GSTR 3
- To find the components of GST and how it works in Business scenario

Frame Work of Analysis

At the **Central** level	At the **State** level
Central Excise Duty, Additional Excise Duty, Service Tax, Additional Customs Duty commonly known as Countervailing Duty, and Special Additional Duty of Customs.	Subsuming of State Value Added Tax/Sales Tax, Entertainment Tax (other than the tax levied by the local bodies), Central Sales Tax (levied by the Centre and collected by the States), Octroi and Entry tax, Purchase Tax, Luxury tax, and Taxes on lottery, betting and gambling.

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

Transaction	**New Regime**	**Old Regime**	
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.

GSTN

GSTN is working on developing a state-of-the-art comprehensive IT infrastructure including the common GST portal providing frontend services of registration, returns and payments to all taxpayers, as well as the backend IT modules for certain States that include processing of returns, registrations, audits, assessments, appeals, etc. All States, accounting authorities, RBI and banks, are also preparing their IT infrastructure for the administration of GST.

Filing procedures under GST

There would no manual filing of returns. All taxes can also be paid online. All mis-matched returns would be auto-generated, and there would be no need for manual interventions. Most returns would be self-assessed Common return would serve the purpose of both Centre and State Government. There are eight forms provided for in the GST business processes for filing for returns. Most of the average tax payers would be using only four forms for filing their returns. These are return for supplies, return for purchases, monthly returns and annual return. **Small taxpayers**: Small taxpayers who have opted composition scheme shall have to file return on quarterly basis. Filing of returns shall be completely online. All taxes can also be paid online.

Who is required to take Registration ?

- Turnover > 9 lakhs (Turnover includes: Taxable and non-taxable supplies, exempt supplies, export)
- Interstate supplies
- E-commerce operation
- Suppliers supplying goods through e-commerce operation
- Persons required to pay tax under several charge mechanism
- Aggregator who supply service under his brand/trade name

Purchase from unregistered dealers:

Registered recipient → pay tax under Reverse charge

Receiver → cannot claim Input tax credit

Input Tax Credit (ITC)

When we buy product or service → from registered dealer → we pay taxes on purchase

On supply (Sale) → we collect Tax

We have to pay to Govt only the balance tax collected on supply after deducting tax on purchase

This mechanism is called Input Tax Credit (i.e tax on purchased adjusted against tax liability)

Condition to claim Input Tax Credit

Supplier has the Tax invoice of purchase from registered dealer

Supplier is NOT registered under Composition scheme

Purchase from Unregistered Dealers

If a registered dealer → purchase from → unregistered dealer → Tax to be paid on Reverse charge, Reverse charge means pay tax on the purchase made from unregistered dealer.

Composition Scheme

Conditions :-

i. Turnover < 75lakhs
ii. No Inter State Outward supplies
iii. Cannot claim Input Tax Credit
iv. Must be supplier of Goods (Service suppliers cannot opt for this scheme. Except Restaurant)
v. Cannot issue tax invoice. So, buyer from composition dealer cannot claim ITC.

Tax Rate under Composition :-

Restaurants	5%
Manufactures	2%
Other supplies	1%

Returns for Composition scheme ;-

Quarterly Returne- GSTR 4

Filing date- 18th of the month succeeding the quarter.

.**GSTR 1**

GSTR 1 is a monthly return of outward supplies. Essentially, it is a return showing all the sales transactions of a business. Every business registered under GST, will have to file the GSTR 1

GSTR 1 Due date sales up to Rs.1.5 Crore

July to September 2017	10th January 2018
October to December 2017	15th February 2018
January to March 2018	30th April 2018

. **GSTR 1 Due date sales more than Rs. 1.5 Crore**

Periods (Monthly)	**Due Date**
July to November 2017	**10th January 2018**
December 2017	**10th February 2018**
January 2018	**10th March 2018**
February 2018	**10th April 2018**
March 2018	**10th May 2018**

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GSTR-2

Form GSTR 2 is a statement in which a regular dealer needs to capture all the inward supplies made during the month. Broadly, all the inward supplies from registered businesses, including the supplies on which tax needs to be paid on reverse charge are required to be captured at the invoice level to file GSTR 2. In addition to inward supplies, one also needs to declare - the details

of advances paid on supplies liable for reverse charge, and also, the advance amount on which tax was paid in the earlier returns period but the invoice has been received in the current returns period. As per the latest recommendations, for the period of July '17 to March '18, filing of GSTR-1 will be allowed to be done without filing GSTR-2 and GSTR-3 for the previous month, and the dates for filing of GSTR-2 and GSTR-3 will be decided by a committee of officers and communicated in due course of time.

GSTR3

GSTR-3 is a monthly return with the summarized details of sales, purchases, sales during the month along with the amount of GST liability. This return is auto-generated pulling information from GSTR-1 and GSTR-2.GSTR-3 will show the amount of GST liability for the month. The taxpayer must pay the tax and file the return.

Findings

Importance of GST

For business and industry

✓ Easy compliance: A robust and comprehensive IT system would be the foundation of the GST regime in India. Therefore, all tax payer services such as registrations, returns, payments, etc. would be available to the taxpayers online, which would make compliance easy and transparent.

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

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

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

✓ Gain to manufacturers and exporters: The subsuming 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 locally manufactured goods and services. This will increase the competitiveness of Indian goods and services in the international market and give boost to Indian exports. The uniformity in tax rates and procedures across the country will also go a long way in reducing the compliance cost.

For Central and State Governments

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

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

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

For the consumer

- Single and transparent tax proportionate to the value of goods and services: Due to multiple indirect taxes being levied by the Centre and State, with incomplete or no input tax credits available at progressive stages of value addition, the cost of most goods and services in the country today are laden with many hidden taxes. Under GST, there would be only one tax from the manufacturer to the consumer, leading to transparency of taxes paid to the final consumer.
- Relief in overall tax burden: Because of efficiency gains and prevention of leakages, the overall tax burden on most commodities will come down, which will benefit consumers.

CONCLUSION

GST is destination based tax on consumption of goods and services. It is pro[posed 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 addiction will be taxed and burden of tax is to be borne by the final consumption. The tax would accrue to the taxing authority which has jurisdiction over the place of consumption which is also turned as place of supply.

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IMPACT OF GST ON BANKING SECTOR IN INDIA

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Abstract

GST which means Goods and Service Tax is the latest kind of Indirect Tax in India which was recommended in 1978 and could see the light on 1st July 2017.It is said to be the biggest form of reform in the Indirect taxation ever since 1947. The main purpose of GST is to bring about the single tax system in the country i.e., making the slogan of "one nation one tax". The Banking Industry would get impacted significantly in the near future due to GST as a result the services are likely to be costlier. Obtaining separation registration in each state, identifying inter-state transactions, valuation, operational restructuring etc. are some of the challenges faced by the Banks. This paper discusses about the concepts and objectives of GST and its impact on Banking sector in India.

Keywords: Indirect Taxation; Goods and Service Tax; Banks, Model GST Law

Introduction

GST is the crucial form of Indirect Taxation which is said to be the indirect taxation reform ever since our Independence. The GST is said to bring about the economic integration said by our Union Finance Minister Arun Jaitley during the Budget speech at 2016. The Goods and Service Tax is levied on the manufacture, sale and consumption of the goods and services. Through the implementation of GST, all other taxes like Value Added Tax, Sales Tax will be removed and a uniform tax system on goods and services will be followed. The main purpose of GST is to bring about the single uniform system of taxation in the manufacture, sale and the consumption of goods and services in India. The GST is said to reduce the level of Tax evasion and the corruption and it also reduces the tax burden of the public. The Financial services such as banking, Stock Trading firms are currently paying 14.5% as VAT which is likely to be increased to 18 to 22% in the near future under the GST regime. And the services are likely to be costlier

Objectives of the study

1. To analyse the concepts and objectives of GST
2. To study about the need and the importance of GST to the Indian economy.
3. To study about the impact of GST on Banking sector in India

Methodology:

This study is descriptive in nature and it is used the exploratory technique. The data for the study were gathered from the secondary sources such as journals, articles published online and offline on various newspapers and websites.

Objectives of GST

1. To remove the cascading effect of taxes that is through this Single taxation system (GST) the tax on taxes will be removed easily.
2. To reduce the Tax evasion and Corruption.
3. To bring about the consumption based tax instead of manufacturing.
4. To absorb various Indirect taxes and to bring a single system of taxation.
5. To remove the prices of goods by having a uniform system of taxation over the country.
6. To increase the GDP by the exclusion of cascading effects of Taxation.

Proposed GST Rate

The rate of the proposed Goods and Services Tax for the certain goods and services are laid down by the government which is as follows.

1. For Goods the Total GST rate is 20 % in which 12% of the tax is levied by Central while remaining 8% will be levied by the state.

2. For Services the Total GST is 16% out of which 8% is for the Central and 8% is for the state.

3. For the essential Goods the GST is levied at 12% in which is divided equally that is 6% for Centre and 6% for state.

Currently, it is collected in the form of VAT which is 26.5% that is Central Value Added Tax is 14% and State VAT is 12.5%.

The above mentioned percentage of Goods and Service Tax is just a proposed value it may subject to change as per the revisions make up by the Executive Committee and the government.

Products not covered under GST

The Goods and Service Tax does not include certain products they are as follows.

- Petroleum Products.
- Alcohol.
- Tobacco Products.

Need and Importance for GST

- To bring about the uniformity in the System of Indirect taxation.

• To remove the cascading effects of Tax.

• To bring about the economic integration.

• Generally, the Taxes are imposed at various rates among various states in India.

So, there is a huge loss of revenue to the central as well as state government. Through GST a uniform tax rate is followed all over the country and so that there will no such loss of revenue.

• Reduces complexities and increases more number of economic transactions.

• The GST brings about a competitive pricing. As all the products are taxed uniformly across the country, the various forms of indirect taxes will remove and which in turn will reduce the tax burden of the consumers. This will reduce the prices of the products and increases the consumption which in turn will be more beneficial for the companies.

• Generally, the main aim of GST is to bring about the single tax system which will reduce the cost of production for the manufacturers, So that it will be a big boost for those producers who made their products at lower cost and involves in international trade that is exports.

• As it is the Single Tax system, the tax burden for starting industrial units will be reduced; As a result when more industries were created it will ultimately result on more employment.

• Through GST the government receives more amount of Tax revenue which will be utilised for the services to the public.

• As there is more transparency in the system of GST and since it is a system of single taxation, the chances of corruption will be very low.

• The Country is said to have one market economy, as through GST the number of numerous markets divided by various tax will be avoided.

• To avoid the Tax burden of the common consumers and the public by making it into a single tax system.

Impact of GST on 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.The impact of GST on Banks will be to such an extent that operations, transactions, accounting, and compliance will be revaluated completely.

Benefits 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 .
- 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.

Difficulties to Banking Industry:

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.

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

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.

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.

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.

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.

Invoicing:

Section 25 of the Model Law requires uploading of invoices on Goods and Services Tax Network (GSTN) by 10th of the next month. It means wherever the recipient of service wants to avail input tax credit, each and every document, where under certain fee or commission or charges have been charged and on which GST is levied, is required to be uploaded electronically on the GSTN by the service provider. It is a fact that banks do not issue commercial invoices for every service rendered. It would practically be a very difficult task to issue invoices for such small amounts and uploading them on GSTN.

Repossession of Assets of Defaulters

As per existing law and practice, when a bank repossesses assets from a defaulter of loan and sells the same, VAT is paid by the bank as a 'dealer' in terms of State VAT laws. Treatment of this under GST will be quite interesting, which need to be looked upon.

GST on banking

Transaction fees in financial services such as credit card payments, fund transfer, ATM transactions, processing fees on loans etc is increased to 18% tax bracket in the new GST regime.

- The hike in the tax rate means, individuals will have to pay Rs 3 more for every Rs 100 paid as charges/fees for banking transactions.
- Most banks have now applied transaction charges on cash withdrawals from different bank ATMs or cash withdrawals from branch (first 5 transactions is free).
- Bank branches provide services to each other, which will be taxable under GST (they can later claim input tax credit). But this will increase the paperwork and the operating cost also.
- Good news for business consumers is that they can claim ITC on the banking services paid on their business accounts.

Conclusion

With the desire of further subtle elements to develop, financial sectors confront a jar of worms regarding the way of transacting business, client profiles, services framework, IT frameworks and operation to catch the information at both front and back end. IT frameworks should be more cautious in terms of serving the purpose of solving the complexity related to GST.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. Implementation of GST will create a fuss for banking sector. 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.

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GOODS AND SERVICE TAX (GST) UNDER THE INDIAN CONSTITUTION - AN OVERVIEW

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ABSTRACT

Over the last 66 years of the Indian republic, the Centre and the states have remained good fiscal neighbours. This is because the Constitution allotted mutually exclusive tax bases to each. This tax fence between the Centre and the states is now being dismantled by the Constitution (One Hundred and First Amendment) Act, 2016. For the first time, they will share a common indirect tax base, with the GST council providing the modality for doing so. Whether such a sharing of tax base is both harmonious and sustainable will be the true test of success of cooperative fiscal federalism in India.

Keywords: Constitution, Amendment, Common Indirect Tax Base

INTRODUCTION

The Constitution (One Hundred and First Amendment) Act, 2016 (Amendment Act) received presidential assent on 8th September 2016. This Act paves the way for introduction of Goods and Services Tax (GST) by making special provisions with respect to goods and services tax. The Amendment Act contains a total of 20 sections. Out of the same, one section, i.e., section 12 pertaining to Goods and Service Tax Council came into effect from 12th September, 2016. The remaining 19 sections came into effect from 16th September, 2016. The important changes made in constitution (new articles / amended articles) via this law are as follows:

Summary of One Hundred and First Amendment to the Constitution

1. Special provision with respect to Goods and Services Tax

This is a new article inserted in the constitution. It says that notwithstanding anything contained in articles 246 and 254, Parliament, and, subject to clause, the Legislature of every State, have power to make laws with respect to goods and services tax imposed by the Union or by such State. Parliament has exclusive power to make laws with respect to goods and services tax where the supply of goods, or of services, or both takes place in the course of inter-State trade or commerce.

The article states that both Union and States in India now have "concurrent powers" to make law with respect to goods & services. The intra-state trade now comes under the jurisdiction of both centre and state; while inter-state trade and commerce is "exclusively" under central government jurisdiction.

2. Definition of Goods and Services Tax

"Goods and Services Tax" means any tax on supply of goods, or services or both except taxes on the supply of the alcoholic liquor for human consumption.

3. Levy and collection of Goods and Services Tax in course of Inter-State trade or commerce

This is a new article which reads as follows:

Goods and Services Tax on supplies in the course of inter-State trade or commerce shall be levied and collected by the Government of India and such tax shall be apportioned between the Union and the States in the manner as may be provided by Parliament by law on the recommendations of the Goods and Services Tax Council. For this purposes, supply of goods, or of services, or both in the course of import into the territory of India shall be deemed to be supply of goods, or of services, or both in the course of inter-State trade or commerce.

The amount apportioned to a State mentioned above shall not form part of the Consolidated Fund of India. Where an amount collected as tax levied has been used for payment of the tax levied by a State under article 246A, such amount shall not form part of the Consolidated Fund of India.

Where an amount collected as tax levied by a State under article 246A has been used for payment of the tax levied, such amount shall not form part of the Consolidated Fund of the State. Parliament may, by law, formulate the principles for determining the place of supply, and when a supply of goods, or of services, or both takes place in the course of inter-State trade or commerce.'

This article says that in case of the inter-state trade, the tax will be levied and collected by the Government of India and shared between the Union and States as per recommendation of the GST Council. The article also makes it clear that the proceeds such collected will not be credited to the consolidated fund of India or state but respective share shall be assigned to that state or centre. The reason for the same is that under GST, where centre collects the tax, it assigns state's share to state, while where state collects tax, it assigns centre's share to centre. If that proceed is deposited in Consolidated Fund of India or state, then, every time there will be a need to pass an appropriation tax. Thus, under GST, the apportionment of the tax revenue will take place outside the Consolidated Funds.

This is one of the key amendments in order to bring GST into reality. This new article which has been introduced, while overriding the provisions contained in articles 246 and 254 deal with the grant of powers to the Union and the States to impose tax with respect to GST. But in case of Inter-State trade or commerce relating to supply of goods or services or both, the Union shall have exclusive powers to frame relevant laws. Therefore, in case of such supplies being Intra-State, both Union and States shall have the powers to legislate.

4. Goods and Services Tax Council

This article provides for constitution of a GST council by president within sixty days from this act coming into force. The GST council will constitute the following members:

- Union Finance Minister as chairman of the council
- Union Minister of State in charge of Revenue or Finance
- One nominated member from each state who is in charge of finance or taxation
- The GST council will be empowered to take decisions on the following:
- The taxes, cesses and surcharges levied by the Union, the States and the local bodies which may be subsumed in the goods and services tax;
- The goods and services that may be subjected to, or exempted from, the goods and services tax;
- Model Goods and Services Tax Laws, principles of levy, apportionment of Integrated Goods and Services Tax and the principles that govern the place of supply;
- The threshold limit of turnover below which goods and services may be exempted from goods and services tax;
- The rates including floor rates with bands of goods and services tax;
- Any special rate or rates for a specified period, to raise additional resources during any natural calamity or disaster;
- Special provision with respect to the States of Arunachal Pradesh, Assam, Jammu and Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh and Uttarakhand; and
- Any other matter relating to the goods and services tax, as the Council may decide.

All decisions taken at the GST council will be taken based on voting. Process of voting is clearly articulated in detail in the constitutional amendment bill.

5. Changes in the 7th Schedule

This amendment has made following changes in 7th schedule of the constitution:

Union List:

- The entry 84 of Union List earlier comprised the duties on tobacco, alcoholic liquors, opium, Indian hemp, narcotic drugs and narcotics, medical and toilet preparations. After this amendment, it will comprise of Petroleum crude,
- high speed diesel, motor spirit (petrol), natural gas, and aviation turbine fuel, tobacco and tobacco products. Thus, these are now out of ambit of GST and subject to Union jurisdiction.
- Entry 92 (newspapers and on advertisements published therein) has been deleted thus, they are now under GST.
- Entry 92-C (Service Tax) has been now deleted from union list.

State List:

- Under State list, entry 52 (entry tax for sale in state) has been deleted.
- In Entry 54, Taxes on the sale or purchase of goods other than newspapers, subject to the provisions of Entry 92-A of List I.; has been now replaced by Taxes on the sale of petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas, aviation turbine fuel and alcoholic liquor for human consumption, but not including sale in the course of inter-State trade or commerce or sale in the course of international trade or commerce of such goods."
- Entry 55 (advertisement taxes) have been deleted.
- Entry 62 (Taxes on luxuries, including taxes on entertainments, amusements, betting and gambling) has been replaced by these taxes only to be levied by local governments (panchayats, municipality, regional council or district council.

6. Other Important amendments in existing articles

The following are other important changes to some of the provisions in the Constitution:

- ✓ The residuary power of legislation of Parliament under article 248 is now subject to article 246A.
- ✓ Article 249 has been changed so that if 2/3rd majority resolution is passed by Rajya Sabha, the Parliament will have powers to make necessary laws with respect to GST in national interest.
- ✓ Article 250 has been amended so that parliament will have powers to make laws related to GST during emergency period.
- ✓ Article 268 has been amended so that excise duty on medicinal and toilet preparation will be omitted from the state list and will be subsumed in GST.
- ✓ Article 268A has been repealed so now service tax is subsumed in GST.
- ✓ Article 269 would empower the parliament to make GST related laws for inter-state trade / commerce.
- ✓ Further, the amendment also provided that Parliament shall, by law, on the recommendation of the Goods and Services Tax Council, provide for compensation to the States for loss of revenue arising on account of implementation of the goods and services tax for a period of five years. This resulted into the Compensation Cess Bill.

CONCLUSION

There are several articles in the constitution of India which define the financial relations between Union and States. Since GST bills involve a huge interest of the state governments, such a historical tax reform cannot take place without making suitable changes into the constitution. For this purpose, 101st amendment of the constitution was passed. The Constitution was amended to introduce the GST for conferring concurrent taxing powers on the Centre as well as the States (includes Union Territory with Legislature) to make laws for levying goods and services tax on every transaction of supply of goods or service or both.

The introduction of GST is expected to not only make the tax system simpler but also help increased tax compliance, boost tax revenues, reduce the tax outflow in the hands of the consumers, make exports competitive and provide an unregimented national market for goods and services. As we all are aware that it would be a benchmark transformation from current tax regime to the new

GST framework, let us understand the difference between the two structures and the impact of new reform.

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IMPACT OF GST ON COTTON INDUSTRY IN INDIA

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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. Cotton plays an important role in the Indian economy as the country's textile industry is predominantly cotton based. India is one of the largest producers as well as exporters of cotton yarn and the Indian textile industry contributes about 11 percent to industrial production, 14 per cent to the manufacturing sector, 4 percent to the GDP and 12 per cent to the

country's total export earnings, so it is important to study the impact of GST on the Agriculture sector.GST will have both positive and negative effect on Agriculture. GST is expected to create a business friendly environment, as price level and inflation rate go down. Good and Service tax has single tax structure as it leads to unified market at national level for goods and services. The implementation of GST is expected to bring uniformity across states and centre which would make tax support policy of a particular commodity effective. Good and Services Tax (GST) was predicted to have a simple harmonized tax structure with operational ease leading to a single unified market at national level for goods and services while ensuring that there is no negative revenue impact on the states. This paper is helpful in bringing out the light on Impact of GST on cotton sector.

Keywords: Agricultural, *Cotton, GST, VAT, indirect tax*

INTRODUCTION

The cotton industry is characterized by large inter-state movements both in respect of inputs and finished products. It also draws inputs from many other sectors consisting of both goods and services including dyes and chemicals, petroleum products and transport services. There is a large inter-face between organized and unorganized sectors. Given the inter-state and inter-industry movement of goods and services and interdependence of organized and unorganized sectors in the textile industry, the GST will have significant effects on the growth and productivity of the textile sector. 5. In the global exports of textiles, India is ranked as the third largest exporter, trailing EU-27 and China. Many countries including the US are putting pressure On India to withdraw subsidies or support to the textile sector. This is because as per the WTO rules it has crossed the export competitiveness threshold, defined as achieving 4% of world trade in the sector. Under GST, some of the existing subsidization would be taken care of automatically. Policy support will have to be redesigned. At present the fiber mix in India is 59:41 in favor of cotton vis-à-vis man-made fibers. Internationally, it is the other way round. A fiber-neutral GST regime would encourage the use of man-made fibers. This will support the growth of the overall textile sector and its export competitiveness.

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.

Why this much hue and cry from different states?

The governments of Madhya Pradesh, Chhattisgarh and Tamil Nadu arguing that the 'information technology systems and the administrative infrastructure so needed will not be ready by April 2010 to implement GST'.Some states fear that if the uniform tax rate is lower than their existing rates, it will hit their tax kitty. The government believes that dual GST will lead to better revenue collection for States.

·Backward and less-developed States could see a fall in tax collections. GST could see better revenue collection for some states as the consumption of goods and services will rise. However, states have sought assurances that their existing revenues will be protected. The central government has offered to compensate States in case of a loss in revenues.

Views on GST

Shaik et al. (2015) have same view about GST, they said that GST acts as helper in the collective gain for industry, trade, agriculture and common consumers as well as for the Central Government and the State Government and thus ultimately helpful in development of Indian economy. It was further reported that GST will lead to provide commercial benefits, which were remained untouched by the VAT system. Jaiprakash had same view that GST at Central and State levels are expected to give more relief to agriculture, industry and consumers. He also indicated that trade and industry have encouraging responses to GST. Thus GST offers us the Best option to broaden our tax base and we should not miss this opportunities to introduce it when the circumstances are quite favorable and economy is enjoying steady growth with only mild inflation.

Overall GST is helpful for the development of Indian economy as well it will be very much helpful in improving the gross domestic product of the country more than two percent mention by **Chaurasia et al. (2016)** in their study.

Chadha et al. (2009) has analyzed that GST would lead to efficient allocation of factors of production. The overall price level would go down. It is expected that the real returns to the factors of production would go up. Their results showed gains in real returns to land ranging Between 0.42 and 0.82 per cent.

IMPACT OF GST IN COTTON INDUSTRY

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.

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.

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.

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.

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.

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.

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.

"In India, mass consumption of apparel is generally below Rs 1000. With the increasing purchasing capacity, change in the tax system will not have an impact on the buying pattern of consumers," Prabhu Damodaran, Secretary, Indian Texpreneurs Federation.

CONCLUSIONS

It can be said from the above that GST is expected to have both positive and negative impact on the cotton industry. 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.

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OVERVIEW OF GOODS AND SERVICES TAX (GST) IN INDIA

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INTRODUCTION

GST is considered as an indirect tax for the whole nation that would make India one unified common market. It is a tax which is imposed on the sale, manufacturing and the usage of the goods and services. It is a single tax that is imposed on the supply of the goods and services, right from the manufacturer to the customer. The credits of the input taxes that are paid at each stage will be available in the subsequent stage of value addition which makes GST essentially a tax only on the value addition on each stage. The final consumers will bear only the tax charged by the last dealer in the supply chain with the set of benefits that are at all the previous stages. It is charged at the national and state level at similar rates for the same products and it also replaces almost all the current indirect taxes that are imposed separately by the Centre and the States. Goods & Services Tax is a destination based tax which means that the tax is paid at the place of supply.

Benefits:

1. GST is a win-win situation for the entire country. It brings benefits to all the stakeholders of industry, government and The consumer. It will lower the cost of goods and services, give a boost to the economy and make the products and services globally competitive. GST aims to make India a common market with common tax rates and procedures and remove the economic barriers thus paving the way for an integrated economy at the national level. By subsuming most of the Central and State taxes into a single tax and by allowing a set-off of prior-stage taxes for the transactions across the entire value chain, it would mitigate the ill effects of cascading, improve competitiveness and improve liquidity of the businesses. GST is a destination based tax. It follows a multi-stage collection mechanism. In this, tax is collected at every stage and the credit of tax paid at the previous stage is available as a set off at the next stage of transaction. This shifts the tax incidence near to the consumer and benefits the industry through better cash flows and better working capital management.

2. GST is largely technology driven. It will reduce the human interface to a great extent and this would lead to speedy decisions.

3. GST will give a major boost to the 'Make in India' initiative of the Government of India by making goods and services produced in India competitive in the National as well as International market. Also all imported goods will be charged integrated tax (IGST) which is equivalent to Central GST + State GST. This will bring equality with taxation on local products.

Salient Features of GST

The salient features of GST are as under:

The GST would be applicable on the supply of goods or services as against the present concept of tax on the manufacture or sale of goods or provision of services. It would be a destination based consumption tax. This means that tax would accrue to the State or the Union Territory where the consumption takes place. It would be a dual GST with the Centre and States simultaneously levying tax on a common tax base. The GST to be levied by the Centre on intra-State supply of goods or services would be called the Central tax (CGST) and that to be levied by the States including Union territories with legislature/Union Territories without legislature would be called the State tax (SGST)/ Union territory tax (UTGST) respectively.

The GST would apply to all goods other than alcoholic liquor for human consumption and five petroleum products, viz. petroleum crude, motor spirit (petrol), high speed diesel, natural gas and aviation turbine fuel. It would apply to all services barring a few to be specified. The GST would replace the following taxes currently levied and collected by the Centre:

Central Excise Duty
Duties of Excise (Medicinal and Toilet Preparations)
Additional Duties of Excise (Goods of Special Importance)
Additional Duties of Excise (Textiles and Textile Products)
Additional Duties of Customs (commonly known as CVD)
Special Additional Duty of Customs (SAD)
Service Tax
Central Surcharges and Cesses so far as they relate to supply of goods and services

State taxes that would be subsumed under the GST are:

State VAT
Central Sales Tax
Luxury Tax
Entry Tax (all forms)
Entertainment and Amusement Tax (except when levied by the local bodies)
Taxes on advertisements
Purchase Tax
Taxes on lotteries, betting and gambling
State Surcharges and cases so far as they relate to supply of goods and services

(iv) The list of exempted goods and services would be common for the Centre and the States.

(v) **Threshold Exemption**: Taxpayers with an aggregate turnover in a financial year up to Rs.20 lakhs would be exempt from tax. Aggregate turnover shall be computed on all India basis. For eleven Special Category States, like those in the North-East and the hilly States, the exemption threshold shall be Rest. 10 lakhs. All taxpayers eligible for threshold exemption will have the option of paying tax with input tax credit (ITC) benefits. Taxpayers making inter-State supplies or paying tax on reverse charge basis shall not be eligible for threshold exemption.

(vi) **Composition levy**: Small taxpayers with an aggregate turnover in a financial year up to Rest. 50 lakhs shall be eligible for **composition levy**. Under the scheme, a taxpayer shall pay tax as a percentage of his turnover during the year without the benefit of ITC. The rate of tax for CGST and SGST/UTGST each shall not exceed -

- 2.5% in case of restaurants etc.
- 1% of the turnover in a state/ UT in case of a manufacturer
- 0.5% of the turnover in state/UT in case of other suppliers.

A taxpayer opting for composition levy **shall not** collect any tax from his customers nor shall he be entitled to claim any input tax credit. The composition scheme is optional. Taxpayers making inter-State supplies shall not be eligible for composition scheme. The government, may, on the recommendation of GST Council, increase the threshold for the scheme to up to rupees one crore.

(vii) An Integrated tax (IGST) would be levied and collected by the Centre on inter-State supply of goods and services. Accounts would be settled periodically between the Centre and the States to ensure that the SGST/UTGST portion of IGST is transferred to the Destination State where the goods or services are eventually consumed.

(viii) **Use of Input Tax Credit:** Taxpayers shall be allowed to take credit of taxes paid on inputs (input tax credit) and utilize the same for payment of output tax.

GST Council

The mechanism of GST Council would ensure harmonization on different aspects of GST between the Centre and the States as well as among States. It has been specifically provided that the GST Council, in its discharge of various functions, shall be guided by the need for a harmonized structure of GST and for the development of a harmonized national market for goods and services. The GST Council shall establish a mechanism to adjudicate disputes arising out of its recommendation or implementation thereof.

Minimal Interface

The physical interface between the taxpayer and the tax authorities would be minimal under GST. Certain important provisions in this regard are illustrated as under:

a) There will be cross-empowerment of officers belonging to Central and State Governments. Officer of CGST will be empowered to act as proper officer of SGST and *vice versa*.

b) Registration will be granted on line and shall be deemed to have been granted if no deficiency is communicated to the applicant within 3 common working days by the tax administration which has been allotted the examination of the application. Such allotment is to be done one each alternately between the Central and the State Tax administration.

c) Taxable person shall himself assess the taxes payable (self-assessment) and credit it to the account of the Government. The return filed by the tax payer would be treated as self-assessed.

d) Payment of tax shall be made electronically through internet banking, or also through credit card and through the modes of Real Time Gross Settlement (RTGS) or National Electronic Funds Transfer (NEFT). Smaller taxpayers shall be allowed to pay tax over the bank counter. All challans for payment of tax shall be generated online on the Goods and Services Tax Network (GSTN).

e) The taxpayer shall furnish the details of outward supplies electronically without any physical interface with the tax authorities. Inward supply details would be auto-drafted from the supply details filed by the corresponding suppliers.

f) Taxpayers shall file, electronically, monthly returns of outward and inward supplies, ITC availed, tax payable, tax paid and other prescribed particulars.

Input tax credit

Taxpayer is allowed to take credit of taxes paid on inputs (input tax credit), as self-assessed, in his return. Taxpayer can take credit of taxes paid on all goods and services, other than a few items in the negative list, and utilize the same for payment of output tax. Credit of taxes paid on inputs can be taken where the inputs are used for business purposes or for making taxable supplies. Full input tax credit shall be allowed on capital goods on its receipt as against the current Central Government and

many State Government practice of staggering the credit in more than one installment. Unutilized input tax credit can be carried forward. The facility of distribution of input tax credit for services amongst group companies has been provided for through the mechanism of Input Service Distributor (ISD).

Refund

Time limit for claiming online refund has been increased from one year to **two years**. Refund shall be granted within 60 days from the date of receipt of complete application. Interest is payable if refund is not sanctioned within the stipulated period of 60 days. If the refund claim is less than Rs. 2 lakhs, there is no need for the claimant to furnish any documentary evidence to prove that he has not passed on the incidence of tax to any other person. Only a self-certification to this effect would suffice. Refund of input tax credit shall be allowed in case of exports or where the credit accumulation is on account of inverted duty structure (i.e. where the tax rate on output is higher than that on inputs).

Demands

A new concept of sunset clause for tax disputes has been introduced. It provides that Adjudication Order shall be issued within 3 years of filing of annual return in normal cases and the time limit is 5 years (from the date of filing of annual return) in fraud/suppression cases. SCN will have to be issued at least 3 months prior to the time limit prescribed for issue of adjudication order in normal cases and at least 6 months prior to the time limit prescribed for issue of adjudication order in cases involving fraud/suppression etc. Penalty is Nil or minimal if the tax short paid / non-paid is deposited along with interest at the stage of audit/investigation.

Alternate Dispute Resolution mechanism - Advance Rulings

Advance ruling mechanism has been continued under the GST law. The salient features are as under:

a) Advance ruling can be sought in respect of more subjects than allowed at present. The subjects are: classification of goods/or services, time and value of supply, rate of tax, admissibility of input tax credit, liability to pay tax, liability to take registration and whether a particular transaction amounts to a supply under GST law.

b) Advance ruling can be sought not only for new activities but also for existing activities. The facility of appeal, which is not there under the Central law, has been provided in the GST Law.

c) The applicants or the Department, if aggrieved by the advance ruling, would henceforth get the opportunity to file an appeal before the Appellate Authority for revision of the ruling. Advance Ruling can be obtained more easily as there will be one Advance Ruling Authority (as also the Appellate Authority) in every State.

Other provisions of GST

The provisions worth mentioning here are:

(i) Valuation of goods shall be done on the basis of transaction value i.e. the invoice price, which is the current practice under the Central Excise and Customs Laws. Taxpayers are allowed to issue supplementary or revised invoice in respect of a supply made earlier.

(ii) New modes of payment of tax are being introduced, viz. through credit and debit cards, National Electronic Fund Transfer (NEFT) and Real Time Gross Settlement (RTGS).

(iii) E-Commerce companies are required to collect tax at source in relation to any supplies made through their online platforms, under fulfilment model, at the rate notified by the Government.

(iv) An anti-profiteering measure has been incorporated in the GST law to ensure that any benefits on account of reduction in tax rates results in commensurate reduction in prices of such goods/services.

IT preparedness

Putting in place a robust IT network is an absolute must for implementation of GST. A Special Purpose Vehicle called the GSTN has been set up to cater to the needs of GST. The GSTN shall provide a shared IT infrastructure and services to Central and State Governments, taxpayers and other stakeholders for implementation of GST. The functions of the GSTN would, *inter alia,* include:

(i) facilitating registration; (ii) forwarding the returns to Central and State authorities; (iii) computation and settlement of IGST; (iv) matching of tax payment details with banking network; (v) providing various MIS reports to the Central and the State Governments based on the taxpayer return information; (vi) providing analysis of taxpayers' profile; and (vii) running the matching engine for matching, reversal and reclaim of input tax credit. The target date for introduction of GST is 1st July, 2017.

CONCLUTION

Nowadays there are so many things heard about GST, little right and many wrong. GST, is like a book which has been hardly read but everybody is giving opinion about it. Here, i will try to explain the GST in the most unusual, simple and interesting way.For a common man GST stands for ' Goods and Services Tax", and is proposed to be a comprehensive indirect tax levied on manufacturing, sale and consumption of goods as well as services at the national level. It will replace all other indirect taxes levied on goods and services by the Indian Central and State governments.To understand it, let's assume there is a kid, named Pintu. Now, Pintu studies in the 2nd standard and has a little understanding of societal norms. One fine day there is Pintu's birthday and he very enthusiastically asking his father to get him the chocolates to distribute among his school friends. His father does so happily.

GST – IN INDIA

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Abstract

GST has replaced many Indirect Taxes in India. The Goods and Service Tax Act was passed in the Parliament on 29th March 2017. The Act came into effect on 1st July 2017.In this article; we take a closer look at what is GST and the reason why it is making business and taxes simpler and easier. GST is one 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. GST is a destination 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. 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**.** Goods & Service tax (GST) is the most talked about topic in the field of indirect taxation today in India. It will be a game changing reform for Indian economy by developing a common Indian market and reducing the cascading effect of tax on the cost of goods and services. It will impact the Tax Structure, Tax Incidence, Tax Computation, Tax Payment, Compliance, Credit Utilization and Reporting leading to a complete overhaul of the current indirect tax system.GST will simplify and harmonise the indirect tax regime in the country. It is expected to reduce cost of production and inflation in the economy, thereby making the Indian trade and industry more competitive, domestically as well as

internationally. It is also expected that introduction of GST will foster a common or seamless Indian market and contribute significantly to the growth of the economy.

(Key words: GST, Indian market, business)

Introduction

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.

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 of 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. Goods & Service tax (GST) is the most talked about topic in the field of indirect taxation today in India. It will be a game changing reform for Indian economy by developing a common Indian market and reducing the cascading effect of tax on the cost of goods and services. It will impact the Tax Structure, Tax Incidence, Tax Computation, Tax Payment, Compliance, Credit Utilization and Reporting leading to a complete overhaul of the current indirect tax system.

GST will simplify and harmonise the indirect tax regime in the country. It is expected to reduce cost of production and inflation in the economy, thereby making the Indian trade and industry more competitive, domestically as well as internationally. It is also expected that introduction of GST will foster a common or seamless Indian market and contribute significantly to the growth of the economy.

What is Goods and Services Tax (GST)?

GST is a single uniform indirect tax which was introduced to replace Central and State indirect taxes such as VAT, CENVAT, and others. GST applies on all types of businesses, small or large. This makes it one of the greatest tax reforms in the country. The entire nation will follow a unified tax structure. As the name suggests, GST will be applicable on both goods and services and India will follow a dual system of GST to keep both the Centre and State independent of each other. The GST council will be headed by the Union Finance Minister and it will consist of various State Finance Ministers. GST will be devised as a four-tiered tax structure with tax slabs of 5%, 12%, 18%, and 28% for various different categories of products and services. 0% rate is kept for most essential goods such as rice, wheat.

What are the indirect taxes that GST will replace?

Designed as a uniformed tax for the entire nation, it will replace the following indirect taxes earlier levied by the Centre and the State:

(i) Taxes levied and collected by the Centre:

5. Central Excise duty
6. Additional Duties of Customs (commonly known as CVD)
7. Special Additional Duty of Customs (SAD)
8. Service Tax AND

(ii) Taxes levied and collected by the State:

5. State VAT
6. Central Sales Tax
7. Entertainment and Amusement Tax (except when levied by the local bodies)
8. Taxes on lotteries, betting and gambling

Switch Over to GST Registration:

Taxable Persons who are paying service tax, State Vat or Central Excise are required to migrate to GST. Many of the existing taxable persons have already migrated to GST Registration. Those who have not migrated should obtain provisional GST Registration number as soon as possible. They should get single provisional registration for each State even if they have multiple units/branches/ divisions within one State. Those taxable persons whose annual turnover are below Rs.20lakhs but are presently paying tax are required to migrate to GST and then apply for cancellation. In fact, if they do not submit any further details, the registration will automatically get cancelled. They should file tax return as per their present registration for the period ending 30-6-2017.

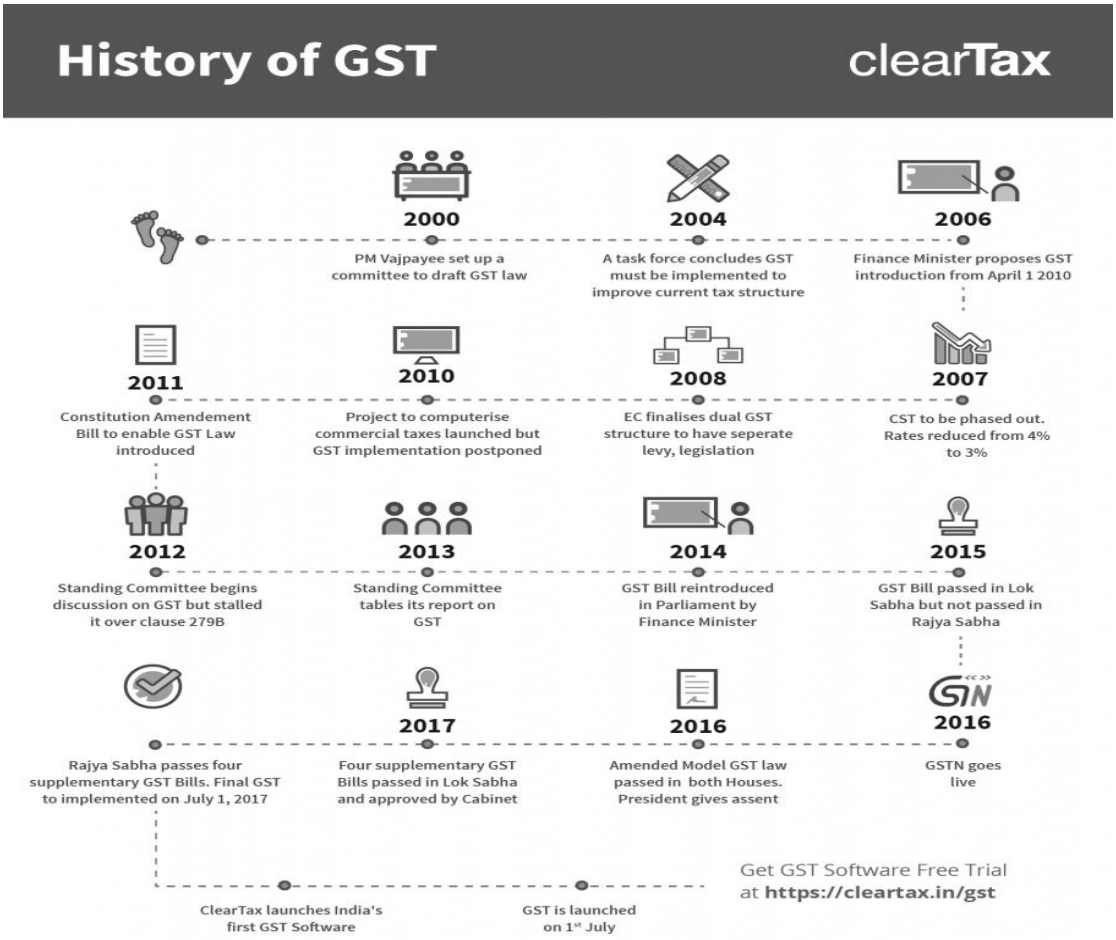
When would one be liable to pay taxes under GST?

A person would be liable to pay taxes, if he is registered or liable to be registered under GST. A person would be liable to be registered in GST:

a) If he is mandatorily required to be registered under **GST**

b) If he is making a taxable supply of goods or services or both and his aggregate turnover under same PAN in the entire country exceeds the threshold limit as provided in GST. Threshold limit in GST is Rs.10Lakhs/ 20Lakhs (for persons in Specified States/ Non Specified States) for person having only within State supplies and there would be no threshold limit for persons having Inter-State Supplies.

The concept of liability of a person liable to pay tax in GST revolves around registered person or person liable to be registered under the law.



What are the benefits of GST?

1. Make compliance easy by providing all tax payer services like registration, returns, payment etc. online through use of Information Technology.
2. Same tax structure across country making One Nation, One tax.
3. Seamless flow of credit of all taxes paid in earlier stage and therefore reduces inflation by removing cascading effect.
4. More transparency in "Doing Business" and creating competitiveness in Industry.
5. Uniformity of taxes and Compliances will reduce compliance costs for industry.
6. Less chances to avoid taxes and more control over tax evaders will help in better administration.
7. More revenue collection and decrease cost of collection due to use of IT by GSTIN.
8. Tax burden will reduce due to seamless credit and prices of commodities and services will reduce eventually.

What changes has GST brought in?

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. 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.

Illustration: Based on the above example of biscuit manufacturer along with some numbers, let's see what happens to the cost of goods and the taxes in a pre GST and GST scenarios**.**

Tax calculations in Pre GST regime:

Action	**Cost**	**10% Tax**	**Total**
Manufacturer	1,000	100	1,100
Warehouse adds label and repacks @ 300	1,400	140	1,540
Retailer advertises @ 500	2,040	204	2,244
Total	1,800	444	2,244

Along the way, the tax liability was passed on at every stage of the transaction and the final liability comes to rest with the customer. This is called the **Cascading Effect of Taxes** where a tax is paid on tax and the value of the item keeps increasing every time this happens.

Tax calculations in GST regime:

Action	**Cost**	**10% Tax**	**Actual Liability**	**Total**
Manufacturer	1,000	100	100	1,100
Warehouse adds label and repacks @ 300	1,300	130	30	1,430
Retailer advertises @ 500	1,800	180	50	1,980
Total	1,800		180	1,980

In the case of Goods and Services Tax, there is a way to claim credit for tax paid in acquiring input. What happens in this case is, the individual who has paid a tax already can claim credit for this tax when he submits his taxes. In the end, every time an individual is able to claim input tax credit, the sale price is reduced and the cost price for the buyer is reduced because of a lower tax liability. The final value of the biscuits is therefore reduced from Rs. 2,244 to Rs. 1,980, thus reducing the tax burden on the final customer.

What are the components of GST?

Transaction	**New Regime**	**Old Regime**	
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 Centre will then share the IGST revenue based on the destination of goods.

- **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 regime will be as follows:

Illustration:

- Let us assume that a dealer in Gujarat had sold the goods to a dealer in Punjab worth Rs. 50,000. The GST rate is 18% comprising of only IGST.

In such case, the dealer has to charge Rs. 9,000 as IGST. This IGST revenue will go to the Central Government.

- The same dealer sells goods to a consumer in Gujarat worth Rs. 50,000. The GST rate on the good is 12%. This rate comprises of CGST at 6% and SGST at 6%.

The dealer has to collect Rs. 6,000 as Goods and Service Tax. Rs. 3,000 will go to the Central Government and Rs. 3,000 will go to the Gujarat government as the sale is within the state.

What are the major taxes being presently levied in the supply chain of goods and services by State/Central Government?

Following are the major taxes being levied in the supply chain of goods by the State/Central Government:

S.No.	***Taxes***	***Taxable Event***	***Nature of Tax***
1.	State VAT	Sale of Goods within the State	State Tax
2.	Excise Duty	Manufacturing of Goods	Central Tax
3.	Central Sales tax	Sale of Goods between two States	State Tax
4.	Additional Customs Duty	Import of Goods	Central Tax
5.	Special Additional Duty	Import of Goods	Central Tax
6.	Entry Tax	Entry of Goods in to Local Area	State Tax

Following are the major taxes being levied in the supply chain of services by State/Central Government:

S.No.	***Taxes***	***Taxable Event***	***Nature of Tax***
1.	Service Tax	Provision of Service	Central Tax
2.	Entertainment Tax	Provision of Entertainment	State Tax
3.	Luxury Tax	Provision of Luxury	State Tax

Who becomes a taxable person under GST?

Short answer is a person who carries out any business at any place in India and who is registered or required to be registered under the GST Act. Amongst others, GST registration is mandatory for:

- Any business whose turnover in a financial year exceeds Rs 20 lakhs (Rs 10 lakhs for North Eastern and hill states)
- An input service distributor
- An E-commerce operator or aggregator
- A person who supplies via e-commerce aggregator

Precautions while filing return for June 2017:

The taxable persons should file tax returns up to date for month ending June 2017. Great caution is required to file this return, since if the input tax credit available is not properly reflected in the return, there will be financial loss. As far as possible, taxable person should utilise the available

Cenvat Credit and Input Tax credit of State Vat to the maximum possible extent. Only minimum amount should be paid by cash. This will ensure that issues relating to carry forward of credit.

GST NETWORK

- GSTN would be incorporated as a limited company with strategic control remaining with the Government and it would have a self-sustaining revenue model by collecting nominal user charges for services.

- The GST common portal to be set up before the GST roll out would function as a pass through portal for GST dealers and for submitting registration applications, filing returns, making payments, etc.

- GSTN chairman Navin Kumar announced that Infosys, India's second largest IT service exporter has been selected to build Technology Infrastructure for GSTN.

FATE OF GST

The proposed goods and service tax (GST), India's biggest revenue shake-up since independence in 1947, seeks to replace a slew of federal and state levels, transforming the nation of 1.2 billion people into a customs union. After Parliamentary Affairs Minister Venkaiah Naidu said the government had agreed to accept the opposition party's demand, Senior Congress leader Kapil Sibal told reporters that "The government is using optics of meetings and is not serious about GST". Congress wants the government to cap the GST rate at less than 20 percent, scrap a proposed state levy and create an independent mechanism to resolve disputes on revenue sharing between states. The political slugfest between the two sides has ensured that Finance minister Arun Jaitely's self-imposed deadline of April 1 for the GST's launch will be missed. While Jaitely has yet to set a new date for the rollout, aides say passage of the constitutional amendment bill in February's budget session of parliament would allow them to implement it by October.

Conclusion

The condition for an optimal threshold is derived from the general first-order condition for an optimal tax system, namely that the perceived marginal cost of taxation is equal to the marginal benefit from public expenditure, for all taxes and related parameters and all types of expenditure. This condition clearly does not hold in practice. In considering just one component of the GST structure, the threshold value for imported units, there is nevertheless an implicit assumption that the remainder of the tax structure is in fact optimal. For example, the marginal cost of funds from income taxation is equated to the required ratio, so that in an optimal system, the GST threshold should be adjusted so that its marginal cost of funds is equal to that from the alternative. If it is lower, the threshold should lower and more tax obtained from imported units, and if it is higher, the threshold should be raised and any additional required revenue obtained from the alternative source. Precise details about the cost components and the demand elasticity, along with the marginal cost of funds from alternative tax sources, are extremely difficult to obtain for New Zealand. In the absence of reliable estimates, illustrative numerical values were reported, showing the sensitivity to administrative costs, the demand elasticity and, importantly, value judgements.

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IMPACT OF GOODS AND SERVICE TAX ON STATE AND CENTRAL GOVERNMENT – AN OVERVIEW

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Abstract

GST (Goods and services tax) is being considered as one of the biggest tax reforms in India after independence. The idea of "One Nation -One Tax" has been welcomed by Businessmen, Governments, Professionals and policy makers. GST will simplify indirect taxes by integrating all major indirect taxes like Excise duty, service tax, VAT, Octroi etc. into one single tax, thus increasing the ease of business in India. An analysis of what the impact of GST (Goods and Services Tax) will be on Indian Tax Scenario.Then the need arose for the change in tax structure from traditional to GST model. The impact of GST in the present tax scenario in India.

Key Words: GST (Goods and Services Tax), Indian Tax Scenario, two-tiered One-Country-OneTax regime, tax structure, Cascading Effect, etc.,

Introduction

There are so many types of taxes that are levied by the Central and State Governments on Goods & Services in India previously. Indian consumers paid indirect tax on goods and services such as Value Added Tax, Service Tax, Excise Duty, Customs Duty, etc., Each State levies their own tax on the goods coming into their control for sale and consumption, while the Centre levies taxes on the manufacture of the goods. All these direct taxes levied on the traders are passed down to the consumer.

Let us take an example of a dress manufactured in Surat, Gujarat. At the spot of manufacture, an excise duty/CENVAT has to be paid to the Central Government. If the stain for the dress are bought from Madhya Pradesh, then the manufacturer has to pay the state taxes applicable for the stain in Madhya Pradesh while buying it, and also pay Gujarat's ―import duty on the product. Similarly, if the buttons for the dress are bought from Rajasthan, then another set of taxes is added to the manufacturing cost. At the end of this chain, when the product reaches the market for sale, VAT is added to it. So all the taxes paid for the production of the dress so far get added to the cost of the dress, which rises considerably from its actual manufacturing cost. Of these, excise duty/CENVAT, customs duty, service tax, central and state sales tax, VAT, Octroi, entry tax, road toll, the luxury tax and entertainment tax are applicable to goods and services.

It is burdened with multiple taxation on the same object with no way to redeem the taxes already paid at each stage of production-retailing consumption. If CENVAT and service tax are paid at the manufacturing level, these can be redeem against future payments, but none of the other taxes paid at any stage can be reclaimed. In order to eliminate double charging in the previous system and increase the number of taxpayers, the government of India introduced GST. GST was implemented in India from 1stJuly 2017.

What is GST?

What is GST? GST stands for Goods and Service Tax. Goods and Service Tax is applied on services and goods at a national level with a purpose of achieving overall economic growth. GST is particularly designed to replace the indirect taxes imposed on goods and services by the Centre and States.GST will be an indirect tax at all the stages of production to bring about uniformity in the system. Under this system, the consumer pays the final tax.

How is GST applied?

GST consider the country as a single whole organism. The Indian Government is opting for dual system GST. This system having two components which will be known as Central Goods and Service Tax (CGST) and State Goods and Service Tax (SGST). What a trader will essentially be able to do is claim a refund on the taxes already paid at different stages of value addition. The consumer who buys the product will have to pay only the GST charged by the last dealer in the supply chain, as everyone else would have the opportunity to compensate the taxes paid at the previous stages. If we take the above example, under the GST system, the CENVAT on manufacturing the dress and the taxes paid on stains and buttons can be redeemed at each level, thereby considerably reducing the total taxes paid. The manufacturer or wholesaler or retailer will pay the applicable GST rate, but will claim back through tax credit mechanism. But being the last person in supply the chain, the end consumer has to bear this tax and so, in many respects, GST is like a last-point retail tax. GST is going to be collected at point of sale.

Let us understand the above supply chain of GST with an example:

When the wholesaler buys from the manufacturer, he pays a 10% tax on his cost price because the liability has been passed on to him. Then he adds value of Rs. 40 on his cost price of Rs. 100 and this brings up his cost to Rs. 140. Now he has to pay 10% of this price to the government as tax. But he has already paid one tax to the manufacturer. So, this time what he does is, instead of paying Rs. 14 (10% of 140) to the government as tax, he subtracts the amount he has paid already. So, he deducts the Rs. 10 he paid on his purchase from his new liability of Rs. 14, and pays only Rs. 4 to the government. So, the Rs. 10 becomes his input credit.

When he pays Rs. 4 to the government, he can pass on its liability to the retailer. So, the retailer pays Rs. 154 (140+14) for him to buy the shirt. At the next stage, the retailer adds value of Rs. 30 to his cost price and has to pay a 10% tax on it to the government. When he adds value, his price becomes Rs. 170. Now, if he had to pay 10% tax on it, he would pass on the liability to the customer. But he already has input credit because he has paid Rs.14 to the wholesaler as the latter's tax. So, now he reduces Rs. 14 from his tax liability of Rs. 17 (10% of 170) and has to pay only Rs. 3 to the government. And therefore, he can now sell the shirt for Rs. 187 (140+30+17) to the customer.

Action	Cost	10% Tax	Actual Liability	Total
Buying Raw Material	100	10	10	110
Manufacturer @ 40	140	14	4	154
Adds Value @ 30	170	17	3	187
Total	170		17	187

In the end, every time an individual was able to claim input tax credit, the sale price for him reduced and the cost price for the person buying his product reduced because of a lower tax liability. The final value of the shirt Rs. 187, thus reducing the tax burden on the final customer.

So essentially, Goods & Services Tax is having a two-pronged benefit. One, it will reduce the cascading effect of taxes, and second, by allowing input tax credit, it will reduce the burden of taxes and, hopefully, prices.

GST will ensure transparency with regards to the rate of taxation and the total amount that goes to the government as taxes on a product. Previously, a consumer was not aware of the total amount of taxes she /he pays for a product, apart from VAT which is mentioned on the bill.

Here's a list of taxes that the GST will likely replace:

- Service Tax
- Cesses and surcharges related to supply of goods or services
- Central Excise Duty Excise Duties on medicinal and toilet preparations
- Additional Excise Duties on textiles and textile products
- Additional Excise Duties on goods of special importance

- Additional Customs Duties (CVD)
- Special Additional Duty of Customs (SAD)

These are the taxes that could be absorbed into the GST regime:

- Central Sales Tax
- State VAT
- Entry Tax
- Purchase Tax
- Entertainment Tax (not levied by local bodies)
- Luxury Tax
- Taxes on advertisements
- State cesses and surcharges
- Taxes on lotteries, betting and gambling

Advantages of GST:

- It simplifies the tax system and makes it easier to understand as well as cheaper to implement at various levels.
- Tax evasion at various stages will be eliminated as tax offsets can be collected only if taxes have been paid originally. You will also be able to buy raw materials or constituent materials for production only from those who have paid taxes, in order to claim benefits.
- It will be cheaper to buy input goods and services for production from other states.
- The current supply and distribution chain may undergo a change with a change in taxation system that does away with excise and customs duties.
- The consumer will get the end-product at cheaper rates because of elimination of multiple taxes and the tax cascade.
- As of now, petroleum and petroleum products have been kept out of the GST regime until further notice.
- The Sale of newspapers and advertisements are also likely to fall under the GST regime, allowing the government to increase its revenue considerably.
- While there will be central GST and State GST, the tax applicable on goods and services being exported and imported between states in India would fall under an Integrated GST (GST) system in order to avoid conflict of dominion.

Disadvantages of GST:

- GST is not good news for all sectors, though. In the previoussystem, many products were exempted from taxation. The GST proposes to have minimal exemption list. Previously, higher taxes are levied on fewer items, but with GST, lower taxes will be levied on almost all items.
- GST is not applicable on liquor for human consumption. So alcohol rates will not get any advantage of GST.
- Stamp duty will not fall under the GST regime and will continue to be imposed by states.

The Impact:

It is expected that the creation of the Goods and Service Tax act and its implementation will have a great impact on various aspects of business in India by changing the traditional pattern of pricing the products and services.

The Goods and Service Act will also have a great impact on the tax system in India by reducing the unfavorable effect of tax on the cost of goods and services. GST is expected to change the whole indirect tax system by impacting the tax structure, tax computation, credit utilization and tax frequency. It will also help in supply chain optimization.

The originators of the Goods and Service Tax believe that the implementation of this act would make the tax procedure more transparent, fair and efficient. It will help in creating a single national market by merging several Central and State taxes under a one single tax procedure. No doubt, the implementation of GST will take time, but it is likely to create more employment opportunities and economic inclusion.

GST Impact on Central Government

(a) Increased collection of CGST and IGST: The collection of taxes-CGST and IGST would increase when more and more assesses register and pay taxes due to simplified tax laws under the GST regime.

(b) Loss of CST revenues: The CST which was 2 % accruing to the State of the collection has been subsumed into GST. This revenue would not be available to the States.

(c) Refunds under GST: The refunds under Central excise and service tax laws take a long time. However, in GST Regime, refunds are expected to be processed faster with 90% of the total refund amount being available on submission of proper documents.

(d) Reduced corruption: When the laws are simplified, then the chances of multiple interpretations would get reduced, leading to reduction in disputes and consequent litigation. Also, the automation of the payments/returns filing and other compliances could mean that the interaction between the assessee and the department officers would come down to a minimum. This would reduce corruption and increase ethics gradually.

(e) Compensation for loss of revenues to the States: The compensation of loss of tax revenues to the States on account of implementation of GST would be an outgo. In reality, there may be minimal outgo except for the weaker States. All expected to gain due to increased compliance.

GST Impact on State Government

(a) Proliferation of computerization leading to fall in transaction costs: Due to increase in computerization due to GSTN, the tax administration would be easier and cost of collection would be less.

(b) The Destination Principle: States, which are net consumers would benefit due to the accrual on destination. The producing States may have a comparative disadvantage. (i) A unified common national market to boost Foreign Investment and ―Make in India‖ campaign. (ii) Boost to export/manufacturing activity, generation of more employment, leading to reduced poverty and increased GDP growth. (iii) Improving the overall investment climate in the country which will benefit the development of states.iv) Uniform SGST and IGST rates reduce the incentive for tax evasion. (v) Reduction in compliance costs as no requirement of multiple record keeping.

GST impact on Economy

The need for GST has been felt because under the previous indirect tax structure:- 1) Tax barriers have fragmented the Indian market, 2) The Cascading effects of taxes on cost have made indigenous manufacture less attractive, 3) Complex multiple taxes have raised the cost of compliance.

Slab	GST rates	VAT rates	Products
1	5%	Upto 9%	Edible oil, spices, tea, coffee
2	12%	9% - 15%	Computers, processed food
3	18%	15% - 21%	Soaps, oil, shaving sticks
4	28%	21%	Luxury goods(luxury cars, tobacco, aerated drinks)

Food grains will have a 0% tax to provide relief to consumers.

The Goods and Services Tax (GST) will be levied at multiple rates ranging from 0 per cent to 28 per cent. GST Council finalized a four-tier GST tax structure of 5%, 12%, 18% and 28%, with lower rates for essential items and the highest for luxury and demerits goods that would also attract an additional cess.

Service Tax goes up from 15% to 18%. The services being taxed at lower rates, owing to the provision of abatement, such as train tickets, will fall in the lower slabs. In order to control inflation,

essential items including food, which presently constitute roughly half of the consumer inflation basket, will be taxed at zero rate.

The lowest rate of 5% would be for common usable items. There would be two standard rates of 12 per cent and 18 per cent, which would fall on the bulk of the goods and services. This includes fastmoving consumer goods. Highest tax slab will be applicable to items which are currently taxed at 30-31% (excise duty plus VAT). Ultra luxuries, demerit and sin goods (like tobacco and aerated drinks), will attract a cess for a period of five years on top of the 28 per cent GST. GST is expected to have a favourable outcome for the economy as per my opinion.

Basically we can take 2 segments

1. Organised Segment: GST impact would be minor and for a very short period

2. Unorganised Segment: GST impact will be for short duration. Research done by NCAER, it was suggested that GST would be the key revolution in Indian Economy and it could increase the GDP by 0.9 to 1.7 percent. As speculated earlier, the tax experts can now assume that the growth will be around 1 to 2 percent after the implementation of the GST.

Major Favourable outcomes:

1) Input Tax Credit: Removal of tax barriers with seamless credit will make India a common market, leading to economies of scale in production and efficiency in the supply chain.

2) Cascading Effect: Removal of cascading effect of taxes embedded the cost of production of goods and services, significantly reducing cost of supply.

As part of GST implementation, service tax is revised to a maximum of 28% from the previous levels of 15%, which might not be a negative for service companies like private run lotteries authorised by the states, race club betting, cinema etc., will attract tax 28% slab under GST. In existing system they were not able to take input on Goods & services (upto a level) but in the GST they will get the benefit of Input credit on many goods & services which are related to furtherance of business.

Impact of GST on Segment wise:

1. Services Sector Segment: As per existing Tax structure currently service tax is charged @15%, whereas as per proposed GST @18% will be charged on the Supply of Services but in existingtax structure assesses is not able to take the input tax credit benefit of goods & services, whereas in proposed GST system assesses will be able to take credit of supply of both goods & services which will cover differing of additional 3% GST up to a level. Thus, on many service Tax Sector there is no huge benefit or loss, but any industry sector, which only provide pure services and does not use goods or services so not having input tax credit than to those service sector tax burdens will be increased by 3% like in telecom or insurance sector, there are no many goods or services consumed so this sector could face marginally negative impact from the higher service tax rate of 18 per cent (likely) versus 15 per cent currently.

2. Organised and unorganised: Important fallout of GST could be shifted from unorganised to organised segment. The unorganised sector will come into the tax net and will lose the benefits arising from non-payment of taxes and levies. Thus, companies which are operating in an organised manner will get the benefit of high unorganised component in terms of increased demand. Companies in sectors like plywood, ceramic tiles, batteries, etc. will stand to benefit.

3. Distribution Channel – Large or Short: The sectors which have long value chain from basic goods to the final consumption stage by the end user with an operation spread in multiple states [FMCG, pharmacy, consumer durables, etc.,] should benefit. FMCG companies could generate substantial savings in logistics and distribution costs as the need for multiple sales depots will be eliminated. FMCG companies pay nearly 30%, including excise duty, VAT and entry tax and a lower rate of 18% or 12 % could yield a significant reduction in taxes.

4. Impact on Automobile companies: People thought Automobile companies could gain from GST implementation if the GST rate on their products is 18 % [Bike, Hatchback, and Sedan] and they are able to retain the benefits of lower rates. But Indian government levied a high rate of 28 % on luxury cars & on SUV,but it would not have a negative impact as there were so many taxes was charged as per existing system and credit input was not available for all taxes.

Conclusion

The idea behind having one consolidated indirect tax currently existing is to benefit the Indian economy in a number of ways:

- It will help the country's businesses gain a level playing field.
- It will also translate into gains for the end consumer who not have to pay cascading taxes any more.
- There will now be a single tax on goods and services

In addition to the above, The Goods and Services Tax Law aims at streamlining the indirect taxation regime. As mentioned above, GST include all indirect taxes levied on goods and service, including State and Central level taxes. The GST mechanism is an advancement on the VAT system, the idea being that a unified GST Law will create a seamless nationwide market. It is also that Goods and Services Tax 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 by upcoming years too.

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IMPACT OF GST ON HOTEL INDUSTRIES IN INDIA

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Abstract:

Introduction of GST would be a 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 and allowing set-off of prior-stage taxes, it would mitigate the ill effects of cascading and pave the way for a common national market. For the consumers, the biggest gain would be in terms of a reduction in the overall tax burden on goods. There was a bigger expectation on GST as that will make our products competitive in the domestic and international markets and tit will bring revenue gain for the Centre and the States due to widening of tax base, increase in trade volumes and improved tax compliance. This study focuses on whether the expectations on GST are satisfied or not in the hotel industries in India.

Key Words: Tax Reforms, National Market, Widening of Tax,

Introduction:

Goods and Service Tax (GST) is a destination based consumption tax which is a levy of tax on all goods and services with the objective of expanding the tax base through wide coverage of economic activities , mitigating the cascading effect , reduction of exemptions , enable better compliances etc. thereby resulting into formation of common national market for goods and services . GST is replaced all indirect taxes that are presently levied on goods and services separately by the central and the state. This is consolidating the state's economies and provides a more structural taxation framework for people. If this bill is put into action the idea of creating an undivided and cooperative nation (One Tax One Country) would go a step further.

The idea of moving towards the GST was first mooted in the Budget for 2006-07. The Empowered Committee of State Finance Ministers (EC) which had formulated the design of State VAT was requested to come up with a roadmap and structure for the GST. Joint Working Groups of officials having representation of the States as well as the Centre were set up to examine various aspects of the GST and draw up reports specifically on exemptions and thresholds, taxation of services and taxation of inter-State supplies. Based on discussions within and between it and the Central Government, the Empowered Committee released its First Discussion Paper on the GST in November, 2009. This spells out the features of the proposed GST and has formed the basis for discussion between the Centre and the States so far.

Salient Features of GST:

The salient features of GST are as under:

(i) The GST would be applicable on the supply of goods or services as against the present concept of tax on the manufacture and sale of goods or provision of services. It would be a destination based consumption tax.

(ii) It would be a dual GST with the Centre and States simultaneously levying it on a common tax base. The GST to be levied by the Centre on intra-State supply of goods and / or services would be called Central GST (CGST) and that to be levied by the States would be called State GST (SGST).

(iii) The GST would apply to all goods other than alcoholic liquor for human consumption and five petroleum products, viz. petroleum crude, motor spirit (petrol), high speed diesel, natural gas and aviation turbine fuel. It would apply to all services barring a few to be specified.

(iv) Tobacco and tobacco products would be subject to GST. In addition, the Centre could levy Central Excise duty on these products.

(v) The GST would replace the following taxes currently levied and collected by the Centre:

a. Central Excise duty
b. Duties of Excise (Medicinal and Toilet Preparations)
c. Additional Duties of Excise (Goods of Special Importance)
d. Additional Duties of Excise (Textiles and Textile Products)
e. Additional Duties of Customs (commonly known as CVD)
f. Special Additional Duty of Customs (SAD) g. Service Tax

(vi) State taxes that would be subsumed under the GST are:

a. State VAT
b. Central Sales Tax
c. Luxury Tax
d. Entry Tax in lieu of octroi
e. Entertainment Tax (not levied by the local bodies)
f. Taxes on advertisements
g. Purchase Tax
h. Taxes on lotteries, betting and gambling
i. State cesses and surcharges insofar as they relate to supply of goods and services

(vii) An Integrated GST (IGST) would be levied and collected by the Centre on inter-State supply of goods and services. Accounts would be settled periodically between the Centre and the States to ensure that the SGST portion of IGST is transferred to the destination State where the goods or services are eventually consumed.

Today, hospitality sector (which includes tourism also) is one of the fastest growing sectors in India and is achieved growth rate nearly 8 % between 2007 and 2016. The boom in travel and tourism has led to the further development of hospitality industry. Consequently the hospitality industry is expanding globally and promoting its growth in a changing multicultural environment. Hotels contribute the output of goods and related services which build well being of their nations and communities.

Hotel industry (includes tourism) contributes to 6.23 percent to the National GDP and 8.78 percent of the total employment in the country. Goods and Service Tax (GST) is a destination based consumption tax which is a levy of tax on all goods and services with the objective of expanding the

tax base through wide coverage of economic activities , mitigating the cascading effect , reduction of exemptions , enable better compliances etc. thereby resulting into formation of common national market for goods and services .

HOTEL INDUSTRY IN INDIA:

The Indian tourism and hospitality industry has emerged as one of the key drivers of growth among the services sector in India..The hospitality sector encompasses a wide variety of activities within the services sector and is a major job provider both direct and indirectly. This sector attracts the some portion of FDI (Foreign Direct Investment) inflow and is one of the important net foreign exchange earners for the country. The growth in the hospitality sector and its contributions to the GDP will continue to be substantially higher than other sectors of the economy on the back of huge tourism potential in the country. However, the hospitality sector is one of the most heavily taxed industries and is saddled with multiple layers of tax such as VAT, service tax, luxury tax, etc. ranging from 20 per cent - 28 per cent. But, further it has reduced slightly due to strong opposition from hotel industry employers.

The hospitality industry relies on a host of enabling the ecosystem to function and has a reciprocal relationship with several other sectors like transportation, entertainment, aviation etc. Strengthening these related sectors will lead to the growth and development of the hospitality sector. Therefore, single window clearance for real estate and hospitality projects and providing infrastructure status to the hospitality industry are much-needed steps for the growth of the industry.

The hospitality sector has the potential to be the main driving force behind the growth of the economy. It, however, will be possible only with the right amount of support and incentives from the government in all categories of hotels and not only limited to the luxury and ultra-luxury segment. I believe that the government must provide its full support in incentivizing the sector and the overall taxation on the hospitality sector should be reduced to stimulate its growth and make India competitive against other internationally renowned hospitality chains.

Tax Liability on Hotels under GST Regime:

- Luxury Tax on Services provided in a Hotel is leviable at 10% on receipt basis. As all services under GST regime are to be taxed at 18% while the present rate of service tax is 15%

- The services provided under GST regime by way of lodging accommodation by a hotel, Guest house, home stay, club or campsite by whatever name called and including a house boat or any other vessel will be taxable at 18% on the transaction value of supply of services in all probability.

- There is no luxury tax under LEAT, where the rate per day for accommodation is up to Rs. 3,000. Such exemption on daily rate basis may not be available under GST regime.
- Some of the owners of the hotel who are enjoying exemption from payment of Luxury Tax will not get the benefit of exemption under GST regime
- The supplier of Hotels will be entitled to input tax rebate on the inputs, capital goods and services used by them in the course or furtherance of business.

Tax Liability on Restaurant under GST Regime:

- As per Clause 6(b) of Schedule II, Tax under GST regime will be leviable as supply of services, not as supply of goods @ 18% on transaction value i.e. the consideration paid or payable.

- No tax will be payable on the goods supplied by the restaurants to the customers as Restaurant services have been specified as composite service

- The supplier of Restaurant services will be entitled to input tax rebate on the imputs, capital goods and input services used by them in the courses or furtherance of business.

- As such Restaurant service supplier shall pay tax @18% on supply of services in place of 5% which is being paid under VAT regime.

Positive and Negative Impact of GST on Hotel Industry

Positive Impact

1. The Multiple taxes would be replaced by one single tax, the rate of which is likely to be between 16% to 18%. The hotel industry would benefit in the form of lower tax rate which should help in attracting more tourists in India.

2. It was now and again 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. Service providers will have an option to take different registration or separate business verticals which needs to be examined on case to case basis.

Negative Impact

1. Alcohol and electricity are out of the purview of GST net. The taxation on alcohol would be different than the single **GST rate**. The industry consumes a lot of electricity as a prime consumable and the levy of electricity duty would likewise not be shrouded in GST. Thus, the hotel industry would not be able to avail the input credit on the two items which will have a negative impact on this sector.
2. 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.
3. The frequency and number of returns to be filed will go up.

Conclusion

GST is a blended pack of better and simpler principles and directions, and expanded expenses and compliances. The Hotel and Restaurant Association of Western India had been campaigning for a GST rate of 5% as it trusted that a lower rate will get more travelers and enable Indian organizations to contend with worldwide chains. Be that as it may, the GST Council regarded it fit to set the rate at 18%. The restaurant industry has been burdened with high and multiple taxations. However, liquor should be included in GST. Exempting it defeats the very purpose of bringing in a uniform single tax structure. This allows states to have their own taxes without a cap with separate accounting requirements and results in double compliance for the restaurant / hotel industry. This is neither beneficial for 'Ease of doing business' nor for the customers, "Everybody

likes consolidation of taxes as it leads to greater transparency and will help guests and buyers understand overall costs.

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A CASE STUDY ON GST IN SERVICE SECTOR PARTICULARY WITH REFERENCE TO HOTEL INDUSTRY

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Abstract

Goods and Services tax is a newest taxation system in India.It is a Indirect taxation has a huge impact on business both big and small and change the way of economy functions.This tax is combined by the central and state government.The parliament legilation of every state will have the power to make law under the article of 246 Act with respect to goods and services to imporved by union government or by the state government.This tax was introduced by the constitution 101st 1st amendment act 2017,following the governed by a GST council and its chairman is the finance Minister of India. Under GST, goods and services taxed at 0%, 5%, 12%, 18%, and 28%. In July 2017. The government introduced and implemented four types of GST bills, including, central GST, Intergrated GST, GST bill of union territories and GST bill. In this paper section, one deals with introduction, objectives, methodology, and limitation of the study. Section 2 deals with introduction of hotel industry and the GST on it applied. Section 3 deals with a case study on chidambara vilas a luxury heritage resort from sangam hotel. Section 4 includes GST impact on hotel industry and final section 5 concludes the study area and suggestions.

A case study conducted with Chidambara Vilas a luxury Heritage resort from sangam hotel to find the impact of GST on Heritage resort. From the findings it is found out that the heritage resort enjoy 12% to 18% GST which is less then the before tax rates which includes VAT, Service Tax and service charges.

Introduction:

GST was introduced in Feburary 2006 and announced the date of its implementation in 2010.January 2007 Dr.Sharme released first GST. Feburary 2007 Finance Minister announced introduction of GST from 1 April 2010 in budget. The government came out with a first discussion paper on GST in November 2009. Introducing in 115th constitution Amendment (GST) bill in the year 2011. The proposed rate of GST on Goods is 20% out of which 12% central and 8% state. For Essential goods 12% of which 6% state and 6% central. For services 16%, that is 8% state and 8% central. However, Vat for state is 12.15% and for Central 26.5%. There is .5 % differ. It is not a perfect tax levied under central tax. In state levied 22% overall but VAT 12.15 % only. Therefore, this is not a perfection of tax levied in GST.

More than 140 countries already introduced GST. France was the first country to introduce GST in 1954. Typically, it is a single rate system but two or three rate system is also prevalent by Canada and Brazil along our dual vat. Standard GST rate in most countries ranges between 15 to 20 %.

Why does India need GST?

GST is being introduced for two reasons the current Indirect tax structure is full of uncertainities due to multiple rates.Due to multiple forms, GST tax complesity in the prevailing tax

regimes.The tax structure in India comprise of two taxes direct taxes and Indirect taxes.Direct tax includes income tax, corporate tax, and wealth tax.Indirect tax includes Exise duty, Custom duty, Service tax, vat and octori tax. Progressive tax increases the rate of tax for increasing value or volume. Regressive tax decreases the tax rate for increase the value or volume. Proportion tax fixed rate of tax for every level of income or production.

GST is newest and indirect taxation in India that has a huge impact on business both big and small and change the way of economy functions. It is important to understand the current indirect taxation system. Direct taxes such as Income tax are borne by the person liable to pay the tax, this means that the tax burden cannot be shifted to any one else. The liability of indirect taxed can be shifted to another person,the person liable to pay the tax can collect the tax from someone else and then pay it to the government,shifting the tax burden.the GST tax falls under this catergory. The current indirect tax structure comprises of central and state taxes. Central tax levied by the central government including CST and Excise duty. State taxes levied by the various state governments (VAT, Service tax, octroi) it replacement to complex sales tax. It overcomes a cascading effect of tax. It applied on 'Value added portion in sales price. It is not uniform in nature; differ to differ state. Differ rates of taxation for different good and services.

Objectives of the study.

The present study on GST is focus on service sector particulary hotel industry.

To study the GST levied on hotel industry particular on Chidambara vilas a luxury heritage resort from sangam hotel.

To analyse and find out the GST impact on service sector particulary hotel industry.

Limitation of the study:

Due to time constraints, the study period is limited to only 15 days. Hence not able to collect much more information regrading hotel industry. The area of study is limited to pudukkotai district.There are five star,three star, one star and two star ,Heritage resort,luxury resort,cottage resort,residency,etc.The study is limited to the luxury heritage resort .

Methodology used:

A case study was conducted in Chidambara vilas luxury heritage resort Thirumayam taluk. Pudukkottai.district.

Hotel industry:

Section 2 deals with introduction of hotel inductry.A commercial establishment providing lodging meals and other guest services in general, hospitality minimum of six letting bedrooms, at least three of must have attached private bathroom facilities. Although hotels are classified into 'star' categories (1 star to 5 stars), there is no method of assigning these ratings and compliance with customary requirements is voluntary.A US hotel with certain rating may look differ from European or Asian with same rating and would provide a different level of amenities, rate of facilities, and quality of service. Star hotel provides good and spacious accommodation high-class decoration furnishings and color TV better-equipped bedrooms each with a telephone and one or more bars or lounges.with attached private bathrooms. Hotel industry plays a vital role in the development of services sector. Hospitality plays a major role in this sector. Tourism and Hotel paves the way for development of exchange currency in India. Star hotels in various places connected with tourism places. People from various countries traveling throughtout the world want to stay and enjoy the whole day. The Luxious tax and combined service tax is 6 % fixed by different states. After GST, hightest rate is 28%, which is less expensive; and this GST is for star hotels only. Industry sources said that the average combined tax rate is in the range of 18% to22%.Under the new GST if we stay in dinning at five star is more expensive.However budget hotels have been spared with room rates of less than Rs.1000/- is nil,Between (Rs.1000 to Rs.2500) is12%,(Rs2500 to Rs5000) is 18% and aboveRs.5000.is 28%.

Segmentation of Hospitality:

It is divided into two travel and tourism industry and Hotel industry. Hotel industry classified into Hotels,Restraunts, contract caterers. There are many hotels named as Inn,Cottage,Hertitage,homes,Hut,,Residency,Resort,Extendedstay,Suite,Airport hotels, Commerial , Corporate hotels and unclassfied rated hotels. And other division is restaurant consists of fast food,casual dinning, fine dinning and coffee bars. The services provided by the restraurant are in different languages, room facilities, food providing, and snack bar services. The table shows the division of hotels according to levels of people living in that area.

Case Study of Chidambara Vilas a luxury heritage resort from Gangam hotel:

The history of Chidambara Vilas begins in 1884 with the members of a powerful Chettiar family leaving for abroad. Construction on the mansion started on a one-acre plot, which gifted by the Maharaja of Pudukottai. It took 7 years from 1900 to 1907 to complete the house at a princely sum of seven lakhs over 110 years ago. The wood imported from Burma, lights and mirrors from Belgium, chandeliers from Daman and Diu and tiles from Italy.Chidambara Vilas is located at Ramachandrapuram in Kadiapatti, which is a gateway to the Chettinad region. The heritage resort is within short driving distance from three railway stations in the area – Thirumayam, Pudukottai and Karaikudi. It does less than 70 minutes drive from the Trichy airport and enjoys access to the Madurai Airport, as Madurai is just 90 kilometers away.Chidambara Vilas enjoys close proximity to Trichy, Thanjavur and Madurai, and is less than 100 kilometers from any of these three major cities. These three cities are known as the temple cities for the large number of national and international tourists who visit these cultural hotspots. Many travellers pass through these areas, which are also bustling commercial, industrial and educational centers.It is located just a little above 150 kilometers from Rameshwaram, which is one of the holiest Hindu pilgrimage places in India and reckoned to be an important location in the ancient Indian epic called Ramayana.

The three major cities close to Chidambara Vilas also serviced by the Sangam group of hotels, which maintains this boutique heritage property. The distances provides instant access to some of the major cities and tourist destinations through the well developed highways adjoining the region are Chennai– 422 km North-east, Bangalore – 400 km North-west, Thanjavur – 80 km North-east, Madurai – 90 km West, Trichy – 75 km North,Karaikudi – 18 km South, Kanadukathan – 7 km, Thirumayam Fort – 5 km from pudukkottai district.

GST Impact on hotels and restraunant

Impact on Hotels:

Section 4 deals with GST influence hotels and restraunant.Those restaurants whose annual turnover less than Rs.50 lakh, GST is 5 %. Dinner in Non-A/c small restaurants is 12 %.Dinner in A/C restaurants is 18 %(eating with liquor licience). Dinner in 3 star or 5 star is 28 %.All the above said hotels, inns,guest houses,Clubs,Campsites or other commercial places, grant homes,vilas input tax credit available. At present the hotels are impacted by multiple taxes.There are three taxes levied on hotel,which are VAT,Luxury tax by state and service tax by centre.These taxes goes upto 28 %,after implemention,multiple taxes would replaced by one single tax,17 to 19 %.

Negative impact:

The levy of serice tax on room traffs restaurants,the impact of which will be passed on to the end customer,is likely to have a deterimental impact on demand as it drives up the effective consumer cost. However, roll out of GST could neutralise this impact.The incremental tax on air travel will also puch up the travel bill the quantum of the same would be low.

Other financial impact:

The hotel and tourism industry spend a lot of money on construction and renovation. They have to move with the times in order to remain competitive and attract customers. The money paid as taxes on the construction activities cannot be used as input credit to set off the taxes paid on the services offered by the hotels, restaurants, and tourism industry. The R&D cess, which is applicable on technical expertise fees and franchise agreements in the industry, is likely to become a part of

GST. Thus, simplify the taxation procedure for the hotel and tourism industry. The hotel Industry is hopeful that implementation of Goods & Servies Taxes (GST) will affect it positively, but there is concern about the possible high rate of GST for the industry. The industry is awaiting clarity on the GST rate. The actual impact of GST on the hotel industry will depend on the GST rate applicable to the industry.

The table shows the rate under current taxes and GST.

S No	Particulars	GST Rate	Service Tax Rate	Vat Rate
1	Supply of Food/drinks in restaurant not having facility of air-conditioning or central heating at any time during the year and not having licence to serve liquor	12% With Full ITC	Exempted	5.5% on pizza, burgers, sandwich, hotdogs, on cooked food except in restaurants and hotel categorized as 3star and above and heritage hotels as "grand /classic", food Served on Rest. 14.5% on beverages, 3 stars and above, under the brand name by branded chain of cooked food.
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% With Full ITC	Abatement 40%, CC allowed on input services only, exemption Below Rs 1000 & Equivalent	
3	Supply of Food/drinks in restaurant having licence to serve liquor	18% With Full ITC	If AC & CAHC: 40 % Of value & Otherwise exempte d	
4.	Supply of Food/drinks in restaurant having facility of air-conditioning or central heating at any time during the year	18% With Full ITC	40% of value Taxable	
5.	Supply of Food/drinks in outdoor catering	18% With Full ITC	60% of Value taxable	
6.	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 5000/- per room per day	18% With Full ITC	60% of Value Taxable CC Allowed on input Services only	
7.	Bundled service by way of supply of food or any other article of human consumption or any drink,	18% With Full ITC	Abatement 30% CC Allowed On Input Services only	

	in a premises (including hotel, convention center, club, pandal, shamiana or any other place, specially arranged for organizing a function) together with renting of such premises			
8	Supply of Food/drinks in air-conditioned restaurant in 5-star or above rated Hotel	28% With Full ITC	60% of value CC Allowed in Input Services only	
9.	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 5000/- and above per night per room	28% With Full ITC	60% of value CC Allowed in Input services only.	

The hospitality industry, like every other sector in the Indian economy, pays multiple taxes (VAT, luxury tax, and service tax) in the existing indirect tax regime.A hotel where the room tariff exceeds Rs 1,000 is liable for service tax at 15 percent. An abatement of 40% allowed on the tariff value bringing the effective rate of service tax down to 9%. The Value Added Tax 5.5% to 14.5% and luxury tax will still apply.For restaurants there is 60% abatement which means that the service tax is charged at an effective rate of 6% on the F&B bills, apart from VAT (5.5 percent to 14.5%).Bills for bundled services like social functions (seminars, marriage etc.), taxed with an abatement of 30%. The cascading effect of the existing indirect tax regime where the end consumer pays a tax on tax increases the end cost.Hoteliers and hospitality businesses do not get any input tax credit on the taxes they pay currently, as central taxes cannot be set off against state taxes (VAT) and vice-versa and also due to availability of abatement no input credit is available.

Section 5 deals withSuggestions and recommedations:

There is a transparent tax system, Uniform tax system across India, Reduction tax evasion and export will be more competitive.

There are hurdles in implementation of central and state sharing.

High sophisticated infrstructure required by the government.

Issue of tax E- commerce is to be appropitiatly address and intragrated.

There is politial imbalance.At present so for many goods there is reduction of tax, which is already levied. Therefore, we cannot judge how the taxes for the forthcoming years will be.

Our policy is one market one tax that is why GST born. It is healthly to service sector like tourisim and hotel, industry particulary heritage luxury resort enjoy the GST when compared with the previous tax.

Due to political cilmate changes, this tax system is not welcome by many people in India

The present scenairo for hotel industry limit exceed to 20 lakhs for registration is applicable.

Type one hotel and restranunat are exempted form GST. Type 2 to 5 hotels enjoyed the GST.

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CHALLENGES OF GST

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Abstract:

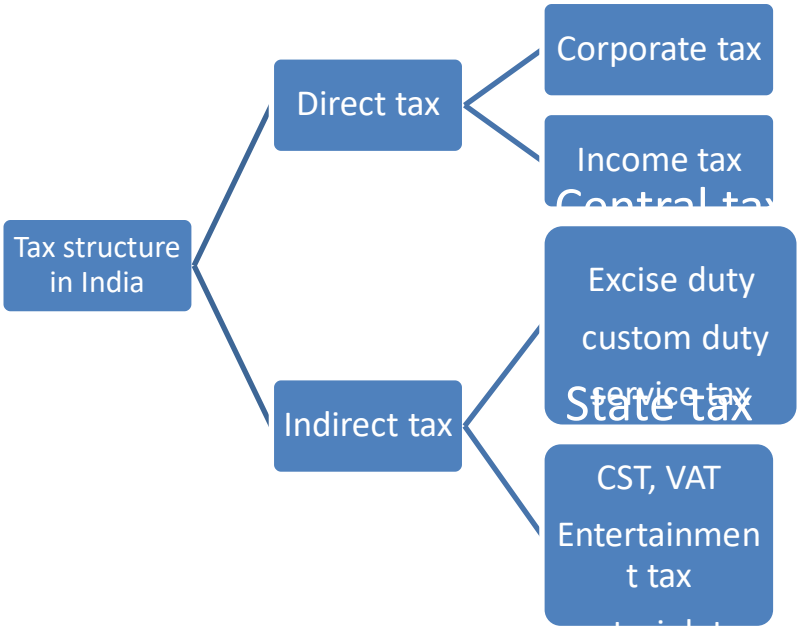
A tax is a mandatory financial charge levied on a taxpayer by a governmental organization in order to fund various expenditure. GST is an indirect tax which has been implemented in India. It has replaced many taxes in the Indian economy. The advantage of GST is that it will replace indirect taxes which are levied by central and state government. The government is setting up a mechanism wherein data is obtained through GST which can use for future use. Finance Minister Arun jaitley has been affirming that India will implement GST from 1st April 2016. In this paper let us discuss about the challenges in the implementation of Goods and Service tax in India. This paper also focused on the problems to be faced by the central government and the state government.

Keywords: Central government, Goods and Service tax, Indirect tax, State government, Implementation.

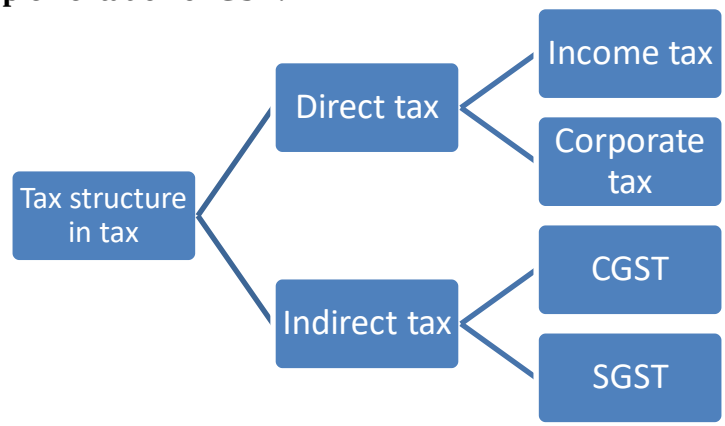
Introduction:

Taxation plays an important role in the taxation of the country. GST is an indirect tax levied on the sale of goods and services. GST council will decide applicability, rates, compensation and implementation. It is a single tax system followed right from the manufacturer to the consumer. GST ultimately born by the final customer. In simple words one tax, one nation, one market. GST is not an incremental tax, it is a transformational tax reforms. It is a destination based consumption tax. The GST journey began in the year 2000 and finally GST bill was passed out in lok sabha and came into force on 1st july 2017. GST is expected to reduce the cost of production and inflation of the country. GST will broaden the tax system in the country. GST is convenient and economically efficient way of taxation. Even though GST has passed, some challenges have taken place in implementation of tax. GST has three components and they are known as CGST, SGST, and IGST. GST is a dual tax system which is levied by both central government and the state government.

Taxation system before implementation of GST:-



Tax system after implementation of GST:-



Purpose of GST:-

Simple tax structure.
Eliminating cascading effect.
Increased revenue.
Technology driven system.

Model of GST:-

Goods and Service tax at central government level.
Goods and Service tax at state government level.
Goods and Service tax at central and state government level.

Need of the study:

Nowadays goods and service tax has become a very important topic. Vat was introduced in all over the country in 2006 and GST is the logical condition of the successful introduction and imposition of value added tax in India. This will help us to examine the problem and challenges of GST implantation in the country. We are not sure whether whether implementation of GST will boost the Indian economy and make big change in the Indian economy.

Objectives of the study:-

To study the challenges of GST.

To find the advantages and disadvantages of the implementation of GST

CGST(Central goods and service tax):

CGST is a tax levied on intra state supplies of both goods and services by the central government and governed by the CGST act under GST system. SGST will also be applied. This implies that both central and state government imposes tax on the sale of goods or services.

SGST(State goods and service tax):

SGST is also a tax levied on the interstate supplies of goods and services by the central government and governed by the SGST act. CGST will also be applied. This also implies that both central and state government imposes tax on the sale of goods and services.

IGST (Integrated goods and service tax):

IGST is a tax levied on all interstate supplies of goods and services and will be governed by the IGST act. IGST will be applicable on any supply of goods and services in both cases of import into India and export from India. Export will be zero-rated. Tax will be shared by both the central government and state government.

Advantages of GST:

Uniform price throughout the country.

Goods and Service tax removes the cascading effect of tax system.

Unorganized sector will also regulate under the GST.

Simple, easy and understanding procedures.

GST will reduce the number of indirect tax.

Disadvantage of GST:-

Some researchers says that CGST and SGST are nothing but the new names for excise duty, customs duty, service tax and CST.

Adoption and migration to the new GST system is not an easier task.

The cost will increase due to software purchases.

On one side the government is trying to give a push to banking services and on the other side, government has decided to increase the bank and insurance services.

Opposition has called it as a disability tax as many of the things related to disabled people which were earlier tax free and now included as Goods and Service taxation.

Challenges of the GST:

GST in agricultural sector:-

Agriculture is the backbone of the Indian economy. The backbone of the country is broken and is suffering a lot as tax slabs in agriculture sector which has been increased without taking initiatives for making the infrastructure and also the new irrigation techniques for the betterment of farmers but imposing more tax rates than before not only lays adverse effects on agricultural sector but this is also responsible for the increase in price of manufacturing sector too, as cost of production will increase if the primary material or raw material is costly.

GST in insurance sector:-

On one hand the government is pushing every citizen of the country to open a bank account to open a bank account by initiating PradhanMantri Jan DhanYojna and on other hand GST has made financial expensive. With the GST rate system, insurance premiums have become an expensive one which is proving a roadblock in a price sensitive market like India. Life insurance, health insurance and motor insurance are increased up by 300 basis points.

GST in telecom sector:-

The telecom sector is already under server debt and a burden of license fee. The current debt stands at around 4 lakh crore. On one hand government is initiating Digital India and on the other hand telecom services are getting costlier as most of the operators will pass on the increase to

consumers in order to cope up with GST. So that the telecom services cannot be easily accessed even by the poor selections of the society.

No clarity on tax holidays:-

Many manufacturers (textile, pharmaceutical, FMCG industries) enjoy tax holidays and state benefit schemes. There are still no messages regarding these benefits. And there is no clear information on export of the goods. This will mean increased costs for these industries, which will probably be passed on the end consumer.

Place of provision rules:-

One of the key challenges for GST is on taxation of interstate supplies of goods and service. As we know, taxable events of manufacturers and sale of goods under the present indirect taxation would be done away with and therefore it would be essential to prepare comprehensive rules for identifying the time and the place of suppliers of goods and services in order to tax them appropriately.

Additional 1% tax:-

As per constructional amendment bill placed in the lok sabha, states will be allowed to levy an additional 1% non-vatable tax on interstate supply of goods for the initial two years or such other periods as the GST council may recommend. The purpose of additional levy is to compensate the states for loss of revenue while moving to GST. Additional levy is against the basic tenet of GST. We know the fundamental purpose of GST is to make India as a one state, where interstate movement of goods is very common and in that situation, additional levy would be determined to the interest of trade, industry and ultimate consumer in the country, as it would bring cascading and distortionary effect in the value chain in the business cycle.

Challenges to legislation:-

Implementation of GST comes at the behest of significant constitutional reshaping making the reform tread on a sticker path. Constitution of India, in past, has allayed powers to the union and the states to levy and collect taxes as per union, state and concurrent list. This has turned out to be a self-inflicted bugbear, restricting the government from bringing about any change in this structure. In order to enable the center and the state governments to levy GST, the constitution of India requires modification to provide for powers to levy and collect GST both by the union and the states.

The central GST and the state GST would be levied simultaneously on every transaction of supply of goods and services expect the exempted goods and services, goods which are outside the preview of GST and the transactions which are under the threshold limit.

Transitional arrangements:-

States are feared about the revenue losses in the first few years of implementation of GST. The states have been clamoring for compensation for any CST losses that they might incur in the first few years of GST implementation and want the center to compensate them for initial five years. The finance ministry has proposed to compensate them for three years for losses they may incur on account of switching to nationwide goods and services tax regime but the comments from the state are yet to be heard.

Preparation of IT system:-

Many businesses are yet to connect with the accounting software system with the new tax provisions. However, based on the analysis of available information, it is not easy to coincide with the accounting software. The value added structure also ensures increased compliances, as supply chain partners will be required to produce receipts in order to claim input tax credit. The Indian government is trying to simplify or reduce the complexity of this existing tax system and bring the GST into place.

Conclusion:-

GST tax will reduce the number of indirect tax and expected that the malicious activity of tax theft will go away under goods and service tax regime in order to benefit both the central and the state government. The GST system is basically structured to simplify current indirect tax system in

India. Ease of doing business will drastically changed with the introduction of GST. It was the best decision to implement GST in India taken by the government. It just fused all types of indirect taxes in one name. The only prayer is that let things not go worse to the common man who is already suffering and seeing the real color of the government of not reducing the amount of the product.

Impact of GST on the Manufacturing Sector

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Goods and Service Tax

India is approaching the new system of Goods & Service Tax (GST), a modern tax reform which will lead in growth and opportunities for businesses in India. It is a tax trigger, which will lead to business transformation for the industry. It will have a far-reaching impact on business avenues, compelling organizations to realign bottlenecks such as production cost, production time, supply chain, compliance, logistics etc. The Goods and Service Tax system is a proposed indirect taxation system which is supposed simplify the present tax system and merge it into a single taxation system. It is being implemented vide the 101st Constitution Amendment Act 2016. It is a consumption based tax. The basic principle is to tax the value addition at each transaction. It is proposed to implement "Dual GST" system in India. All the transactions of services and goods would attract the following two GST's, Central GST- tax collection by Central Government and State GST- tax collection by State Government.

The GST council has approved the rates of taxes on goods and services in its 14th council. The rates of individual commodities were taken up for consideration in the four approved slab rates i.e. 5%, 12%, 18% and 28% with additional cess for demerit and luxury goods. In the 14th meeting of the Council, about 60% of the items will be in either the 12% or 18% tax brackets. Only 19% of the items will be in the 28% slab, the highest rate. GST will turn India into one common market,

leading to greater ease of doing business and big savings in logistics costs from companies across all sectors. GST may not have a uniform impact on all sectors, given their varying taxation structures. Some companies will gain more as the GST rate will be lower than the current tax rates they pay, others will lose as the rate will be higher than the present effective rate.

Impact of GST on Manufacturing Sector

The manufacturing sector in India is not only plagued with concerns ranging from decline in exports and infrastructure spending but also with the burden of complying with a complex indirect taxation system. Multiple indirect tax legislations have led to significant compliance and administrative costs, classification and valuation disputes and generally impaired the ease of doing business in this sector. With the Make in India initiative India is on its way to become a major manufacturing hub for Asia and the world, but unless the Tax system is simplified the dream will not be fulfilled. The implementation of GST will significantly improve the competitiveness and performance of India's manufacturing sector. For most industrial products, GST rates have been slated at 18%. Today a manufacturer pays about 28-30% as taxes, so this means an average saving of around 10%. The analysis of GST's possible impact on manufacturing sector can be done through analyzing its impact on the following heads.

Removal of multiple valuations will create simplification

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

State Incentives and Area based incentives

Presently, companies have set up their manufacturing units with significant investment outlays based on incentives offered by states under their respective investment promotion policies. However, under the GST regime, such flexibility given to the states is likely to be curtailed to achieve the intended effect of uniformity. Further, GST will only be credited to the state where the supplies are consumed, as opposed to the present situation where the producer state is credited with central sales tax on interstate sales. This would lead to a loss of revenue for the producer states and therefore such states may not be in a financial position to continue offering such incentives. In addition to above, manufacturing units enjoy exemption of taxes based on their location in specified backward areas, capital investment etc. There is no clarity under the GST on the treatment of such area based exemptions resulting in loss of unutilized portion of such incentives.

Increased working capital

Impact on working capital may be significant for the manufacturing sector. Currently, stock transfers are not subject to tax. However, under the GST regime, stock transfers are deemed to be supplies and are subject to GST. Though GST paid at this stage would be available as credit, realization of this GST would only occur when the final supply is concluded. This would likely result in cash flow blockages and therefore companies would have to rethink their supply chain management strategies to minimize this impact on their cash flows.

Free supplies and Discounts

Under the present indirect tax regime, free supply of goods is not subject to VAT. GST law stipulates that specific transactions without consideration would also be treated as supplies. Accordingly, free samples may be subject to GST, leading to increase in overall costs. Since GST

law stipulates that post supply discounts are to be excluded from the transaction value, provided such discounts are known at or before the time of supply of goods and are linked to the invoices for such supply. Thus, companies may also need to analyze existing post supply discounts/incentive schemes where the quantum of discount is not known at the supply stage.

Easy Way to Goods Supply

Not only general production but logistical time is adversely affected by cumbersome state border checkpoints where the material being transported is examined and almost 60 percent of truck travel time is taken by this procedure. The time thus wasted along with unnecessary administrative hindrances has a negative impact on the proficiency of Indian manufacturers against their global counterparts. The GST is expected to remove these problems to a considerable extent by binding the Indian market together and helping in the smooth transportation of goods within the country. Although it is too immediate to do away with external checkpoints, the transportation hurdles can be reduced by decreasing compliance scrutiny.

Single registration process will provide ease of registration

The old regime required manufacturers to register each manufacturing facility separately, even those in the same state. GST will simplify the plant registration process by allowing single registration for all manufacturing entities within the same state. Previously, if a brick manufacturer had factories in three or four places in a state, each unit had to be registered separately. Under GST, all of these factories would be jointly registered under the state. Of course, different state-entities will require separate registrations under GST too.

Supply chain restructuring

Currently, the supply and distribution models are structured to optimize indirect tax impact arising at various levels of value addition. Transition to GST will result in such decisions being taken to optimize business efficiency. Currently, firms spend a high 5-8% as product distribution and warehousing cost. GST would lead to lower transportation and distribution costs. With the advent of GST, it is hoped that such warehousing and logistics decision would be based on economic efficiency. Also with overall reduction of cascading effect of taxes, especially on the post-manufacture stage of the supply chain, manufacturing sector stands to benefit significantly and have a positive effect on the cost of manufactured products in the hands of consumers. However, concerns remain on specific issues such as the additional 1% origin tax, increased cash flow issues on account of GST payable on stock transfers and increased costs owing to exclusion of petroleum fuels from the ambit of GST. Yet the lower taxes, simplified tax structure, seamless tax credit facility and technology driven easy tax compliance system offered by GST provide an ideal platform to increase manufacturing's share of GDP from the current 16% to 25% by 2025.

MRP valuation

Currently, various pre-packaged products for retail consumption are subject to excise duty not on the ex-factory transaction value but on a specified percentage of the maximum retail price (MRP) printed on the package. The MRP based value (which is usually between 30%-35% of the MRP) is in most cases, much higher than the ex-factory transaction value leading to a higher excise duty liability than would otherwise be the case. This increased excise duty itself, results in a higher MRP, ultimately leading to a higher cost burden for the consumers. Under the GST regime, GST is payable by the manufacturer at the transaction value, and is creditable for all subsequent resellers up to the final consumer. Accordingly, the unnecessary tax burden of the MRP regime will no longer be relevant.

Reduction of cascading taxes

Under the present indirect tax regime, the manufacturing sector is able to set-off most input taxes levied in the production value chain. However, Central taxes cannot be set-off against State taxes and vice versa. This often leads to a situation where manufacturers are unable to set off excess credit of central or state levies. Further, central sales tax paid on inter-state procurements is also not creditable and are costs for the company. Another issue faced currently is the cascading of taxes at the post manufacturing stage. Dealers, retailers etc. are subject to taxes on their input side which are not creditable (service tax on input services, excise duty on capital goods). This leads to an increase in the cost of goods, ultimately affecting the competitiveness of Indian manufactured goods vis-à-vis imports. All of the above issues are addressed under the Model GST Law, which permits tax set offs across the production value-chain, both for goods and services. This will result in a reduction of the cascading effect of taxes and bring down the overall cost of production of goods.

Conclusion

The GST regime will be a game changer for Indian Economy and will provide competitive advantage to the Indian Manufacturing industry which accounts for 16% of the GDP. Thus GDP will also get boost with the proper implementation of these changes. The manufacturing sector stands to benefit significantly with the introduction of GST. The overall reduction of cascading effect of taxes, especially on the post-manufacture stage of the supply chain should have a positive effect on the cost of manufactured products in the hands of consumers. However, concerns remain on specific issues such as the additional 1% origin tax, increased cash flow issues on account of GST payable on stock transfers, and increased costs owing to exclusion of petroleum fuels from the ambit of GST. The Government should look into these issues in more detail if its keen to promote its 'Make in India' initiative.With the new GST, the cost of manufacturing goods is expected to reduce while the consumption goes up. India's GDP is expected to grow by 1-2% with the proposed GST. Let's hope for the GST to be implemented as per present plan and a safe progression into the economy with all proposed benefits being availed.

IMPACT OF GST ON COMMON MAN

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Abstract:

GST has been a hot topic of discussion everywhere these days, wherever we go there is a discussion about the GST, in the Medias like Newspaper, Television, Magazine and Cinema and also in the travelling time also, all are talking mainly about the GST.. It is the biggest indirect tax since independence by merging 17 already existing Indirect taxes levied by Central and State Government in order to centralize all the markets and carry out sales at same price all over the nation. In this paper I would like to explain about GST and its Impact for a common man.

Introduction:

In India all taxes are levied by the Central Government as well as the State Governments. And some minor taxes are also levied by the local authorities such as the Municipal corporations and the Village Administration. India offers a well structured tax system in its constitution for the people. The largest source of income for running the government is depends upon its taxation. This taxation money is allocated for the various development activities of the nation. The government

can't impose any tax unless it is passed as a law. The history of tax in modern India dates back to 1860 by James Wilson due to the loss occurred by the sypoy mutiny in 1857. Then many direct as well as indirect taxes are levied by the government. The Goods and Service Tax (GST) is an indirect tax which was introduced in India on 1st July 2017 and was applicable throughout India which replaced multiple cascading taxes levied by the central and state governments. It will applicable to all the persons of India. In this paper I would like to explain about GST and its Impact for a Common Man.

What is GST?

GST is the acronym of Goods and Service Tax. It is meant to be a uniform Indirect Tax across the nation on goods and services. The basic idea of this bill is to create a single, cooperative and undivided Indian market to make the economy stronger and powerful. Before the GST introduction the Indirect tax system is separately levied for goods and separately for the Service Sector. But in this the Goods Tax and the Service Tax is merged together and called as Goods and Service Tax. It will replace the current taxes of excise, VAT and service tax.

Why is GST Needed?

Before the GST introduction of India, there are different kinds of Indirect taxes levied by the Central and State Government. Those kinds of taxes system creates problems especially in business people as well as the common people at the time of sell their different product and the buying time especially in different states. Also, most people have to pay and comply with three kind of indirect taxes, vis., Excise, Value Added Tax and Service Tax. But the GST will fetch consistent taxation transversely the country and consent to complete tax credit from the procurement of inputs and capital produce which can afterwards be set off next to GST output accountability. This transformation gives equivalent foothold to the large endeavour as well as SMEs. The main aspire of GST is consequently to make simpler tax barrier for the intact economy. It goes with the motto of "Consumer is the King". Prime Minister Modi calls it as 'Good and Simple Tax'. It will applicable to all the persons of India. And how it will impact our lives and what are the benefits getting from the GST for the common man.

Benefits of GST for Common man

- ✓ Simpler tax system
- ✓ Reduction in prices due to elimination of cascading
- ✓ Uniform prices throughout the country
- ✓ Transparency in taxation system
- ✓ Increase in employment opportunities
- ✓ All departments may turn and lead to less corruption
- ✓ All business come under the tax system may lead to more revenue.
- ✓ Discouragement of Block Money

Who will have to pay GST?

GST determination and it will be compensated by each and every one producer and hawker. It will additionally be compensated by service contributor such as Telecom Service providers, all the types of Consultants, Chartered Accountants, and the Financial Intermediaries etc., however, being an indirect tax; GST will be ultimately borne by the end common people, just like in the existing procedure.

GST rates in India

Slabs	New GST rates	Current rates	Products
1	0%	Diverse %	Food Grains
2	5%	Upto 9%	Edible oil, spices, tea, coffee
3	12%	9%-15%	Computers, processed food
4	18%	15%-21%	Soaps, oil, shaving sticks
5	28%	21%	Luxury goods (luxury cars, tobacco, aerated drinks)

What kind of GST will be implemented in India

The GST was introduced first by France in the year 1954. Worldwide so far almost there are around 160 countries have implemented GST and VAT in some form or other. From that some countries VAT is the substitute for GST, but conceptually it is a destination based tax levied on consumption of Goods and Service tax. India will implement the Canadian model of Dual GST, i.e., both the Centre and State will collect GST. The rate of GST plays a crucial role in its successful implementation. Various countries have been struggling to rationalize the rate structure. Here India also introduced GST after crossing the various hurdles in its way.

How GST will impact common man

Here is swift cheat portion on how this tax legislation will impact the common man's finances. That is listed in the following paragraphs.

1. Food Items Out to Get Luxurious

For a common man's first problem is to fulfill their daily food. Now after the introduction of GST these kinds of items may go high price. Take an illustration; if you expend Rs 1000, After GST you give on an average 18.5 per cent as service tax. So distant from the service charges, you commonly have to abide the burden of Rs. 1185. Under the GST system, it's likely that the rates can be fixed at 18 per cent or above. Service charge may get added luxurious if GST is executed as states will now have the services under their net and hence it will mean they can fix higher rates.

2. Phone Bills may High.

Now a day each and every person may use all the types of phones. Before the GST its cost is normal. But after the GST, they charge extra service charge for the phone may levy. Hence all the common man must bear extra burden for their usage of the cell phone charges. Take an example: one must pay Rs. 500 as phone bill may now pay service tax as 15 per cent so they must pay extra Rs.75 and finally pay Rs.575. Rajan Mathews, cellular operators association of India told India today, "Under the GST, the tax rate is bound to go up and the telecom operators will have to pass it on to the consumers, we can look at internet packs and call rates getting higher."

3. Readymade Clothes to Dig Up Cheaper

Today all the common man likes and their direction are turned to the readymade side because of the fashion. In GST the tax rate may cheaper compare to 12.5 per cent excise duty into 5 per cent slab so if you take up Rs.400 readymade shirt before GST the common man pay Rs.50 extra but after the GST they will pay Rs.20 only. So the rate will be dig up cheaper from the old rate.

4. Buying Car is Low-Cost

After the foreword of GST buying of car will be the cheaper. But, before the GST the car price may varied, compared to the manufacturing and non-manufacturing states and Union

Territories. All the Tamil Nadu peoples are buying their cars in the nearest Union Territory Pondicherry, so the Tamil Nadu government may get loss due to that. But it may turn in a uniform tax to all the states; the car price will be cheaper from the existing rate. For example, Rs.5 lakh car magnetize excise duty of 12.5 per cent, and the length of with vat approximately come up to Rs. 6.25 lakh. At present under the GST it may anticipated to go downstairs as much as Rs.35, 000 if the rate is preset at 18 per cent, so for you the price will be Rs.5.9 lakh rupees

5. Buying Phones to Get Expensive

The present trend of the common man is changing their life style into modern. After the globalisation, all the peoples are using the foreign cell phone. So that if the common man decided to buy a foreign cell phone from the market, the countervailing Tax and import duty comes to 12.8 per cent. Now the GST rate may rise from 12.8 % to 18%. So they must pay extra 5.2% for each and every product.

6. Led Television May Get Cheaper

Our Prime Minister may motivate all the Indian people as make the entire needed product may produce locally under the Make in India Scheme. So as the part of the system initiative they levy lower tax for the LED TVs. The tax rate may reduce from 24 per cent into 18 percent. So at present for Rs. 20,000 LED TV the common man may pay approximately 24.5 per cent tax shell out Rs. 24,900 finally. After the GST it is estimated to be at 18 percent, for that the cost of the product may come down to Rs.23, 600.

7. Jewellery Price May Get Higher

The jewellery buying and wearing is treated as prestigious among the people. All the peoples may like gold ornaments. The government may decide to increase the tax rate due to reduce the import tax; the Indian rupee may go lower compare to the American Dollar. So the tax rate may now rise from 2 per cent to 6 per cent rates could be imposed, impacting the jewellery purchase.

8. Online Buying May Get Low Cost.

The present trend of the common man is buying the product through online and it is a fashion now, because of digital India Scheme. Buying the home products in online will be more expensive now in the E-commerce world. After the GST the online trading companies may reduce their margin, because of the reducing tax rate it may come cheaper and low cost compare to the previous cost. E-commerce will see revision of its tax compliance and its time we understand the industry in India. But consumers can benefit from lower logistical cost and faster delivery. Overall tax collection will be a challenge, harishankar subramaniam, national leader, indirect tax.

Conclusion:

GST rates are beneficial to middle classes and below middle classes. Upper middle classes and upper classes will pay more for the goods. Though some of the goods prices have increased, in the long-run GST will be beneficial to all, as it eliminates tax complexities, encourages tax payments and increases GDP. Talking about the common man some might gain, and some might lose. But, ultimately the common man to get used to this new tax, which is going to be a landmark reform having a great impact on India and its taxation system. Let us hope this “One India, One Tax” policy coming under one umbrella proves to be a game changer in a positive mode and proves to be beneficial not only to the common man but to the country as a whole.

IMPACT OF GST IN INDIA ON FAST MOVING CONSUMER GOODS

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Abstract:

After a lot of deliberation, our GST council has finalized the rates for all the goods and major service categories under various tax slabs, and the GST is expected to fill the loopholes in the current system and boost the Indian economy. This is being done by unifying the indirect taxes for all state throughout India. The tax rate under GST are set at 0%, 5%,12%,18% and 28% for various goods and services, and almost 50% of goods and services comes under 18% tax rate. But how is our life going to change post GST? Let's see how GST on some day-to-day good and service will have an impact on an end user's pocket.

Keywords:

GST(Goods and service tax), FMCG (Fast moving consumer goods), NREGA (National Rural Employment Guarantee Act).

Introduction:

GST is one 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 inputs 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 previous stage. India is proposed to have a dual GST set up in 2017, which will be the biggest reform in the country's tax structure decades. The main objective of incorporating the GST is to eliminate tax on tax. The current system with no GST implies that tax is paid on the value of the goods and margin at every stage of production process. This would translate to a higher amount of total taxes paid, which is carried down to the end consumer in the form of higher costs for goods and services. Implementing the GST system in India is therefore, a measure that will be used to reduce inflation in the long run, as prices for goods will be lower.

Fast moving consumer goods:

FMCG goods are popularly known as consumer packaged goods. Items in this category include all consumables (other than groceries/pulses) people buy at regular intervals. The most common in the list are toilet soaps, detergents, shampoos, toothpaste, shaving products, shoe polish, packaged foodstuff, and household accessories and extends to certain electronic goods. These items are meant for daily of frequent consumption and have a high return.

- **Rural trends:**

Rural areas expected to be the major driver for FMCG, as growth continues to be high in these regions. Rural areas saw a 16 per cent, as against 12 per cent rise in urban areas. Most companies rushed to capitalise on this, as they quickly went about increasing direct distribution and providing better infrastructure. Companies are also working towards creating specific products specially targeted for the rural market. The Government of India has also been supporting the rural population with higher minimum support prices (MSPs), loan waivers, and disbursements through the National Rural Employment Guarantee Act (NREGA) programme. These measures have helped

in reducing poverty in rural India and given a boost to rural purchasing power. Hence rural demand is set to rise with rising incomes and greater awareness of brands.

- **Urban trends**

With rise in disposable incomes, mid and high-income consumers in urban areas have shifted their purchasing trend from essential to premium products. In response, firms have started enhancing their premium products portfolio. Indian and multinational FMCG players are leveraging India as a strategic sourcing hub for cost-competitive product development and manufacturing to cater to international markets.

Top Companies:

The top ten India FMCG brands are:

1. Hindustan Unilever Ltd.
2. ITC (Indian Tobacco Company)
3. Nestle India
4. GCMMF (AMUL)
5. Dabur India
6. Asian Paints (India)
7. Cadbury India
8. Britannia Industries
9. Procter & Gamble Hygiene and Health Care
10. Marico Industries

GST Benefit of FMCG Industry:

The proposed introduction of Goods and Services Tax (GST--- The Goods and Service Tax Bill, technically called the Constitutional [122nd Amendment] Bill, 2014,) has been described as one of the most significant indirect tax reforms in India's history, seeking to bring clarity, simplicity and unification in the arena of indirect taxes across the country.

GST is being designed as a destination-based consumption tax, which essentially implies that the revenue will accrue to the State where the consumer resides. This is unlike the present origin-based levy where the revenue accrues to the origin State from where the movement originates. Thus, GST, an indirect tax, would be levied on 'supply' of goods and services and also when a consumer buys a good or a service. It is taxation based on supply as against the current structure of manufacture (Excise) or sale (Value Added Tax).

The fast moving consumer good (FMCG) sector in India comprises more than 50 percent of the food and beverage industry and another 30 percent from personal and household care, thereby spanning the entire rural and urban parts of the country. Reports suggest the sector contributes a significant USD 6.5 billion in direct and indirect taxes. Hence, the sector is likely to see a significant impact once the GST is passed as the companies set up warehouses across the states in a bid to have a more tax efficient system.

On this background, experts believe that the FMCG industry in India has a lot to benefit from GST. One of the key reasons is the fact that FMCG manufacturing-to-consumption journey traverses multiple States and currently is subject to various sales taxes, State border entry taxes in addition to the Central Excise. This not only means that every product becomes more expensive in the hands of the consumer but the entire journey involves wastage of precious time. Post-GST, delays and stoppages at border check posts are likely to get minimized and operations comparatively easier. Eventually, cost of products may drop because only one tax is expected to replace the existing multiple taxes, wherein a few taxes even amount to taxes on taxes.

The GST era is also expected to encourage building higher economies of scale in terms of bigger warehouses and bigger vehicles to carry the produce. Load consolidation for primary freight can allow use of bigger vehicles. For example, 24 ft in place of 20 ft and their higher efficiency can deliver savings of about 10%. It is therefore no surprise that most FMCG companies are planning to create a hub-and-spoke warehouse model. In this model, they will switch to a network consisting of one big warehouse 'hub', connected to smaller 'spokes' spread across the country. This will facilitate better management of logistics and faster movement of goods.

Almost all manufacturing companies current warehousing networks are designed on a State-wise basis on account of VAT laws. The stock transfer model has been adopted by FMCG companies to save on the CST costs applicable on inter-state sale of goods which is not available as a credit to the customer. Stock transfer of goods, which currently does not attract VAT / CST (if despatched against Form F), will attract IGST under the GST regime. While the IGST would be available as a credit at the consignee location, there would be a working capital impact on account of the IGST paid on stock transfers for the inventory holding period. As an alternate model, in case of direct inter-state sale of goods from factory to customers, IGST would be payable, which would be creditable to customers. Hence, companies would need to re-examine the existing distribution network in order to optimise the tax costs, working capital impact, whilst maintaining the customer service levels.

Warehouse consolidation would thus result in inventory pooling. This leads to lower inventory at the warehouse level and also lower total warehouse space. Larger warehouses can bring economies of scale, lowering costs. This not only stands to improve the profitability of FMCG

companies but is also likely to benefit the consumers if the manufacturers decide to pass on some benefit to them. The transportation sector is also expected to see an increased level of efficiency in the nation-wide movement of larger capacity trucks, leading to faster factory-to-consumer journey of products, lesser stoppages at State border posts, lesser harassment of truck drivers across States, optimized fuel consumption, leading to not only lesser costs but also lesser air pollution.

GST is thus expected to play a Santa to the FMCG industry and infuse greater overall efficiency. This will enable FMCG companies contribute meaningfully to the overarching goal of the Indian Government to move up the country on the 'Ease of doing business' index.

GST Rate on FMCG:

The GST rates for all different goods or products under the FMCG has been announced by the Indian Government. Most of the products or goods have been categorized under the tax brackets as expected by the FMCG industry experts.

Basic food products such as milk, rice, wheat and fresh vegetables have been kept under the NIL bracket which is in line with the expectation from the FMCG experts. Paneer branded and sold like mother dairy paneer or Nestle Paneer and Frozen vegetables have been kept under the 5% bracket which would be largely neutral.

Products like butter, cheese and ghee are expensive under GST as they are placed in the 12% bracket. Items like toothpaste, soaps, hair oil have been put under the 18% tax slab. This is in accordance with the government's viewpoint of keeping tax rates low for mass consumption products. In reality, the GST rate schedule shows that approximately 81% of all items are in the 18% tax bracket or below. The remaining 19% fall in the 28% tax slab.

The FMCG sector is very pleased with the rates announced under GST law for FMCG products. The FMCG industry is going to benefit from the lower logistics cost and better competitive market and rates for most of the products being kept under the expected tax bracket.

Impact of GST in India of FMCG Sector:

After Demonetization, GST has been one of the biggest transformations that India has seen in years. Amidst the hustle bustle going around the nation, GST became a game changer for the Indian Economy, certainly affecting the "Aam Aadmi" to the Business Entrepreneurs as well. From boosting up the consumer goods-industry (FMCG Industry) to bring forth varied benefits to the economy, the new Goods and Services Tax (GST) regime can make the market go up within the shortest time.

It is quite evident that GST has made a visible change in the Indian Economy and FMCG, fourth largest sector in the economy, is amidst one of them to witness the same. The fact is undeniable that FMCG is one of the fastest growing sectors of the Indian Economy. VAT, Service Tax, Excise duty, Central Sales Tax etc have to be paid by the FMCG Sector under the current GST Regime. The Consumer Packed Goods or we can say the FMCG (Fast Moving Consumer Goods) current tax rate is nearly 22-24%; though the expected rate is 18-20%, which would be highly greeted by the major FMCG industry players. For CST, CVD, and SAD there was no credit available under the current tax regime; contrary to that, GST would include the input credit for all the GST payments made in the course of business.

- **Fall in the Logistics Cost:**

The benefit under the GST Regime would be visible and considerable saving amount of expenses on logistics can be seen in FMCG Industry. The total cost of the distribution of the FMCG

industry sums up to 2-7%, which might fall to 1.5% after the complete implementation of GST. A huge impact and change will be seen in terms of cost reduction owing to the payment of tax, smoother supply chain management, removal of CST, claiming input credit, under the GST Scenario. The result will lead to cheaper consumer goods.

- **Warehouse:**

Many of the companies, according to their convenience and to enjoy a lot of tax benefits/holidays/exemptions, under the current tax regime set up their warehouses in the states like Himachal Pradesh and Uttaranchal. The dilemma is still there, to whether all the tax holidays, benefits and exemptions would be there or not, once GST is implemented. Since the costing is one of the major parts of any company, thus, major companies like ITC, Hindustan Unilever, Nestle, Dabur & Cadbury are still anxious regarding the migration of Tax holidays/exemptions.

- **Inflation in the effective tax rate:**

Aerated beverages have been given the highest rate slab of 28% under GST, with an additional tax of 12%. According to the varied Beverage companies, 40% is the effective tax rate for the sweetened aerated water and flavored water, which is not in line with the stated policy of maintaining uniformity with the existing weighted average tax that is below 40%. This has been very disappointing for varied companies like Coca-Cola India, Dabur India Ltd, Red Bull India Pvt. Ltd, Pepsi Co India Holdings Pvt. Ltd, and Pearl Drinks Ltd, as stated by the Indian Beverages Association (IBA).

Estimates by Euro ministers International, a market research firm, states that Carbonated Beverages in Indian Market is projected to grow by 3.7% every year between 2017 and 2021. A different study shows by research firm Nielsen, a consumption of 5.9 billion litres of soft drinks was seen in the year 2015

- **GST Beneficiaries:**

The products that are widely consumed inclusive of toothpaste, hair oil, soaps, all have been enclosed in the 18% slab, which is lower than the 22-24% tax rate. Keeping the Frozen Vegetables and Branded Cheese have been under the 5% rate list that are largely neutral with the previous rates were around 3-4%. Cereals have been exempted, so are likely to become more affordable. Being already in the bracket of 4-6%, Coffee, Tea, and Sugar have not seen any impact on the prices. Most of all items are in the 18% tax bracket or might be below that. The minor category falls in the 28% tax slab.

Conclusion:

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

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GST IN INDIA

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Abstract:

This paper deals with GST in India. It demonstrates the basis of GST, important terminologies and concepts. Experts believe that it will have a huge impact on businesses both big and small which will change the way the economy functions. It is more transparent indirect tax system.

Key Words: Indirect tax, GST registration, Cascading effect, SGST, CGST, IGST.

Introduction:

GST is a huge reform for indirect taxation in India, the likes of which the country has not seen post-independence. GST will simplify indirect taxation, reduce complexities and remove the cascading effect. Experts believe that it will have a huge impact on business both big and small and change the way the economy functions.

GST vs current Indirect Tax Structure:

To understand GST, it is important that we understand the current indirect taxation system. Direct taxes such as income tax are borne by the person liable to pay the tax; this means that the tax burden cannot be shifted to anyone else. The liability of indirect taxes on the other hand, can be shifted to another person and the person liable to pay the tax can collect the tax from someone else and pay it to the government, thus shifting the tax burden. The GST falls in this category. The current indirect tax structure which comprises of so many different taxes can be classified as Central Taxes, levied by the central government such as central sales tax, excise duty and State Taxes, levied by the various state governments such as VAT, service tax, octroi. The current indirect tax has one major problem – cascading effect. When you buy something, you pay a tax on tax itself.

STAGE 1 Say a shirt manufacturer pays INR 100 to buy raw materials. If the rate of taxes is set at 10%, and there is no profit or loss involved, then he has to pay INR 10 as tax. So, the final cost of the shirt now becomes INR (100+10=) 110. STAGE 2 At the next stage, the wholesaler buys the shirt from the manufacturer at INR 110, and adds labels to it. When he is adding labels, he is adding value. Therefore his cost increases by say INR 40. On top of this, he has to pay a 10% tax, and the final cost therefore becomes INR (110+40=) 150 + 10% tax = 165. STAGE 3 Now, the retailer pays INR 165 to buy the shirt from the wholesaler because the tax liability had passed on to him. He has to

package the shirt, and when he does that, he is adding value again. This time, let's say his value add is INR 30. Now when he sells the shirt, he adds this value plus the VAT he has to pay the government to the final cost. So the cost of the shirt becomes INR 214.5 Let's see a breakup for this: Cost = INR 165 + Value add = INR 30 + 10% tax = INR 195 + INR 19.5 = INR 214.5

So, the customer pays INR 214.5 for a shirt the cost price of which was basically only INR 170. Along the way the tax liability was passed on at every stage of transaction and the final liability comes to rest with the customer. This is called the Cascading Effect of Taxes where a tax is paid on tax and the value of the item keeps increasing every time this happens.

Action	**Cost**	**10% Tax**	**Total**
Buys Raw Material	100	10	110
Manufacturers @ 40	150	15	165
Adds value @ 30	195	19.5	214.5
Total	170	44.5	214.5

GST aims to solve this problem by introducing seamless Input Tax Credit (ITC). Today, the tax that you pay on material purchases cannot be claimed from output tax. This is set to change with ITC.

Action	**Cost**	**10% Tax**	**Actual Liability**	**Total**
Buys Raw Material	100	10	10	110
Manufacturers @ 40	140	14	4	154
Adds value @ 30	170	17	3	187
Total	170		17	187

In the end, every time an individual was able to claim input tax credit, the sale price for him reduced and the cost price for the person buying his product reduced because of a lower tax liability. The final value of the shirt also therefore reduced from INR 214.5 to INR 187, thus reducing the tax burden on the final customer. So essentially, GST is going to have a two-pronged benefit. One, it will reduce the cascading effect of taxes, and second, by allowing input tax credit, it will reduce the burden of taxes and, hopefully, prices.

SO, WHY IS GST A BIG DEAL?

GST is a comprehensive, multi-stage, destination-based consumption tax on levied at every stage of value addition in the lifecycle of a product.

Comprehensive: GST will subsume all of the current indirect taxes. Plus, by bringing in a unified taxation system, across the country, it will ensure that there is no more arbitrariness in tax rates. **Multi-stage:** GST is levied each stage in the supply chain, where a transaction takes place.

Value-addition: This is the process of addition to the value of a product/ service at each stage of its production, exclusive of initial costs. Under GST, the tax is levied only on the value added.

Destination-based consumption: Unlike the current indirect taxes, GST will be collected at the point of consumption. The taxing authority with appropriate jurisdiction in the place where the goods/ services are finally consumed will collect the tax.

How this imports and exports: Exports are not taxable, because the place of consumption is outside India. Imports are taxable, because the place of consumption is in India.

The tax on imported goods will therefore be just the same as domestically-produced goods. Imports would be costlier because of additional custom duties. Thus, the export industry will become more competitive. Also, domestic goods will be protected by making imports at par with domestic goods.

Registering under GST:

If you meet any of the conditions listed below, you should obtain your GST registration when the enrollment reopens again [GST is expected to apply from 1st July 2017]:

- Your aggregate turnover in a financial year exceeds INR 20 lakhs (INR 10 lakhs for Special category states)
- If your turnover includes supply of only those goods/services which are exempt under GST, this clause does not apply. To calculate this threshold, your turnover should include the aggregate value of all taxable supplies, exempt supplies, export of goods and/or services and inter-state supplies of a person having the same PAN.

Important Points to Remember when

- Every person who is registered under an earlier law will take registration under GST too.
- Where a business which is registered has been transferred to someone, the transferee shall take registration with effect from the date of transfer.
- Registration is mandatory for anyone who makes inter-state supply of goods and/or services.
- **Registration is mandatory for**:
    - Casual Taxable Person
    - Non-Resident Taxable Person
    - Agents of a supplier
    - Taxpayers paying tax under reverse charge mechanism
    - Input Service Distributors
    - E-commerce operator or aggregator and their suppliers
    - Person supplying online information and database access or retrieval services from a place outside India to a person in India, other than a registered taxable person

Other Notable Points Regarding Registration

- A person with multiple business verticals in a state will need to obtain a separate registration for each business vertical.
- PAN is mandatory to apply for GST registration (except for non-resident person who can get GST registration on the basis of other documents).
- A registration which has been rejected under CGST Act/SGST Act shall also stand rejected for the purpose of SGST/CGST Act.

Who is a 'Casual Taxable Person?

If you occasionally make supply of goods/services as a principal or agent or any other capacity, in a taxable territory, where GST applies but where you don't have a fixed place of business. As per GST, you will be treated as a casual taxable person.

Who is a Non- Resident Taxable Person

When you occasionally make supply of goods/services as a principal or agent or any other capacity, in a taxable territory, where GST applies but you don't have a fixed place of business in India. As per GST, you will be treated as a non-resident taxable person.

Here are the rules for registration for these persons:

- Registration shall be valid for 90 days.
- It can be further extended by 90 days.
- An advance deposit of tax liability for the period of registration must be made.
- Additional tax must be deposited if extension of registration is sought.
- This tax deposited shall be used like 'input credit'

Exemption from GST Registration:

The following shall not be required to obtain registration and will be allotted a UIN (Unique Identification Number) instead. They can receive refund of taxes on notified supplies of goods/services received by them:

- Any specialised agency of UNO (United Nations Organisation) or any multilateral financial institution and organisation notified under the United Nations Act, 1947
- Consulate or Embassy of foreign countries
- Any other person notified by the Board/Commissioner
- The central government or state government may be based on the recommendation of the GST council, notify exemption from registration to specific persons.

Opting for Voluntary Registration:

A person may opt for voluntary registration under GST even if he is not liable to be registered. All the provisions of GST applicable to a registered taxable person will similarly apply to such a voluntarily registered person also, i.e. he will be treated as a normal taxable person.

Benefits:

- Assume small grocery dealer provide input tax credit to his customer/buyer. It will expand is customer base and make it more competitive. In spite of composition levy, many small organisations are planning to voluntarily register themselves under GST. This is because composition levy has certain drawbacks. Voluntary registration will mitigate such drawbacks**.**
- Take input credit: Voluntarily registered persons can take input credit on their own purchases and input services like legal fees, consultation fees etc. This will eventually increase their business margin and profitability.
- Make inter-state sales without many restrictions: Businesses registered under GST can make inter-state sales without many restrictions. Thus, it widens the potential market for SMEs. These SMEs can also opt for selling their goods online through the e-commerce platform.
- Be compliant and have good rating: Registration for GST will ensure that the business is compliant and scalable without any barrier of future registration. Also under GST, compliance rating will be maintained and if this is done correctly, it can attract additional business.

Drawbacks

Businesses registering voluntarily under GST may have to face extra compliance and working capital liquidity. Some of these consequences are:

- Multiple return filing: Businesses registered under Goods and Services Taxes are required to file three returns every month. These returns are GSTR-1, GSTR-2, GSTR-3 and include

the details of all purchases, sales, and final tax liability after setting off Input Tax Credit. Failure to file these returns will not only deny the input credit to our buyer but also attract penalty. Further Compliance rating will get affected negatively.

- Payment of tax liability: Once registered under GST, the supplier will have the additional responsibility of collecting and depositing taxes with the authorities. This will not only inflate the cost for the buyer but also leverage similar sellers who are not registered under GST.
- Registration in every state of business activity: Further under the new law, obtain registration in each state of business activity. Return needs to be filed in the jurisdiction of the state where goods are supplied for consumption. In other words, if a small dealer is supplying in five states, he needs to register in all five states to fully take benefit of input tax credit. This can increase the cost of compliance ato business.

Time, Place and Value of Supply under GST Explained

According to the law, the point of taxation means the point in time when goods have been deemed to be supplied or services have been deemed to be provided. The point of taxation enables us to determine the rate of tax, value, and due dates for payment of taxes. The liability to pay CGST / SGST will arise at the time of supply as determined for goods and services. There are separate provisions for time of supply for goods and time of supply for services. The liability to pay CGST / SGST on the services shall arise at the time of supply as determined by GST provisions.

Conclusion

GST is more than just a tax change. It is also a 'behaviour change' and its successful implementation will depend on how well we as a nation adapt to the new requirements of doing business. Post the initial teething troubles, it is expected that GST will bring in much good for all sectors, including the FMCG industry.

IMPACT ANALYSIS OF GST-IN HOTEL SECTOR

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Abstract :

The domestic hotel industry is estimated to be more numbers when compare to be other India . The hotel industry alone is expected to generate hotels more number of jobs while the jobs that will be generated under the segment of travel agents/tour operators . As per the current indirect tax regmie, the hotel industry is plagued by multiple taxes, namely service tax, VAT, luxury tax to name a few . Presently, the centrally administered service tax is levied at 9 percent in the hotel industry and 6 percent in the food & beverage sector .

Key Words : Rates on hotels , liability on hotels , impacts of GST , applicability

Inroduction:

Good & services tax is a comprehensive, multi-stage, destination-based tax that will be levied on every value addition . The idea behind GST is to have one consolidated tax to subsume various currently existing indirect taxes ; it will benefit the Indian economy in many ways . The goods and services tax law aims at streamlining the indirect taxation regime . As mentioned above, GST will subsume all indirect taxes levied on goods and services, including state and central level taxes. The launch of GST initially raised concerns from the hospitality sector. Rates were seen to be very high and that had a big impact on India's tourism industry . However, the government has addressed many concerns raised by various stakeholders to alleviate fears . By making common rates applicable to all hotels, GST has brought some uniformity in the ways this sector is taxed . As far as restaurants and eateries are concerned, the government is reportedly going to consider lowering tax rates and making this industry more business-friendly.

Applicability of GST in Hotel industry :

- The entire concept of levying taxes under GST is based upon fur slabs : 5%, 12%, 18%,28% . Hotels and restaurants are categorized with Service Accounting Codes (SAC) depending upon the kinds of services they offer to their guests . On the basis of services and the amount of tariff that is charged for them , hotel and restaurants are categorized into different tax slabs under GST . The star ratings of hotels and the states where they are situated are immaterial in determining tax to be levied . As far as restaurants and eateries are concerned, GST makes a distinction on certain grounds .
- The domestic hotel industry is estimated to be around $1.8 billion . There was a huge increases in the hotel industry after the introduction of the system of online booking. India ranks 18th on the list of business travel and it will be in top 5 very soon according to the World Travel and Tourism council . The hotel industry alone is expected to generate hotel 2.3 million jobs while the jobs that will be generated under the segment of travel agents/tour operators will be around 0.66 million .
- The Foreign Direct Investment(FDI) in this segment is of supreme importance as the tourism and hospitality sector is among the top 10 sectors in India to attract the FDI . According to the data released by Department of Industrial Policy and Promotion (DIPP) , the hotel and tourism sector attracted around US $9.2 billion of FDI between April 2000 and March 2016 .
- As per ministry of tourism , foreign tourists' arrival (FTAs) on e-tourist visa increased 56.6 percent year in December 2016 . In 2016, the e-visa facility was extended to 161 countries from 113 previously and foreign tourist arrivals on e-visa more than doubled to 10,76,696 from 4,45,300 in 2015 .

Tax rate on Hotel Industry :

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 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 hotellers .

❖ 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 .

❖ Hotels and lodges will a tariff below Rs.1000 a day will be exempted from GST , while those with a room rate of between Rs.1,000 - Rs.2,500 will be taxed at 12 percent and those with a tariff of Rs.2500 – Rs.5000 will attract 18 percent tax . Likewise small restaurants with an annual turnover of less than Rs.50 lakh will be taxed at 5 percent and other non air conditioned restaurants will be taxed at 12 percent while air conditioned restaurants will be taxed at 18 percent .

❖ There is a exemption from payment of luxury tax for a period of 5 years or 8 years depending upon the location of the hotels for the hotels newly formed .

GST Rates for Hotels :

Under GST, the amount of tax to be levied on hotel accommodation services depends solely upon per day tariff charged by hotels , regardless of the star-rating of the establishment . From modest budget hotels to luxurious 5 star hotels , GST rates applicable are as follows :

1. Tariff less than rs.1000/day – no GST .
2. Tariff between rs.1000/day to rs.2500/day -12% .
3. Tariff between rs.2500/day to rs.7500/day -18% .
4. Tariff above rs.7500/day -28% .

Tax liability on Hotels under GST :

- 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.2000 will be exempt from GST. Rate for hotels with tariff of rs.2000 to Rs.7500 per day would be 18 percent while GST rates for hotels charging Rs.7500 and more tariff per day for room will have to pay 28 percent .
- 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 outside the GST regime .

Impact of GST in Hotel Sector :

- As per the current indirect tax regime , the hotel industry is plagued by multiple taxes, namely service tax, VAT, luxury tax to name a few . GST will subsume all of these taxes and will club them under one single entity . Moreover , it will help the industry grow by eliminating numerous taxes burden .
- Presently the centrally administrated service tax is levied at 9 percent in the hotel industry and 6 percent in the food & beverage sector . Besides that, the luxury tax and VAT are state dependent . Therefore the impact of GST will be different based on your geographic location .
- Hotels will fall under the tax bracket of 12% to 28% further depending on the tariffs . But for simplification purpose let us assume that the GST will be charged at 18%

subsuming all other taxes . States like Delhi , Tamil Nadu , Gujarat which apply a luxury tax on rack rates and other states like Kerala , which have a high luxury tax rate , have total tax rate summed up to be around 19% to 25% . So the impact of GST will be positive cutting down the tax burden by around 3-7 % . While on the other hand states like Maharashtra which levy lower luxury tax rate , will have relatively neutral effect reducing the tax burden around 1% .

- In a nutshell , GST will have a fairly neutral effect on the hotel industry .

conclusion :

Under GST regime the hoteliers will pay tax for services @ 18% while on average they are paying tax @ 10% under state acts . The benefit of exemptions from luxury tax under the current structure for a room where daily tariff charges are less than the specified amount which is rs.3000/- in the state of M.P will not be given under the GST regime .

ADOPTION OF GST – A STEP FOR ECONOMIC UNIFICATION OF INDIA

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Abstract

Under the fractured VAT regime, different types of indirect taxes are there. This fractured adoption of VAT system gives rise to number of problems like Differential tax treatment, movement of goods from a VAT state to a non-VAT state, Phasing out of CST completely, Incentive & Exemption Schemes, No Uniformity in tax rates. Prof. Kelkar Committee has proposed a uniform Goods and Service Tax (GST) to do away with the issues and problems of VAT. Based on Kelkar Committee recommendations the GOI has brought a Bill in 2011 through the Constitution (115th Amendment) (GST) Bill, 2011. However the bill was not passed due to dissolution of 15th Lok Sabha. Again, Constitution (122nd Amendment) (GST) Bill, 2014 was presented in the Lok Sabha and this Bill has been passed in the Lok Sabha on May 6, 2015 and referred to a Select Committee of Rajya Sabha for examination. NDA government is trying to get assent of Rajya sabha in the present

session of the parliament. The GST will definitely help the Indian economic growth and this unified, integrated tax system will bring economic unification in India.

Key words: VAT, GST, cascading of taxes, economic unification.

Introduction

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 endeavor 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 argument can be extended to international competitiveness of the adversely affected sectors of production in the economy. Such domestic and international factors lead to inefficient allocation of productive resources in the economy. This results in loss of income and welfare of the affected economy. GST will be a game changing reform for Indian economy by developing a common Indian market and reducing the cascading effect of tax on the cost of goods and services. It will impact the Tax Structure, Tax Incidence, Tax Computation, Tax Payment, Compliance, Credit Utilization and Reporting leading to a complete overhaul of the current indirect tax system.GST will have a far reaching impact on almost all the aspects of the business operations in the country, for instance, pricing of products and services; supply chain optimization; IT, accounting and tax compliance systems. The GST is a landmark in the Indian indirect taxation history; this tax regime intends to subsume most indirect taxes under a single taxation regime. GST is a value added tax levied across goods and services. This is expected to help broaden the tax base, increase tax compliance, and reduce economic distortions caused by inter-state variations in taxes.

Historical back ground for GST

Problems with existing VAT system- to do away with existing various types of indirect taxes specially sales taxes and problems there upon VAT is introduced in India in a fractured manner where some states adopted VAT and some other states have sales taxes. This fractured adoption of VAT system gives rise to number of problems like Differential tax treatment, movement of goods from a VAT state to a non-VAT state, Phasing out of CST completely, Incentive& Exemption Schemes, No Uniformity in tax rates. In terms of different types of taxes levied by different states economically India is disintegrated. There are greater variations in prices of goods and services across states in India due to different types of indirect taxation system followed by different states.

To overcome these challenges and problems and to have single integrated indirect taxation system Prof. Kelkar Committee has proposed a uniform Goods and Service Tax (GST). Based on Kelkar Committee recommendations the GOI has brought a Bill in 2011 through the Constitution (115th Amendment) (GST) Bill, 2011. However the bill was not passed due to dissolution of 15th Lok Sabha. Again, Constitution (122nd Amendment) (GST) Bill, 2014 was presented in the Lok Sabha and this Bill has been passed in the Lok Sabha on May 6, 2015 and referred to a Select Committee of Rajya Sabha for examination. NDA government is trying to get assent of Rajya sabha in the present session of the parliament. Sectors such as real estate, oil and gas production etc. were exempt from VAT. Further, goods and services were taxed differently, thereby making the taxation of products complex. Some of these challenges are sought to be overcome with the introduction of the Goods and Services Tax (GST).

Salient Features of the Proposed GST Model

Following are the salient features of GST Model:

- The GST shall have two components: one levied by the Centre (hereinafter referred to as Central GST), and the other levied by the States (hereinafter referred to as State GST). Rates for Central GST and State GST would be prescribed appropriately, reflecting revenue considerations and acceptability.
- The Central GST and the State GST are to be paid to the accounts of the Centre and the States separately
- The Central GST and the State GST would be applicable to all transactions of goods and services made for a consideration except exempted goods and services, goods which are outside the purview of GST.
- Since the Central GST and the State GST are to be treated separately; taxes paid against the Central GST shall be allowed to be taken as input tax credit (ITC) for the Central GST and could be utilized only against the payment of Central GST. The same principle will be applicable for the State GST.
- The administration of Central GST to the Centre and for State GST to the States would be given.
- To the extent feasible, uniform procedure for collection of both central GST and the State GST would be prescribed in the respective legislation for the Central GST and the State GST.
- The tax payer would need to submit periodical returns, in common format as far as possible to both the Central GST authority and to the concerned State GST authorities.
- Each tax payer would be allotted a PAN-Linked taxpayer Identification number with a total of 13/15 digits. This would bring the GST PAN-Linked system in line with the prevailing PAN-Based system for Income Tax, facilitating exchange and taxpayer compliance

Conceptual clarity

GST-A comprehensive indirect tax levy on manufacture, sale and consumption of goods as well as services at the national level and this GST will replace all indirect taxes levied on goods and services by the Indian Central and State governments.

Scope of GST

- GST is applicable on the supply of goods or services
- coholic liquor for human consumption is exempt from GST.
- Initially, GST will not apply to: (a) petroleum crude, (b) high speed diesel, (c) motor spirit (petrol), (d) natural gas, and (e) aviation turbine fuel

- The GST Council will decide when GST will be levied on them.
- Tobacco and tobacco products will be subject to GST.
- The centre may also impose excise duty on tobacco

Structure of GST

The proposed GST comprises:

- Central GST(CGST) which will be levied by Central Government
- State GST(SGST) which will be levied by state government
- Integrated GST (IGST) which will be levied by Central Government on inter-State supply of goods and services. This will be CGST plus SGST

Benefits

- GST widens the tax base as it intends to brings all goods and services into tax fold by the abolishing 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, and eliminate the cascading effects of multiple layers of taxation with minimum exemptions
- Tax credits are available for interstate transactions under GST as well
- Intends to bring down the number tax rates to minimum three namely, Standard Rate (covers most items), Merit Rate (Lower than Standard Rate for essential goods) and Special Rate (higher than Standard Rate for jewellery and precious metals)
- The GST also offers a solution to the multinationals as it breaks down the indirect tax structure into one single tax payable by the companies
- GST is a value added tax levied across goods and services. This is expected to help broaden the tax base, increase tax compliance, and reduce economic distortions caused by inter-state variations in taxes
- By subsuming large number of indirect taxes and having a uniform Indirect tax structure throughout the country GST will boost up economic unification of India; it will assist in

better conformity and revenue resilience; it will evade the cascading effect in Indirect tax regime.

Issues and Challenges in the proposed GST Bill

- The major challenge for getting the Bill passed in the parliament is the dispute between Centre and State government as to Tax-sharing.
- In spite of central government promises to solve the issues by giving compensation packages for three years for any kind of revenue loss, States have fear of loss of fiscal powers,
- Very high tax rates of 16% compared to current 12.5 % VAT
- Since taxes are distributed across the chain, the consumer prices are likely to rise to maintain the current tax revenue levels.
- All goods and services brought under the GST with only few items are exempted and make the common people's life miserable
- Amendment to constitution is a formidable task- where state governments consent is needed
- To have a revenue neutral rate (RNR)
- In adequate and lack of Robust IT infrastructure
- Training of Government officials /personnel
- Some issues under the current tax regime- like indented tax credit mechanism, non-uniform exemptions and incentives across the indirect tax statutes

Conclusion

In India with robust IT backbone connecting all state governments, trade and industry, banks and other stakeholders on a real-time basis definitely make the GST system a successful one. I personally feel if the contentious issues are properly addressed through proper IT infrastructure, effective Tax governance mechanism and more over both central and state governments should implement GST with letter and spirit. No doubt the GST by subsuming large number of indirect taxes and having a uniform Indirect tax structure throughout the country will definitely boost up economic unification of India. Again with better conformity and revenue resilience GST will evade the cascading effect in Indirect tax regime. There are some contentious issues like (a) the treatment of taxes on services with inter-state coverage. With respect to services such as transportation of passengers or goods in railways or telecom, the place of sale and payment and the place of consumption may not coincide and allocation of revenues will have to be negotiated and settled. (b) Setting up of administrative system for GST and working out the transitional arrangements to reduce the compliance cost and to harmonize the administrative processes with uniform systems, forms and procedures.(c) Training up the tax collectors in the administration and enforcement of the GST.

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INDIAN ECONOMY BETWEEN VAT AND GST

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Abstract

This seminar paper initiate a Pragmatic and theoretic efforts to differentiate the economic situations under two Tax regime of Previous VAT and newly implemented GST in India. The origin and structure of GST attract many simplifications in the process and procedures of tax assessment and put an indirect responsibility to pay and manage taxes as a self requirement to the providers of goods and services. Value added tax system faced a lot of practical difficulties like billing, lack of uniformity, multi taxes, tax over tax, tax missing etc. VAT and GST lay in two extremes on the subject of structure, procedure, cascading ,coverage and administration of taxing .In a tax context, a GST consumer get a price margin of 25% as compared to the VAT customer. The GST system benefits to the basic agricultural sector, Indian consumers and their House hold expenses. But the ground realities from GST upset all economic avenues because of the vulnerable and illegal trade practices leading to hike in prices, and also the down ward trend of GDP and per capita income. Sector wise impact of Post GST India cannot be witnessed for a good economic revolution. The GST Council has recognized that it needs to carefully calibrate the reform until the desired goal of a Good and Simple Tax is realized

Key words and expansion :Value added Tax, Goods and service Tax, MRP is Maximum Retail Price, FMCG is the 'fast-moving consumer goods' ,CSO is Central Statistical Office*]*

Introduction

Determination of tax on a person or business or transactions is subject to the tax laws of different countries and states .Taxes on business Transactions can be called as Goods and Service Tax. The concept of the GST in India was first introduced in 1994 by the report on "Reform of Domestic Trade Taxes in India: Issues and Options" from Bagchi committee . In 2000, the Government initiated discussions on the GST by constituting an Empowered Committee under Dr Asimdas Gupta. Later, after many discussions , GST Bill was passed unanimously in the Parliament in August, 2016 reflecting cooperative fiscal federalism in the pursuit of reforms. After ratification by a majority of states and assent of the President, it was enacted as Constitution Amendment Act, 2016

Structure of GST

The main object of GST bill is to simplify the system for taxpayers by unifying the taxes applicable to consumers and suppliers alike. GST was implemented after the approval of four bills named as Goods and Services Tax Bill, Integrated GST Bill, Compensation GST Bill, and Union Territory GST Bill.. Trade and industry have been grappling with the problem of payment, filing the returns and claiming input tax credit, and exporters have been facing liquidity crises as the zero-rating of the tax has not worked and refunds have not been forthcoming, with difficulty in filing returns.

Value Added Tax (VAT)

Value Added Tax is an indirect tax which was introduced instead of sales tax into Indian taxation system on April 1, 2005 . On June 2, 2014, VAT was implemented in all states and union territories of India, except Andaman and Nicobar Islands and Lakshadweep Islands.

The Value added is the value that a producer whether manufacturer, distributor, advertising agent, farmer etc., adds to his raw materials, or purchases before selling the new or improved product or service. It is a tax imposed on value addition of the goods in a chain of the transaction from production, distribution, and retail. Here tax is confined only to value added. So, Vat is a tax not on the total value of the goods being sold but only on the value added to it by the seller. The seller is therefore liable to pay tax not on its gross value but on the net value

In India, the standard vat rate is 14%, while the reduced rates are 4, 1 and 0. Presently, there were two basic rates of VAT in India namely 4 and 12.5% effective from 1st April 2005. Apart from this, there is an exempt category and a special rate of 1% for a few selected items. In the exempt category, items of basic necessities and goods of local importance have been put up[The value added tax is charged differently in the products/manufacturing and service industry.

Practical issues of VAT

It was found that there were a number of problems to implement Value Added Tax on commodities in different states in India. The major problems were as follows:

Billing: The main problem of the VAT is billing because billing is essential for traders to get the rebate on inputs. Without billing it is difficult to get a rebate on inputs. The billing of the commodities must be a separate entry of basic price and sales tax, so, therefore, traders get the rebates but it is very difficult for the traders to pass the separate entry of basic price and sales tax.

Lack of Uniformity: In India, there are a number of States which had already implemented VAT, but some States have not agreed to impose VAT in their state. In this situation, it is very difficult for inter-state transactions of the commodities, because of those states, which are not implementing, VAT in their state they prefer to buy goods from those States that are not implementing VAT.

Concession for New Industry: Central Government announced concession for new Industries, which are to be established in rural areas. After the establishment of industries in rural areas, the government does not give any concession for such an industries. Practically the government does not make any provision for the concession of such an industry. The government announced concession for new industries only in the air not in practice.

Number of Taxes imposed by the Government: The main problem of Value Added Tax are other taxes which are imposed by the State Government due to economic problems of the state. Although traders are ready to pay VAT they are having demand that government should remove other taxes i.e. Entry tax, Octopi, Toll tax, Local body tax etc.

Lack of infrastructure facilities: In VAT billing is essential for the traders but it is difficult to maintain the infrastructure, computers, etc. facilities for the same. In rural areas and even in urban areas do not have such sufficient infrastructure facilities because India is a developing country and have a scarcity of finance and technology etc.

Dealing in Variety of Goods: Most of the traders in India deals in a variety of goods in their shops. Different commodities have different VAT rates. In that situation it is very difficult for a traders to maintain billing on VAT on their goods, for example a trader deals consumables items, as well as durable items in their shop, a consumer purchase one item of both the Variety of both the items, have separate rate of VAT in that situation it is very difficult in billing of VAT.

Loss in Tax: The tax monitoring is not much effective to the structure of VAT as it loosen the chain of tax from producers to the end consumers

VAT and GST

The differences between VAT and GST is listed in (Table-2)

	Value added Tax
1	**Structure** of VAT in different states differs with VAT rates also.

2	**cascading** effect CENVAT and VAT have not yet been extended to include the chain of value addition and thus the benefits of a comprehensive input tax and service tax set-off remains out of the reach of manufacturers/dealers.
3	**coverage** is Relatively narrow base and separate service tax.
4	**Procedures** for collection of tax varies from state to state
5	Tax **administration** is Complex due to number of taxes.
6	Use of **Information Technology** is comparatively lesser and unsuitable

	Goods and Service Tax
1	The **structure** consists of a dual tax with both Central GST and state GST will be levied on the same base. GST to have four rates.
2	GST will is not only include more indirect Central taxes and integrate goods and services taxes for set-off relief, but will also capture value addition in distributive trade and act as a continuous chain from the original producer's and service provider's point up to the retailer's level. This would eliminate the burden of all **cascading effects**.
3	It **covers** a Wider base and applied on both goods and services. GST is a consumption based tax which will be collected by the states where the goods or services are actually consumed.
4	Likely to be uniform **procedures** throughout the country.
5	Intention and **administration** aim to make it simple, easy and tax-payer friendly
6	Completely **IT-based**. Its success to a great extent will depend on IT for which the goods and services tax network (GSTN) – a separate company has been formed.

Actual tax in VAT and GST

Here is a tax context, that showed a wide gap between the amount of tax applicable under the VAT system and the GST

Details	**Tax under VAT**	**Tax under GST**
Value to Manufacturer		
Production cost	Rs.2 lakh	Rs.2 lakh
+ Profit Margin (10%)	Rs.20,000	Rs.20,000
+ Excise Duty (12%)	Rs.26400	
Total Production Cost	Rs.2,46,400	Rs.2,20,000
+ Value Added Tax (12.5%)	Rs.30,800	
+ State GST (6%)		Rs.13,200
+ Central GST (6%)		Rs.13,200
Manufacturer's Invoice Value	**Rs.2,77,200**	**Rs.2,46,400**
Value to Wholesaler		
Cost of Products	Rs.2,77,200	Rs.2,46,400
+ Profit Margin (10%)	Rs.27,720	Rs.24,640
Total Value	Rs.3,04,920	Rs.2,71,040
+ Value Added Tax (12.5%)	Rs,38,115	
+ State GST (6%)		Rs.16,262
+ Central GST (6%)		Rs.16,262
Wholesaler's Invoice Value	**Rs.3,43,035**	**Rs.3,03,564**

Value to Retailer		
Cost of Products	Rs.3,43,035	Rs.3,03,564
+ Profit Margin (10%)	Rs.34,304	Rs.30,356
Total Value	Rs.3,77,339	Rs.3,33,920
+ Value Added Tax (12.5%)	Rs.47,167	
+ State GST (6%)		Rs.20,035
+ Central GST (6%)		Rs.20,035
Retailer's Invoice (charged to Customer)	**Rs.4,24,506**	**Rs.3,73,990**

Here, the customer under GST has got a relax in price of Rs.50516 than the customer under VAT .This margin becomes more than 25% of the producers cost

GST and Agriculture

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

GST on household expenses

The house hold expenses are charged GST at an average rate (for 7 items) of 17.54% as compared to the average pre- GST rate of 18.64%. The 5% GST on food items instead of 12.5% vat is an added advantage of GST

Category	Before GST	After GST
Food (about 40% of household expense)	12.5%	5.00%
Entertainment	30.00%	28.00%
Transportation	15.00%	18.00%
Household – Personal Care	28.00%	18.00%
Mobile Phone	15.00%	18.00%
Insurance Premium	15.00%	18.00%
Credit Card Bills	15.00%	18.00%
Average of above 7 items	18.64%	17.54%

Dark Spots on GST

1. **Indians get no benefits**

The department of legal metrology revealed that nearly 15,000 cases of MRP violations have been registered across the country. Restaurants are on the top list of illegal practices. The fast-moving consumer goods (FMCG) such as mineral water and aerated drinks are found to be most vulnerable to illegal trade practices. On 15th November, tax rates had been slashed by the GST Council from 28% (higher brackets) to 18% (lower brackets). Anti-profiteering authority too had been constituted by the government to monitor the newly implemented tax reform. After the cut in GST rates, the government informed to traders to reduce the MRP by pasting the stickers of new MRP on packages in communication with manufacturer. There have been instances where sellers are collecting higher prices than the old MRP in the guise of GST."

2. **Negative Impact on GDP**

As the GST rates are 5%, 12%, 18% and 28% and if the GST rate on service will be finalized at 5% or 12% then cost of services will get reduced while in else case if the rate will be 18% or 28% on services then services will become costlier and it will lead to inflation for a short period. The latest report from CSO reveals that the GDP growth seen at 4 years low of 6.5% in the year 2017-18 mainly due to poor performance in Agriculture and Manufacturing sectors of the country. It was 8% in 2016-17

3. **Practical Challenges for Startups**

Apart from the positive changes in legislative provisions, there are many ground-level realities that must be dealt very carefully. For explaining the functioning of new business setups, certain practical challenges are to be faced with multiple tax authorities. As per the GST rules, it is expected that up to a large extent, the present state tax borders would be diminished.

4. **GST collection slow down**

GST collections dipped to Rs 80,808 core in November, the lowest since the introduction of the new regime in July, following reduction in rates for over 200 items in the second half of the month.

Sector-Wise Impact Analysis

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.

The e-commerce 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 GST law specifically proposes a tax collection at source mechanism, which e-com companies are not too happy with. The current rate of tax is at 1%.

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

In the telecom sector, prices will 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 has negated the need to set up state-specific entities, and transfer stocks. The will also save up on logistics costs.

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 previously attracted zero central excise duty (under optional route).

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 impact of GST on the real estate sector cannot be fully assessed as it largely depends on the tax rates. However, the sector will see substantial benefits from GST implementation, as it has brought to the industry much-required transparency and accountability.

The 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 the transportation of agri-products across state lines all over India. Gst will resolve the issue of transportation.

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 previous tax system, there were several taxes applicable on this sector like excise, vat, sales tax, road tax, motor vehicle tax, registration duty which will be subsumed by GST.

Conclusion

There is some concern that the revenues from GST in the past few months are somewhat below expectations. Things could improve as the new changes bring in stability and technology platform stabilizes. Hopefully the implementation of GST may help in augmenting income tax as well. Strong political commitment, to implementing the reform, thorough advance preparation, adequate investment in tax administration and taxpayer services, extensive public education programme, support from business community and good timing of reform are the important pre-requisites for successful implementation of the GST. It is also important to note that problems of transition to a major tax reform are unavoidable and most countries go through this. In this regard, the approach of the GST Council must be commended for being receptive to the concerns of businesses and in dealing with the glitches in technology. Some of the noise heard is also due to the fact that all traders, in one way or the other, are brought into the formal sector. That hurts some. The GST Council has recognized that it needs to carefully calibrate the reform until the desired goal of a Good and Simple Tax is realized. Hopefully the GST Council will keep the goals clear and consider the reform effort as a work in progress.

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FEATURES OF GOODS AND SERVICE TAX

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Introduction

Tax policies play an important role on the economy. The main source of revenue for government of India is from tax. Direct and indirect taxes are the two main source of tax revenue. When the impact and incidence falls on same person it is called direct tax. When the impact and incidence falls on different person that is when burden can be shifted to other person it is called indirect tax. Goods and Services Tax (GST) is most ambitious and biggest tax reform plan, which aims to stitch together a common market by dismantling fiscal barriers between states. It is a single national uniform tax levied across India on all goods and services. In GST, all the indirect taxes will be subsumed under a single regime. The GST taxation laws will put an end to multiple taxes which are levied on different products, starting from the source of manufacturing to reaching the end consumer. GST works on the fundamental Principle of "One Country One Tax".

GST

In present regime there are separate laws for separate levy like excise duty, customs duty, central sales tax, value added tax etc. But in case of GST it is going to be a broad scheme which subsumes all the laws. The tax compliance is going to be easy as all the laws are subsumed and only one GST law to be implemented. The four GST slabs have been set at 5%, 12%, 18% and 28% for different items or services. The integration of tax laws in GST is expected to reduce the tax burden on the tax payer compared to present system where the tax payer's burden is high. Presently the tax is at two points i.e., when the product moves out of factory and other at the reatil outlet. But GST is to be levied at final destination of consumption and not at various points. This brings transparency and corruption free tax administration.

Advantages of GST:

1. GST is structured to simplify the current indirect system by removing multiple taxes. It creates India as a single market.

2. It taxes goods and services at the same rates so many disputes are eliminated on tax matter.

3. GST will be levied only at the final destination of consumption based on VAT principle and not at various points (from manufacturing to retail outlets). This will help in removing economic distortions and bring about development of a common national market.

4. The procedural cost is reduced due to uniform accounting namely, CGST, SGST, IGSThave to be maintained for all types of taxes.

5. The reduced tax burden on companies will reduce production cost making exporters more competitive at national and international level.

6. More business entities including unorganized will come under the tax system thus widening the tax base. This may lead to better and more tax revenue collections.

7. Many businesses create depots and go downs in different states simply because there is a difference in tax rates. Now that GST will come, this difference between states will vanish. It would help to remove the tax difference as a bias, thereby helping businesses.

Disadvantages of GST:

1. There will be dual control on every business by Central and State Government. So compliance cost will go up.

2. All credit will be available on from online connectivity with GST Network. Hence, small businesses may find it difficult to use the system

3. VAT and service tax on some products may become higher than the current levels. 4. States may lose autonomy to change their tax rates.

5. Manufacturing states would lose big revenue

6. Service sector may oppose because they have to register in every state with central and state government. So every business at all India level will have around 60 registrations while they are having just one today. Moreover their rates will also go up.

7. Retail business may oppose because their taxes will go up and they will also have to deal with Central Government now in addition to States.

8. GSTN may not work optimally for quite some time.

Conclusion

The proposed GST regime is a half-hearted attempt to rationalize indirect tax structure. More than 150 countries have implemented GST. The government of India should study the GST regime set up by various countries and also their fallouts before implementing it. At the same time, the government should make an attempt to insulate the vast poor population of India against the likely inflation due to implementation of GST. No doubt, GST will simplify existing indirect tax system and will help to remove inefficiencies created by the existing current heterogeneous taxation system only if there is a clear consensus over issues of threshold limit, revenue rate, and inclusion of petroleum products, electricity, liquor and real estate. Until the consensus is reached, the government should resist from implementing such regime.

GST: A NEW ROAD MAP TO DEALERS

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Abstract

Goods & Services Tax Law in India is a comprehensive, multi-stage, destination-based tax that is levied on every value addition. 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. Every person who engaged in trading of goods or rendering of services have to register under Goods

& Services Tax Act and pay tax under this Act, for the time being in force, as per the turnover of the respective person concerned. If the turnover is below twenty lakhs rupees per annum, does not require to register under GST Act. If the turnover exceeds twenty lakhs rupees per annum, the person have to register under GST Act and then avail the schemes. GST Act provides Normal Scheme and Composition Scheme based on their turnover and their opinion. Against this background, this paper is a modest attempt to study the different approaches and ways available to Dealers for choosing normal scheme and composition scheme under GST with illustration.

Key Words: GST, Dealer, Normal Scheme, Composition Scheme.

INTRODUCTION

GST is one 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. Every person registered under Goods and Services Act should file return as per their turnover or as per their option availed. The registered dealers have the option to choose their scheme in which he require to pay GST and file Return.

OPTIONS IN FILING RETURN:

1. Normal Scheme
    a. Monthly Basis (turnover more than Rs.1.5crores)
    b. Quarterly Basis (turnover up to Rs.1.5crores)
2. Composition Scheme

NORMAL SCHEME:

Normal Scheme availed person are those who can do their business anywhere in India without any destruction of their turnover limit.

Normal Scheme dealers can sell anywhere in India:

Normal Scheme Dealers can do business anywhere in India, they can make outward supplies to any state in India. Inter-state supplies of goods is acceptable.

Normal Scheme dealers can collect GST and avail ITC:

Dealers who availed Normal scheme can collect GST (whether ISGT or CGST or SGST) on their outward supplies from their customers or clients. As they collects GST from their clients and customers and pay to Government, so that they can avail ITC (Input Tax Credit) on their inward supplies.

Rates under Normal Scheme:

Normal Scheme dealer does not have any fixed percentage of tax rates, they have pay tax as per individual commodity or service code basis. At present, GST Act have framed the tax rates as 0%, 5%, 12%, 18% and 28%. The rate for their commodity and service are specified in the GST Act as per numbers, and expressed in the below heading;

1. For commodity – HSN Code (Harmonised System of Nomenclature Code)
2. For service – SAC (Services Accounting Code)

Government has not specified GST rates and has provided exemption on certain commodities and services, such commodities are called as Exempted Goods and such services are called as Exempted Services.

Compulsorily eligible for Normal Scheme:

The following dealers are compulsorily need to come under Normal scheme;

a) Manufacturer of Tobacco and manufactured tobacco substitutes
b) Manufacturer of Pan Masala
c) Manufacturer of Ice cream and other edible ice, whether or not containing cocoa
d) Suppliers of services (other than food service)
e) Inter-state supplies of goods

Return under Normal Scheme:

Dealers those who availed Normal Scheme has to file return on periodic basis on monthly, quarterly and annually based on their preceding year turnover limit of Rs.1.5crores.

Form	Turnover up to Rs.1.5 Crore	Turnover more than Rs.1.5 Crore
GSTR-1	Quaterly	Monthly
GSTR-2	Quaterly	Monthly
GSTR-3	Quaterly	Monthly
GSTR-3B	Quaterly	Monthly
GSTR-9	Annually	Annually
GSTR-9C	-	Annually

Form GSTR-1:

Every dealer shall furnish, electronically, in such form and manner as may be prescribed, the details of outward supplies of goods or service or both effected, during a tax period on or before the tenth day of the month succeeding the said tax period and such details shall be communicated to the recipient of the said supplies within the time and in the period as may be prescribed. The details of outward supplies of goods or services or both shall be furnished in Form GSTR-1.

Form GSTR-2:

The recipient is required to file return in Form GSTR-2 in respect of inward supplies (including reverse charge) by fifteenth of the following month. The dealer will get of his inward supplies auto populated in GSTR-2A. He can accept, add, modify or delete those details of inward supplies, then the return is required to be filled in Form GSTR-2.

Form GSTR-3:

Monthly or Quarterly return shall be submitted in Form GSTR-3 electronically. Part A of the monthly or quarterly return shall be electronically generated on the basis of the information furnished through returns in form GSTR-1, form GSTR-2 and based on other liabilities of preceding tax periods.

After submission of return, Payment of tax tab will be displayed or enabled, then tax should be paid.

Form GSTR-3B:

It is the transitional form, it is not Normal form. Where the time limit for furnishing of details in form GSTR-1 and form GSTR-2 has been extended, return in form GSTR-3B, in lieu of Form GSTR-3, may be furnished in such manner as may be notified.

Form GSTR-9:

An annual return will be filled electronically in form GSTR-9.

Form GSTR-9C:

Every dealer whose aggregate turnover during a financial year exceeds Rs.2Crores shall get his accounts audited as specified and shall furnish a copy of audited annual accounts and a reconciliation statement, duly certified, in form GSTR-9C, electronically.

Composition Scheme:

Composition scheme is available to those whose aggregate turnover of supply of goods in a financial year in the previous financial year did not exceed Rs.1crore. This scheme is optional to the dealers.

Composition Scheme dealers cannot sell anywhere in India:

They cannot sell to any person beyond their state where they operate and registered their business place. For example: if they register and operate their business in Tamil Nadu, they can do their supplies only in Tamil Nadu, they cannot do supplies other than Tamil Nadu (NOT TO OTHER STATES).

Composition Scheme dealers cannot collect GST and avail ITC:

Dealers who availed composition scheme cannot collect GST (whether IGST or CGST & SGST) on their outward supplies from their customers or clients. No, they cannot avail ITC (Input Tax Credit) on their inward supplies.

Rates under Composition Scheme:

Composition scheme dealers have no separate tax rates for separate items as normal scheme dealer and so they cannot collect any tax on turnover from their customer. Dealers who availed Composition Scheme will have to pay a fixed percentage of gross turnover as tax as follows;

1. Manufacturer: 2% of turnover
2. Supply of food for human consumption: 5% of turnover
3. Traders: 1% of turnover

In Composition Scheme, the dealer requires to pay tax on their turnover. In this case, Turnover includes all supplies including Exempted goods, Export goods also.

Who is eligible for composition scheme?

As per Section 10(2) of CGST Act, following taxable persons will be eligible for composition-

a) He is not engaged in the supply of services other than supplies referred to para 6(b) of Schedule II of CGST Act [service of supply of food for human consumption]
b) He is not engaged in making any supply of goods which are not leviable to tax under this Act
c) He is not engaged in making any inter-state outward supplies of goods. [but he can make inter-state purchases from registered persons]
d) He is not engaged in making any supply of goods through an electronic commerce operator who is required to collect tax at source u/s 52 of CGST Act

Return under Composition Scheme:

1. **Quarterly return: [Form GSTR-4]**
   The dealer under composition scheme is required to file only one return per quarter, within 18 days after end of each quarter. The dealer will get of this inward supplies auto populated in GSTR-4A. He can accept, add, modify or delete those details of inward supplies, then the return is required to be filled in Form GSTR-4. Return GSTR-4 should contain invoice wise inter-state and intra-state supplies received from registered and unregistered suppliers.
2. **Annual Return: [Form GSTR-9A]**
   A dealer paying tax under composition scheme shall furnish the annual return in form GSTR-9A.

Normal Scheme Verses Composition Scheme:

The dealer who availed composition scheme would favour loss than the dealer who availed normal scheme basis. The quantitative difference in the financial position is explained below through examples.

For example:

M/s. AFS Traders, Salem, is buying goods from M/s. Morris Traders, Chennai, at the value of Rs.100 at the GST rate of 5%.

Particulars	Normal Scheme (Rs)	Composition Scheme (Rs)
Cost Price	100.00	105.00
Add: Expenses on Purchase (e.g. carriage inward)	5.00	5.00
Sub-Total	105.00	110.00
Add: Margin @ 10%	10.50	11.00
Sub-Total	115.50	121.00
Add: GST @ 5%	5.78	-
Total Sales (Selling Price)	121.28	121.00

Here, if M/s. AFS Traders availed composition scheme, then he cannot avail ITC and cannot collect GST on supply, so inward GST included in cost price and so GST on outward supplies are charged.

Payment of GST as follows:

Particulars	Normal Scheme (Rs)	Composition Scheme (Rs)
GST payable	5.78	1.21*
Less: ITC	5.00	-
Net GST payable	0.78	1.21

***GST for trader is 1% of Turnover: Rs.121*1%= Rs.1.21**

The total expenditure to the company is:

Particulars	Normal Scheme (Rs)	Composition Scheme (Rs)
Payment to Suppliers	105.00	105.00
Payment to Transporter	5.00	5.00

Payment of GST	0.78	1.21
Total Payment	110.78	111.21

The total income to the company is:

Particulars	**Normal Scheme (Rs)**	**Composition Scheme (Rs)**
Receipts from Customer	121.78	121.00
Total Receipts [I]	121.78	121.00
Total Expenditure [II]	110.78	111.21
Profit [I-II]	**11.00**	**9.79**

From the above example, my view is, that, the profit earned by Normal scheme is more than profit earned by Composition scheme. So the dealers can choose Normal scheme instead of Composition Scheme.

Practical Difficulties faced by the Normal Scheme dealer:

1. Monthly time consumption is more, because the dealer has to file three return on monthly basis.
2. In practically, the dealer has to file the return as bill-wise, so it took plenty of time.
3. Dealers from Backward areas do not have much knowledge to file their return their selves on their own.
4. Dealers need help of GSTP (GST practitioner) or Chartered Accountant in practise or Company Secretary in practise or Cost Accountant in practise for filing returns.
5. They need to pay for the services provided by GSTP (GST practitioner) or Chartered Accountant in practise or Company Secretary in practise or Cost Accountant in practise monthly basis. So it increases the expenditure of the organisation.

Practical Difficulties faced by the Composition Scheme Dealer:

1. Loss due to availing composition scheme.
2. Customer who buy adequately (Regularly) will not buy from them, because they do not issue GST invoice.
3. Selling price per unit of the product will be more compared to selling price fixed by the normal scheme dealer.
4. Cannot pursue their supplies in other states.
5. Cannot do their supplies more than their turnover limit. i.e., they cannot supply if their turnover exceed Rs.1crore.

Recommendation for the Enterprises:

Large and Medium Enterprises:

Large and Medium scale manufacturer or trader or service provider can avail only the option of Normal Scheme.

Micro and Small Enterprises:

The remedy for Micro and Small enterprises is that they can avail the option of the normal scheme in which turnover limit not exceeding Rs.1.5crores, instead of composition scheme. In turnover limit not more than Rs.1.5crores, the dealers can file their return on Quarterly Basis (not on month basis).

Large and Medium Enterprises	Normal Scheme (Turnover more than Rs.1.5 Crores)

Micro and Small Enterprises	Normal Scheme (Turnover Not more than Rs.1.5 Crores)

CONCLUSION

Dealers who availed Composition scheme may defer many losses than Dealers those availed normal scheme. Dealers who opted under composition scheme cannot stand in the market for a longer period to competitive with others because the price of the product will be more than the price fixed by the dealers those opted normal scheme. Therefore, the dealers can choose Normal Scheme instead of Composition Scheme.

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GST AND INDIAN RETAIL SECTOR – A BIRDS EYE VIEW

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ABSTRACT

Goods and Services Tax (GST) will be a game changing reform for Indian economy by developing a common Indian market and reducing the cascading effect of tax on the cost of goods and services. GST is a consumption based tax levied on sale, manufacturing and consumption on goods & services at a national level. Many taxes such as central excise duty, service tax, central surcharge and cess etc. levied by Central Government and VAT / sales tax, entertainment tax, octroi & entry tax, purchase tax, luxury tax, taxes on lottery etc. levied by State Governments have been subsumed under GST. The fast moving consumer goods (FMCG) sector of India comprises more than 50 percent of the food and beverage industry and another 30 percent from personal and household care, thereby spanning the entire rural and urban parts of the country (Subramanian, 2015). Under the GST regime, it is expected that it would result in a simpler tax regime, especially for industries like FMCG. Presently the peak tax costs for industry players amount to approximately 27% (i.e. Excise Duty of 12.5% and VAT ranging from 12% to 15%). Under the GST regime, it is proposed that the revenue neutral rate would be in the range of 16% to 19%, thereby resulting in significant benefit for the sector.

Key Words: GST, GDP, Retail, FMCG, Tax, Industry, VAT, CST,

Introduction

Retail sector is one of the key pillars for Indian economy and it accounts for around 10% of GDP. GST will user in wide changes in various industries and sectors and Retail industry is not an exception.While GST implementation is now just few days away, let's see what will be the impact of GST on Indian Retail Industry and which changes will this industry need to imbibe to become GST ready.Goods and services tax is an indirect tax. This tax is levied on manufacture, sale and

consumption of goods and services in India. This tax will replace the tax collected by the central and state governments. GST collected during the purchase or sale of goods is independent of the state where the purchase or sale takes place. This tax structure is proposed by The GST Bill or The Constitution (One Hundred and Twenty Second Amendment) Bill. The tax rate under GST would be lower, however, there would be an increase in the number of assesses. The increased number of assesses is expected to make up for the reduced tax and the overall tax collection is expected to increase. Some of the best GST systems across the world like Singapore and New Zealand use single GST, but India has opted for a dual GST model. The change in tax structure is expected to have a huge impact in supply chain in India. A comparison of GST rates of some countries with the proposed India GST rate is given below. Country Rate of GST Australia 10% Canada 5% New Zealand 15% Singapore 7% Malaysia 6% Sweden 25% India 27%.

GST – A GLANCE

GST shall cover all goods and services, except alcoholic liquor for human consumption, for the levy of goods and services tax. In case of petroleum and petroleum products, it has been provided that these goods shall not be subject to the levy of Goods and Services Tax till a date notified on the recommendation of the Goods and Services Tax Council. Promulgation of GST Council: Proposed Article 279A of the Bill provides for constitution of 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. The Council shall function under the Chairmanship of the Union Finance Minister and will have the State Union Minister as its members. All goods and services are covered under GST Regime except Alcoholic liquor for Human Consumption, GST Council yet to decide the incidence and levy of GST on following:

a) Crude Petroleum

b) High Speed Diesel (HSD)

c) Motor Spirit (Petrol)

d) Natural Gas

e) Aviation Turbine Fuel

Goods and Services Tax (GST) will be a game changing reform for Indian economy by developing a common Indian market and reducing the cascading effect of tax on the cost of goods and services. GST is a consumption based tax levied on sale, manufacturing and consumption on goods & services at a national level. Many taxes such as central excise duty, service tax, central surcharge and cess etc. levied by Central Government and VAT / sales tax, entertainment tax, octroi & entry tax, purchase tax, luxury tax, taxes on lottery etc. levied by State Governments have been subsumed under GST. The fast moving consumer goods (FMCG) sector of India comprises more than 50 percent of the food and beverage industry and another 30 percent from personal and household care, thereby spanning the entire rural and urban parts of the country (Subramanian, 2015). Under the proposed GST regime, it is expected that it would result in a simpler tax regime, especially for industries like FMCG. Presently the peak tax costs for industry players amount to approximately 27% (i.e. Excise Duty of 12.5% and VAT ranging from 12% to 15%). Under the GST regime, it is proposed that the revenue neutral rate would be in the range of 16% to 19%, thereby resulting in significant benefit for the sector.

HISTORY OF INDIAN RETAIL SECTOR

The Sears and Roebuck store is one of the first well renowned retail stores to ever open up. The store started off as a mail order business that sold things such as clothing, shoes and household items in their very own catalog. Their first retail store opened up in 1925 and branched from a clothing catalog with household items to a large retailer. Since then it has had success with the addition of automotive, lawn and garden as well as optometry. Retail sales tend to increase every year with the addition of new stores coming onto the market. Clothing and mass merchant stores such as Wal-Mart tend to have significant increases in retails sales by their main selling points that reel customers in are their commitment to have the lowest prices and also to remain competitive with other merchants that sell the same or similar items. Retailers have used many tools in the past to be able to attract customers and generate a higher amount of retail sales. Advertising in newspapers and magazines contribute to a high amount of aid in overall sales. Holding customer appreciation days where special offers are utilized as well as free giveaways to provide customers with the incentive to buy more at their store.

Retail sales increase on one of the biggest shopping days of the year called Black Friday. Black Friday has been a shopping tradition for centuries and has led to a nationwide phenomenon. Black Friday is held the day after Thanksgiving and offers some of the biggest savings to shoppers for the entire year. Most people do 80% of their holiday shopping on Black Friday. Stores compete for each other's business by offering shoppers incentives and price reductions on high ticket items such as computers, clothes and small appliances. Retail sales have changed over the years by becoming more comforting to shoppers by introducing their own credit cards for preferred shoppers, special hours for shoppers to come in and receive early bird incentives and also restaurants and day care centers built right into the stores. Many retailers also offer a hands on approach to their retail items, allowing customers to try out items before they buy them right at the store. Retail sales has evolved in the past decade as allowing customers the opportunity to participate in a more enjoyable shopping experience than ever before therefore making a positive impact on the history of retail sales.

Classification of Retail Sector:

Retail industry can be broadly classified into two categories namely- organised and unorganised retail.

Organized retail - Organised traders/retailers, who are licensed for trading activities and registered to pay taxes to the government.

Unorganized retail – It consists of unauthorized small shops - conventional Kirana shops, general stores, corner shops among various other small retail outlets - but remain as the radiating force of Indian retail industry.

Key drivers of the Indian Retail Industry

- Emergence of nuclear families
- An increase in the double-income households trend
- Large working population
- Reasonable Real estate prices
- Increase in disposable income and customer aspiration
- Demand as well as increase in expenditure for luxury items
- Growing preference for branded products and higher aspirations
- Growing liberalization of the FDI policy in the past decade

- Increasing urbanisation,
- Rising affluence amid consumers

Bottlenecks

- A long way to meet international standards
- Lack of efficient supply-chain management
- Lack of required retail space
- No fixed consumption pattern
- Shortage of trained manpower
- Lack of proper infrastructure and distribution channel.

IMPLICATIONS OF GST IN RETAIL SECTOR

Reduced Taxes

GST will reduce the tax burden on retailers as they pay many different forms of tax in the current scenario such as CAT, CST, Octroi, service tax, and much more. GST will streamline everything into one single tax so that it will be easier for the retailer to understand the taxation and to pay it in one shot.

Seamless Input Tax Credit

GST will reduce the burden of tax on the retail sector as it will set off tax starting from the producer's point to the customer point. GST will make an impact on the flowing effect of taxes and help to streamline into one category.

Increased efficiency in supply chain

Since the retail business can be carried out in every state upon single registration, the retailers will not have to maintain warehouses in every state, and this will be very beneficial regarding cost to the retailer. The transportation industry will flourish as they would carry more goods from one state to the other as it will become easy to transfer goods under GST.

Tax on promotional items and gifts

In the new GST model, any supply without consideration will attract tax and therefore, everything will have to be accounted for. The retailers would give out gifts and promotional items with products as a part of their marketing strategy which used to be tax-free in the current taxation system. When the GST gets implement, no such rule will be applicable and the retails will have to pay tax on the gifts and promotional items as well, therefore, re-think their promotional strategies.

Growth of Retail Market

GST will lead to the unification of markets as it will streamline the state and the central tax and eliminate all the confusion of taxation in different markets. The retailers can easily expand their business beyond boundaries as they have to register their business only once and then can carry operations in all the states. This will also contribute towards the growth of the retail market and help boost the economy of the country.

Better strategies

GST will force the retailers to re-think their supply chain strategies and re-model their network as it will open a lot of doors and opportunities for retailers to expand their business. It will give them the freedom to draft better business strategies and implement it for further growth of the retail sector.

Reduce complications

The retailers would be able to carry out the business with more ease as the taxation, and other policies would be streamlined under the new GST rules, and they would not have to waste their time in paying various taxes and waiting to fulfil all other policy requirements of the current taxation system.

Beneficial for start-ups

The retail sector would start attracting a lot of start-ups as they would have to register their business only once and also claim the benefits of taxation for start-ups under the new GST laws. They would also be able to carry out business operations more freely with the new policies in place and would get more attracted to join the retail sector.

CONCLUSION

There are many more advantages of GST on retail sector under the new GST laws and it would be a great boost for the retail sector as the policies and taxation would be streamlines under one head. The businesses would flourish more contributing to the growth of the retail industry and in turn of the economy as they would be able to carry out the activities without any hindrances, more freely, and be able to expand the business into different states without worrying about the additional costs. The supply chain will benefit tremendously as the cost of transport and warehousing will reduce under the new GST laws and help the retailers scale their profits, which could also lead to reduced prices for the final consumer over a period of time. The retailer can directly pay the taxes online and will not have to go through a middleman. Under the GST regime, it is expected that it would result in a simpler tax regime, especially for industries like FMCG. Presently the peak tax costs for industry players amount to approximately 27% (i.e. Excise Duty of 12.5% and VAT ranging from 12% to 15%). Under the GST regime, it is proposed that the revenue neutral rate would be in the range of 16% to 19%, thereby resulting in significant benefit for the sector. Hence, it is concluded that the GST in India is taking care of Indian economy particularly the retail sector.

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CHALENGES OF GST

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Abstract

India's Goods and Services Tax (GST), is being called a 'game changer' for its far-sweeping impact on business. Manufacturers, traders, and service providers across India have been placed under one unified tax umbrella, and no longer need to work with a tedious array of 17 distinct types of taxes they currently need to comply with. The industry, at present, is struggling to get on with the destination-based tax from an origin-based tax structure. o make "One Nation, One Tax" a reality, the government is training its officers on taxation of services. GSTN, the technology backbone for the reform, has a massive IT mandate of securely handling mammoth volumes of data that GST will generate. The legislation cuts across all enterprises, requiring them to relook at their business models, business policies, and procedures. The essay based on **'**GST- One Step towards Simplifying Tax System in India' shows the flaws and adverse effects of GST on the economy of India. The bill was brought to implement one tax in the country but resulted into the biggest drawback as it ended up implementing 31 different taxes under GST. It is not only a burden on the Indian economy but is a deadly weapon for poor and middlemen of the country. Price hikes in basic amenities make a wider gap between consumers and the market. Despite all the shortcoming, this model could be a grand success had it been planned considering the welfare of poor people.

Key words : (GST, Indian tax system, one nation, one tax)

GST – A Step towards Simplifying the Tax System of India

The Goods and Services Tax commonly known as GST was introduced in India on 1st July 2017. The basic idea to introduce GST in India to remove the multiple tax system which was a part of central and state government and to provide uniform tax system throughout the country. The present GST tax model is inspired from the Canadian GST model and is divided into different tax slabs ranging from 0% to 28%. After implementation of GST, India became one of the 160 countries to introduce a unified tax regime at midnight. And by unified, we mean four slabs (5%, 12%, 18%, and 28%) and an additional 'sin tax' of 40% to be implemented on rare occasions.

A comparative look at the rates in Asia and Europe shows, not only does India have the highest tax rates, but also by splintering a so-called unified structure, we have made it a whole lot more confusing. Therefore, by the present model of GST we cannot conclude the system just by seeing its few advantages but we should also consider its disadvantages and the wrongful decision of implementing GST on Indian phase which is recovering from death phase after demonetization.

The present GST tax system is full of flaws and lacks economic vision as the present GST bill has various loopholes which are laying adverse effects on Indian economy and the people of the country either from working or business class.

- Firstly, the principle on which GST works i.e. one nation, one tax is not suitable for India. Previously we had 32 taxes which included 29 state VAT taxes, 1 sales tax, 1 excise duty and 1 service tax and after implementation of GST we have now 31 taxes including 29 SGST taxes, 1 CGST and 1 IGST which again gives complicated tax structure to the country and contradicts the principle of single tax in nation.

- Secondly, the Constitutional Provisions and Judgments on GST. If we want to impose a single GST tax system in India it is not possible due to,

- According to the 101st amendment in the constitution, Article 246 A states that parliament and state can levy taxes on supply on goods & services. So not only parliament but state can have its own GST.

- Article 279 A of the constitution says that GST council has only recommendatory powers. So it's up to state governments to implement its ideas. In this way state government levies its own GST and distorts the entire GST system of the country. On 11thNovember 2016, 9 judges on behalf of the Supreme Court of India gave its judgment regarding entry tax case that every state is as sovereign as parliament in its powers to levy taxes. So it gives freehand to state by which they can levy their own GST.

The present GST Tax System has certain flaws that thereby weakens the movement thus started and proves to be a shockwave for the disturbed economy:

1. GST system is totally dependent on the online submission of taxes which in result overburdens the online system of the Ministry Of Corporate Affairs and the online infrastructure existing is not very sound, so the problem of hanging and website crashes occurs repeatedly which makes tax filing more adverse than before.

2. Due to the implementation of the present GST system in the country it also increases the problem of tax evasion which results in huge loss in the economic condition of the country due to the following provision existing in the Bill which states that business entity with an annual turnover less than Rs. 20 lakhs is given exemptions under GST registration. The above provision provided in the bill is the biggest loophole which can increase the problem of tax evasion and can be explained by a simple example — If a businessman owns a firm or company with an annual turnover of 80 lakhs and falls under the taxpaying category according to the norms of the GST but rather paying taxes he divides his business into 4 firms of 20-20 lakhs and make his wife, son, daughter and himself director of the following four firms and by showing the business into four parts with an annual turnover of rupees 20 lakhs he is not entitled to pay GST but originally these four firms were only in the papers and he saves his firm which has annual turnover of 80 lakh rupees to pay GST and this is how people will do tax evasion in many forms and thus, will result in huge economic loss to our country.

Impact of GST on agricultural sector

Before and after independence of the India its economy is mainly dependent on primary sector i.e. agricultural sector and now also agricultural sector is considered the backbone of Indian economy but due to implementation of GST this backbone is broken and is suffering a lot as tax slabs in agro sector has been increased without taking initiatives for making the infrastructure and new irrigation techniques for the betterment of farmers but imposing more tax than before not only lays adverse effects on agricultural sector but is also responsible for the increase in price in manufacturing sector too, as cost of production will increase if the primary or raw material is costly. We can analyze adverse effects on agro sector by following aspects:

Impact of GST on Insurance sector

On one hand the government is pushing every citizen of the country to open a bank account by initiating 'Pradhan Mantri Jan Dhan Yojna' and on the other hand GST has made financial services expensive. Transactions fees in financial services have become more expensive as these services are put under 18% tax bracket in the new goods and services tax (GST) regime. Previously these services were so taxed at 15% and the hike in the tax rate means that individuals will have to pay 3 rupees more for every 100 rupees paid for banking transactions. (Economic times: you will have to shell out more from banking transactions from July).

India is amongst the most under-penetrated Insurance market (less than 10% population of India has insurance). This was the only reason for the governments launching the 'Pradhan Mantri Jeevan Bema Yojna' however, with the GST, insurance premiums have become expensive which is proving a roadblock in a price sensitive market like India. Life, health and motor insurance are increased up by 300 basis points.

Impact of GST on telecom sector

The telecom sector is already under server debt and a burden of license fee. The current debt stands at around 4lakhcrores (Telecom debt unsustainable – TOI). So with the implemented GST model further taxes in this field will increase definitely. On one hand, government is initiating 'Digital India' and on the other hand telecom services (Phones, broadband etc-) is getting costlier as most of the operators will pass on the increase to the consumers in order to cope up with GST. Therefore, it contradicts the initiative of Digital India in order to give boost to Digital India initiative. Government should lower the tax slab in telecom sector. So that the telecom services can be accessed easily even by the poor sections of the society.

The petroleum sector is not kept under GST slab. Petroleum products like crude, high-speed diesel, ATF are kept away from tax slabs. So its costs are likely to rise because of dual indirect tax mechanism.

GST Compliance

SMEs are still not completely aware of the nuances of the new tax regime. Changing over to a completely new system of taxation requires understanding of the minutiae, which businesses lack right now. Most of them are worried about filing timely returns, but it is important to note that even before businesses can reach the filing stage they have to issue GST-compliant invoices. For a traditionally pen-and-paper economy like India, this change to digital record-keeping is going to be massive. Invoices after 1st July will need to be GST-compliant with all details such as GSTIN, place of supply, HSN code etc. as mandated by the law. The Clear Tax Bill Book web application, which is available for free on their site, is an easy solution to this problem. It will help every business issue GST-compliant invoices to their customers. These same invoices can then be used for return filing through the Clear Tax platform.

Increase in Operating Costs

Most small businesses in India do not employ tax professionals, and have traditionally preferred to pay taxes and file returns on their own to save costs. However, they will require professional assistance to become GST compliant as it is a completely new system. While this will benefit the professionals, the small businesses will have to bear the additional cost of hiring experts. Also, businesses will need to train their employees in GST compliance, further increasing their overhead expenses.

Policy Change during the Middle of the Year

GST will go live three months into the financial year 2017-18. So, for FY 2017-18, business will follow the old tax structure for the first 3 months, and GST for the rest of the time. It is impossible to cross over from one tax structure to the other in just a day, and hence businesses will end up running both tax systems in parallel, which might result in confusion and compliance issues.

Online Procedure

GST compliance, return filing and payments all have to be done online. Many small businesses are not tech-savvy and do not have the resources for fully computerized compliance. Even as the rest of the nation gets ready to go digital, businesses in small cities across India face huge

technology problems in the days ahead. Cloud-based software like the Clear Tax GST software could be an answer to this problem. This does not require any downloads, and the process for return filing on Clear Tax GST is very simple. Business owners need only upload their invoices, and the software will populate the return forms automatically with the information from the invoices. Any errors in invoices will be clearly identified by the software in real-time thus increasing efficiency and timeliness.

Higher Tax Burden for Manufacturing SMEs

Small businesses in the manufacturing sector will not have it easy in the GST regime. Under the excise laws, only manufacturing business with a turnover exceeding Rs. 1.50crores had to pay excise duty. Whereas, under GST the turnover limit has been reduced to Rs. 20lakh, thus increasing the tax burden for many manufacturing SMEs. However, SMEs with a turnover of up to 75lakhs can opt for the composition scheme and pay only 1% tax on turnover in lieu of GST and enjoy lesser compliances. The catch though is these businesses will then not be able to claim any input tax credit. The decision to choose between higher taxes or the composition scheme (and thereby no ITC) will be a tough one for many SMEs.

The Current Challenges

GST is meant to simplify the Indian indirect tax regime by replacing a host of taxes by a single unified tax, thereby subsuming central excise, service tax, VAT, entry tax, etc. However, there is a plethora of challenges before the government for its successful implementation. Some of these are highlighted below:

- The GST Constitutional Amendment Bill was passed by the Lok Sabah in May 2015. However, the government faced tremendous political set-backs and failed to get it passed in the Rajya Sabah during the monsoon and the winter sessions last year. Needless to mention, RNR will impact India Inc adversely, if it is unduly higher than the present tax structure. Based on the study conducted by National Institute of Public Finance and Policy (NIPFP), RNR was decided at 27 percent. However, recently the Economic Advisor Panel recommended an RNR of 15 percent to 15.5 percent, i.e. a lower tax rate of 12 percent and a standard tax rate of 17 percent to 19 percent.

Why GST For India – Challenges for Success in India. Problem on GST. Presently, the tax structure of India is very complex. Looking to the global developments and tax structure of developed countries. Here we are providing complete details for Why GST for India and GST – Challenges for Success in India. In this article you can find complete details regarding GST in India, Meaning of GST In India, and Silent Features of GST. Now you can scroll down below and check complete details regarding **"Why GST for India – Challenges for Success in India"**

Clause 366(12A) of the Constitution Bill defines GST as "**goods and services tax**" means any tax on supply of goods, or services or both except taxes on the supply of the alcoholic liquor for human consumption. Further the clause 366(26A) of the Bill defines **"Services"** means anything other than Goods. Thus it can be said that GST is a comprehensive tax levy on manufacture, sale and consumption of goods and services at a national level. The proposed tax will be levied on all transactions involving supply of goods and services, except those which are kept out of its purview.

GST – Challenges for Success in India

- GST will be the biggest reform in Indian taxation since 1947, but there are many challenges for its successful implementation. These are as under Passing of Bill in Rajya Sabha: Since Central Government is not having sufficient majority in the Rajya Sabha. Thus, it will have to ensure safe

passage as it will not be cake-walk for the Union government to pass the Bill in the Upper House of Parliament.

- Consent of States: For implementing it is critical that GST bill is passed by the respective state Governments in state assemblies so as to bring majority. This is a herculean task.
- Revenue Neutral Rate (RNR): It is one of Prominent Factor for its success. We know that in GST regime, the government revenue would not be the same as compared to the current system. Hence, through RNR Government is to ensure that its revenue remains the same despite of giving tax credits.
- Threshold Limit in GST: While achieving broad based tax structure under GST, Both empowered committee and Central Government must ensure that lowering of threshold limit should not be a "taxing" burden on small businessmen in the country
- Robust IT Network: Government has already incorporated Goods and service tax network (GSTN). GSTN has to develop GST portal which ensure technology support for GST Registration, gst return filing, tax payments, IGST settlements etc. Thus there should be a robust IT backbone
- Extensive Training to Tax Administration Staff: GST is absolutely different from existing system. It, therefore, requires that tax administration staff at both Centre and state to be trained properly in terms of concept, legislation and Procedure.
- Additional Levy on GST: The Purpose of additional Levy is to compensate states for loss of revenue while moving to GST. We acknowledge that fundamental purpose of GST is to make "INDIA" as one state where inter-state movement of goods is common. In this situation, it would defeat the very purpose of GST in the country.

What are the difficulties in implementing GST in India?

Any change in taxation is difficult to implement, and in a federal republic like India where states are as powerful as they are, problems get compounded.

The problem with implementing Goods & Services Tax (GST) can be broadly classified into two major categories.

1. **Logistics**: GST has to be implemented simultaneously by the Central & State Government. And, here Central govt can only provide the proverbial carrot but doesn't have the stick since it doesn't have constitutional authority to levy the tax without States acceptance, and hence its pretty much at the individual State's mercy to implement. And, forming a consensus between all 28 states having different political parties & their own agendas isn't that easy.
2. **States reluctance to implement it:** The taxes would be levied on the basis of Destination Principle (i.e. taxed in state where goods/service is sold/rendered) and State governments are fearful of losing money. Though Central government has put forward a tax revenue sharing program, but States aren't entirely convinced about it.

Filing GST is complicated

The SMEs are having 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 for SMEs. The council met recently, to ease the GST compliance procedures, especially for the small businesses. The limit for composition scheme has been increased

to Rs 1crore. SMEs having an annual turnover of Rs 1.5crore can file GST returns, quarterly. Government has even launched helpline systems on the social media to instantly address the problems and queries faced by businesses. You can also avail the services of application service providers (ASPs) that will help you ensure complete GST compliance in the easiest possible way.

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. Government is currently working on a solution to this problem as working capital is very important, particularly for smooth functioning of small and new businesses. For the exporters, the government is working on an 'e-wallet' system that will be created for each exporter by April 1, 2018 to ease the process of refunding their returns. Till then, the exporters will have to pay a nominal GST of 0.1%. Exporters will also receive refunds from 10th October, which would help in resolving cash flow issues.

Conclusion

The government is trying to reduce the burden of compliance for businesses by relaxing the return filing requirements for the first two months post implementation. Also, the provisions of TCS on e-commerce and registration for online sellers have also been relaxed for the time being. Change is definitely never easy. The government is trying to smoothen the road to GST. It is important to take a leaf from global economies that have implemented GST before us, and who overcame the teething troubles to experience the advantages of having a unified tax system and easy input credits. Once GST is implemented, most of the current challenges of this move will be a story of the past. India will become a single market where goods can move freely and there will lesser compliances to deal with for businesses.

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A STUDY ON IMPACT OF GST ON COMMON MAN

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Abstract:

The GST means Goods and Services Tax. The tax rate in India were at Uniform Rate. This GST was not a big issue for the millionaire's peoples, but very big issue for middle class and poor peoples. The GST in India were increase the rate of tax for all products and services. This paper analyses both the positive and the negative impact of GST on common man. The GST helps to pay different taxes for several goods and services at one tax as GST, this excludes VAT, Service tax, etc. The GST increases the rate of all retail products. After GST the price of the clothes and garments were become more expensive. The data were collected from various sources.

Keywords--- GST, Common Man

introduction:

Goods and Services Tax(GST) is a uniform tax system for India, it implemented from July 2017. The Constitution Amendment Bill for Good and Service Tax(GST) passed in the Rajya Shaba on 3rd August 2016, which was approved by the Lok Shaba in May 2015. The GST is a one national tax which replace the complexes differ from one state to another state. The GST replace number of other Indirect Taxlike VAT, CAD, CST, Service Tax, etc.This was first introduced in France, now only Canada have using GST Tax system. The rate of the GST is between 5%-28%.

Taxation Scheme:

Tax Subsumed:

The GST replace indirect taxes like VAT, service tax, CST, etc… GST charge tax for sales, transfer, purchases, barter, lease, import and export of goods and services. This GST makes a dual GST model, means the taxation is governed by Union and State Governments. They are Central GST-CGST by Central Government and State GST-SGST by State Government.

HSN code in GST:

HSN (Harmonized System of Nomenclature) is an 8-digit code for identifying the accurate rate for several products as per the rules of CGST.

Turnover of a Company (per annum)	**HSN Code**
Turnover up to 1.5 crore	No need to mention HSN code
Turnover up to 1.5 to 5 crores	Mention 2-digit HSN code
Turnover more than 5 crores	Mention 4-digit HSN code

Rate of Tax:

The GST have different rates of tax for various products. There are four stages of taxes. They are the tax rate at 5%, 12%, 18%, 28%. Under 5% wheat, rice, hand safety matches, footwear below Rs.500, etc, … Under 12% butter, cheese, mobile phones, ayurvedic products, etc, … Under 18% biscuits, footwear exceeds Rs.500, hair oil, soap, etc, … Under 28% LED Tv, AC, Cars, cement, etc, …. For Food Grains there is no tax rate, it is a Zero taxed product.

Four types of Tax Rates:

TAX RATES	**PRODUCTS**
0%	Food Grains, Fresh vegetables and fruits, common salt, vegetable oil, etc,
5%	Sugar, Tea, Edible oils, Milk food for products, Footwear (up to Rs.500), Packed Paneer, etc,
12%	Butter, Ghee, Almonds, Jam and Jelly, Mobile Phone, Fruit Juice, etc,
18%	Hair Oil, Toothpaste, Soap, Corn Flakes, Ice-Creams, Computers, Printers, etc,
22%	Chewing gums, Chocolates, Instant Coffee, Dental floss, Toiletries, Hair dyes, etc,

Impact on GST in Various Sectors:

Automobile:

Automobile sector has pay nearly 25% were expected to the central government, now it became 28% after implementation of GST. The overall cost can be expected for the last consumer will be at more than 28%. The higher cess % can increase the tax rate indirectly, thereby increasing the rate of some automobiles.

Impact on Consumer:

Some automobile has become cheaper and some have become pricy for all consumer. E.g. For all small petrol cars under 1200 cc and diesel cars under 1500 cc engines will become cheaper and for cars between 1500 cc to 2000 cc engine there will be a slight price increase. For cars more than 2000 cc and above the 4 meters there will be a significant increase in the price.

Media & Entertainment:

The Service & Entertainment tax have fixed as 18-20% in GST. For Entertainment tax it will differ from one state to another, the rate of tax has fixed by the state. The DTH and Cables services were reduced their account and provide more credit to consumer.

There will be a slight increase in the price of the Entertainment & other services. E.g.The minimum price for the movie tickets has increased from Rs.10 to Rs.40 (Tamil Nadu).

Real Estate:

Before GST there was two primary tax, such as Service tax and VAT. The real estate tax was differing from every state. After implement of GST, the multiple tax was change to uniform tax. Stamp duty to continue the immovable properties like land. Price increase in stamp duty.

Tele-Communication:

The Telecom sector had pay 14% of tax to nation before GST, after GST it have increase to 18%. The consumer will get tax burden while using this sector. Mobile tariffs may increase, cost of laptop may increase..

Consumer Durables:

The consumers retailing products were expected to the price decrease in the GST. The tax rate of these products was reduced from 25-27% to 18-20%.Price of these products decreases.

Metal:

The Metal products are unknown for GST system, but this sector paying nearly 19 to 21% as tax, on that 4 to 5 % was paid as VAT based on state, excise duty as 12% and 2% as CST it also based on state. This increases the price of all steel products.

Some classifications were not covered under the GST:

1. Petroleum Products
2. Tax on alcohol consumption
3. Stamp and Custom duties
4. Tax on consumption and sale of Electricity

Positive impacts of GST on Common Man:

- Its Removing bundle of indirect taxes like VAT, CST, CAD, Service tax, Etc… it makes uniform tax system.
- It removes some extra taxes paid by consumers i.e. removes tax on tax
- Due to less difficultiesin taxes on manufacturing sector, so manufacturing cost will be reduced then the price of consumer products was decline.
- If the production increases, it increases the job opportunities and reduce the unemployment in India.
- From GST the ministry estimated to increase GDP by 0.9% to 1.7%.

- At present after GST the Food products were cheaper as there will be a single tax.
- The cost of the products was decreases while the uniform rate of tax system followed.
- The final cost for some products to the consumer was very less.
- In the Long Run Cost, there is less tax burden it leads to reduce price on goods for consumers.

Negative impacts of GST on common man:

- Increase in the common Household products, other regular goods
- Services like Banking, Telecom, etc, were become more expensive.
- The benefits of this GST are to seller of the products, he will increase the price in the name of GST.
- The implementation of GST is very successful, but it takes some time to understand about GST.
- After GST some retail products like garments and clothes were become more expensive.
- The GST is not creating big impact on the millionaire's people, but for the normal business people it is create huge impact.
- Goods which are imported from other countries were leads to pay some extra taxes.

Our Findings:

The GST is useful for uniform tax system in a nation.
Replace other Indirect taxes like VAT, Service tax, etc,
There are some sectors were getting profits from GST: Automobiles, Cement, E-Commerce, FMCG
Like a profiting sectors there are some losing sector from GST: Textiles, Media, Telecom, Banks

After GST:

Product become cheaper	Product become expensive
Cars, Vehicles parts, car batteries, etc,	Mobile phones
Electronic Goods like Fan, ACs, etc,	Textiles
Cement and Paint	Drugs, tobacco products
Entertainment	Jewels

Conclusion:

From every implementation of new ideas are not reach the success immediately, it must take some time to give good result. Like that the GST will take some time. There should be some demerits about GST, in future it gives some big result for our nation. It gives more revenue to both Central and State Government. The GST will bring the Indian Economy to the next level of economy. **"One Nation, One Tax"** will prove the large change in the economy in the positive way, not only for a common man for whole country.

IMPACT OF GST ON COMMAN MAN

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Abstract

GST also known as Goods and service tax. 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.INDIA IS *going through a lot of change right now, first demonetization attempt to curb the black money and eradicate corruption and now a few months later GST bill to make sure there should be no space for the reasons of corruption which will directly boost our Indian economy. GST is termed as biggest tax reform In Indian Tax Structure.The purpose of GST is to replace all these taxes with single comprehensive tax, bringing it all under single umbrella. The purpose is to eliminate tax on tax. This paper presents an overview of GST concept, explains the effects and impacts of GST on various aspects of our lives.*

Keywords: Indian Tax structure, Goods & Sales Tax and Common Man

Introduction

Most countries have a unified GST system. However India is opted for a dual GST system prevalent in Brazil and Canada. Under this Model both the centre and states have the right to levy and collect tax on the sale of Goods and Service. It is a single tax on the supply of goods and services, right from the manufacturer to the consumer. It will replace the current taxes of excise, VAT and service tax.GST 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. There will be 3 types of GST:

After the introduction of GST, all these indirect taxes will be a tax system. Currently, GST has been implemented in about 160 countries. The first was to introduce GST to the French. Currently Canada has a dual GST system. India, the GST legislation was discussed in the year 2000 when then Prime Minister Atal Bihari Vajpayee had flagged it. But both houses could not be passed because there was no majority. Then in March 2011, the Congress government passed the GST Bill, which was not passed due to the Opposition's opposition in the era of coalition government. At present, the Modi government has amended 122 constituencies which were passed by the Lok Sabha in May 2015 and on August 4, 2016, the GST Bill was passed in the Rajya Sabha. For the amendment, the Constitutional Bill was passed in less than 30 days within 50% of the States (i.e., at least 16 states in 31 State Legislatures) since the bill was passed with the unanimous consent of all parties; this situation was not so difficult. Within 23 days, 16 states confirmed the GST bill and Assam was the first state to approve the GST bill. After obtaining the requisite number, the GST bill was ready for the approval of the presidential post. After that, the Constitution (122th) Amendment Bill, 2014 became a law! After this, the Constitution (122th) Amendment Bill, 2014 became a law! This is called the 101st Constitution Amendment Act. When the Hon'ble President of India gave final approval on 8th September, 2016! And then from July 1, 2017 it has been decided to apply all the country except the J & K. But on July 6, the resolution was passed to implement the GST in the Jammu and Kashmir Legislative Assembly. This led to a tax system in the entire country. After implementation GST there will be 3 kinds of applicable Goods and Services Taxes: CGST: where the revenue will be collected by the central government SGST: where the revenue will be collected by the state governments for intra-state sales IGST: where the revenue will be collected by the central government for inter-state sales

The following benefits for a common man

Uniformity in Computing Taxes for Goods and Service- GST will lead to the elimination of multiple excise, CST, VAT, service tax calculations.

Uniform Tax Regime-For both goods and services and less confusion in determining what constitutes a good or what is a service.

Elimination of Double Taxation- Double taxation means the consumer pays tax on an item, on which already government has collected tax from the manufacturer under some other head.

More Transparent Pricing-Currently hidden taxes actually push up the taxes on a majority of goods to anywhere in the 27% to 32% range. But with GST coming in, the % tax number is proposed to be much lesser - however the number has not been finalized yet.

More Disposable Income-In the shorter term, consumers will pay less taxes on goods and services and thereby have more disposable income.

Aiding GDP Growth-The centre and state will also earn more tax from the GST rollout, which will aid in GDP growth (according to most research reports an estimate 1-2%) over then next 3 to 5 years. This incremental income can be used in developing public infrastructure in the longer term.

Discouragement of Black Money Practices-Black money will get stifled and this may lead to more income for the government exchequer. This will then percolate to public spends and better quality of life.

Need for GST

GST will break the complicated structure of separate central and state taxes which often overlap with each other to create a uniform taxation system which will be applicable across the country. Taxes will be implemented more effectively since a network of indirect taxes like excise duty, service tax, central sales tax, value added tax (VAT) and octroi will be replaced by one single tax. The state will still have a say in taxation, as the number of taxes will be reduced to three with Central GST, State GST and Integrated GST for inter-state dealings.

Exemptions under GST

Under GST, the government has fixed GST rates on 1,211 goods and 500 services in the range of five to 28 per cent. Certain items such as alcohol, petrol, diesel and natural gas will be exempt under the GST. In addition to these, the GST Council has also classified certain items under the 0 per cent tax rate, implying that GST will not be levied on them. This list includes items of daily use such as wheat, rice, milk, eggs, fresh vegetables, meat, fish, sindoor, bindi, stamps, judicial papers, printed books, newspapers, bangles, handloom, bones and horn cores, bone grist, bone meal, kajal, children's' picture,

Negative impact of GST on the common man or disadvantages of GST:

The first and the foremost point of concern: All small traders and service providers dealing in interstate supply of goods or services need to get registered, pay GST and file GST returns also irrespective of the sales/income they generate (whether high or low).

The numbers of GST returns that you need to file i.e. you have to file 3 monthly returns, these amounts to total of (3*12) 36 returns plus 1 annual return.Filing 37 returns in a year…Moreover, this applies to one state, if you function in different states, you need to register in each state separately and file the respective returns. It is too much for a small trader or service provider or an online service provider who has just started working.

Although big businesses having ample of staff can handle the whole process very easily. But, what about small traders/service providers or individuals who have just started their business or service, it is getting a bit complex for them. A small exemption in this regard could have been a big sigh of relief for such people! Really hope to see some relaxation to it in the coming days.

Service tax rate @ 15% is presently charged on the services. So,if GST is introduced at a higher rate which is likely to be seen in the near future,the cost of services will rise. GST shall be charged @18% on maximum services and shall reach upto 28% for few services. In simple words,all the services like telecom, banking, airline etc. will become more expensive.

Increased cost of services means, an add on to your monthly expenses.

You will have to reschedule your budgets to bear the additional services cost.

Businessmen and service providers are still learning about the new laws. This will increase reliance on tax experts and professionals and further add to your business expenses.

Being a new tax, it will take some time for the people to understand it completely. Its actual implications can be seen after a certain period of time.

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.

Proper invoicing and accounting needs to be done to ensure better compliance.However, GST AccountingSoftware are being developed in this regard by various companies.

If actual benefit is not passed to the consumer and the seller increases his profitmargin,the prices of goods can also see a rising trend.

An increase in inflation might be seen initially that may come down gradually. A strict Check on profiteering activities will have to be done, so that the final consumer can enjoy the real benefits of GST.

Althougha large number of officers are being trained and systematic IT software is being developed for the successful implementation of GST. But,it will take some time for the people including the manufacturers, the wholesalers,the retailers or the final consumers to understand the whole process and apply it correctly.

Table 1: Taxes At The Centre And State Level Are Being Subsumed Into GST.

S.No	At the central	at the State
1	Central Excise Duty	a. Subsuming of State Value Added Tax/Sales Tax,
2	Additional Excise Duty	b. Entertainment Tax (other than the tax levied by the local bodies), Central Sales Tax (levied by the Centre and collected by the States),
3	Service Tax,	c. Octroi and Entry tax
4	Additional Customs Duty commonly known as Countervailing Duty, and	d. Purchase Tax,
5	Special Additional Duty of Customs.	e. Luxury

IV. Positive impact of GST on the common man

A unified tax system removing a bundle of indirect taxes.

 Removes cascading effect of taxes.

 Manufacturing costs will be reduced, hence prices of consumer goods likely to come down.

 Reduced costs means some products like cars, FMCG etc. will become cheaper.

 Lower prices will increase demand/consumption.

 Increased demand will lead to increase supply. Hence, rise in production of goods.

 The increased production will lead to more job opportunities in the long run. But, this can happen only if consumers actually get cheaper goods.

 A unified tax regime will lead to less corruption which will indirectly affect the common man.

GST impact on the common man:

The general burden of untested taxes is to be taken by the common man. In this case, the GST will benefit the common man only. According to GST, the tax rate will be different from the current level. Due to which prices of commodities and services will come down, this will be directly benefited by the common man. But some items will increase by comparison to the earlier ones, which can also cost the consumer more value. Taxes of both the central and the states will be charged at the time of sale in the GST system. Also, both taxes will be fixed on the basis of tax saving. This will reduce the prices of goods and goods and benefit the common man. In this way, the common man's budget will be affected on goods and services. Eating in the restaurant- If you spend Rs 1,000 for eating out, you had to pay the first 14.5% VAT and 6% service tax, ie 22.50%, so that you had to pay a total of 1225 rupees. But now after eating GST, you have to pay 18% tax, which will give you a bill of Rs 1180. Thus, eating out will reduce the expenditure on the common man. Spent on phone bill- Prior to GST, 15% service tax on the phone bill of Rs 1000 was required. By which the bill had to pay Rs 1150. But now after the GST is implemented, 18% tax is to be given. This will increase the cost of phone bills on the common man. Spending on garments- After GST, buying clothes and fashion brands will be cheaper. After the GST is implemented, the price of LED bulbs sold by the government agency Energy Efficiency Services Limited under the Ujala scheme has increased. Under the plan, price of LED bulbs had come up to 65 repairs before GST which has now become 70 rupees. Online purchase expensive- Buying shoes, bags, and electronic goods will be more expensive by e-commerce industry, which will increase the burden of expenditure on the common man. Jewellery expensive- The yellow metal too is all set to become expensive. At this point of time, only 2% tax is paid by the buyers, but sadly though, according to GST at least 3% is expected to be paid by buyers. This will impact jewellery sales. Similarly, there are many things that come in common life, whose prices will fluctuate after the GST is implemented.

GST impact on the Indian economy:

According to experts, after the introduction of GST in India, the country will have an economic benefit of $ 15 billion. The reason for this is that more exports, employment opportunities and development will be encouraged. After GST, all indirect taxes like VAT will be withdrawn from the Indian economy. Thereby simplifying the tax structure at present. With this, due to the low tax burden in the manufacturing sector, the costs of manufacturing will decrease. Thereby, the prices of commodities will fall. Its full advantage will be on the Indian economy. Simple tax system will attract more productive investment for growth. Due to the low cost of goods, both demand and consumption of goods will increase which will increase the production of goods and also increase employment opportunities. Once GST is implemented, the details of all Do's will be done online,

which will also control the tax evasion and black money. This will increase the revenue of the country. Increased income of the government will be used for the development of the country's development projects and urban financing. There will be complete transparency in the system because the subscribers will know what they have to pay on the base. Since it is expected that with the implementation of GST the price level will reduced in the economy, it will results in increase in the consumption level and growth in GDP of the economy. According to study by NCAER (National Council for Applied Economics and Research) complete implementation of GST could lift GDP growth by 0.9-1.7%.GST also removes the custom duties applicable on exports. Our competitiveness in foreign markets would increase on account of lower cost of transaction. Thus, after coming GST, there will be a great impact on the Indian economy in some time soon.

GST training and Courses are being provided by the Government, various institutions and companies to educate the people all around. However, GST or Goods and Services tax is a long term strategy planned by the Government and its positive impact shall be seen in the long run only.The rates of GST and how effectively GST is introduced in all the States and at the Centre also plays a crucial role in deciding the actual impact of GST on the common man.

Conclusion

The movement of goods will now become much simpler across the country and cheaper as the new regime replaces the old system, where a product was taxed multiple times and at different rates. Currently, tax rates differ from state to state. GST will ensure a comprehensive tax base with minimum exemptions, will help industry, which will be able to reap benefits of common procedures and claim credit for taxes paid. GST, as per government estimates, will boost India's GDP by around 2 per cent. Goods and Services Tax will be a very noteworthy 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. For the end customer, the most beneficial will be in terms of reduction in the overall tax burden on goods and services. GST will also make Indian products competitive in the domestic and international markets. Last but not least, the GST, because of its transparent character, will be easier to administer. Once implemented, the proposed taxation system holds great promise in terms of sustaining growth for the Indian economy.

GST (GOODS&SERVICES TAX)

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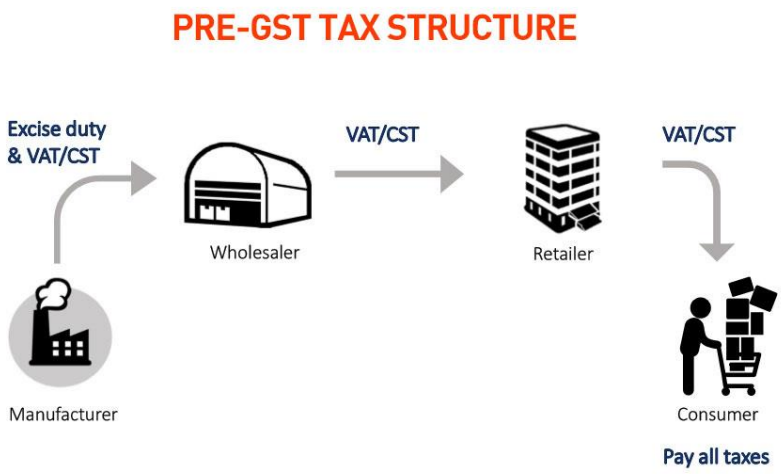
Introduction

GST has replaced many Indirect Taxes in India. The Goods and Service Tax Act was passed in the Parliament on 29th March 2017. The Act came into effect on 1st July 2017.Goods & Services Tax Law in India is a **comprehensive**, **multi-stage**, **destination-based tax** that is levied on every **value addition**. In simple words, GST 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. 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.

GST is a comprehensive, **multi-stage**, **destination-based tax** that will be levied on every **value addition**."

Multi-stage

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

Let us consider the following case:

- Purchase of raw materials
- Production or manufacture
- Warehousing of finished goods
- Sale to wholesaler
- Sale of the product to the retailer
- Sale to the end consumer.

Goods and Services Tax will be levied on each of these stages, which makes it a multi-stage tax.

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.

Value Addition

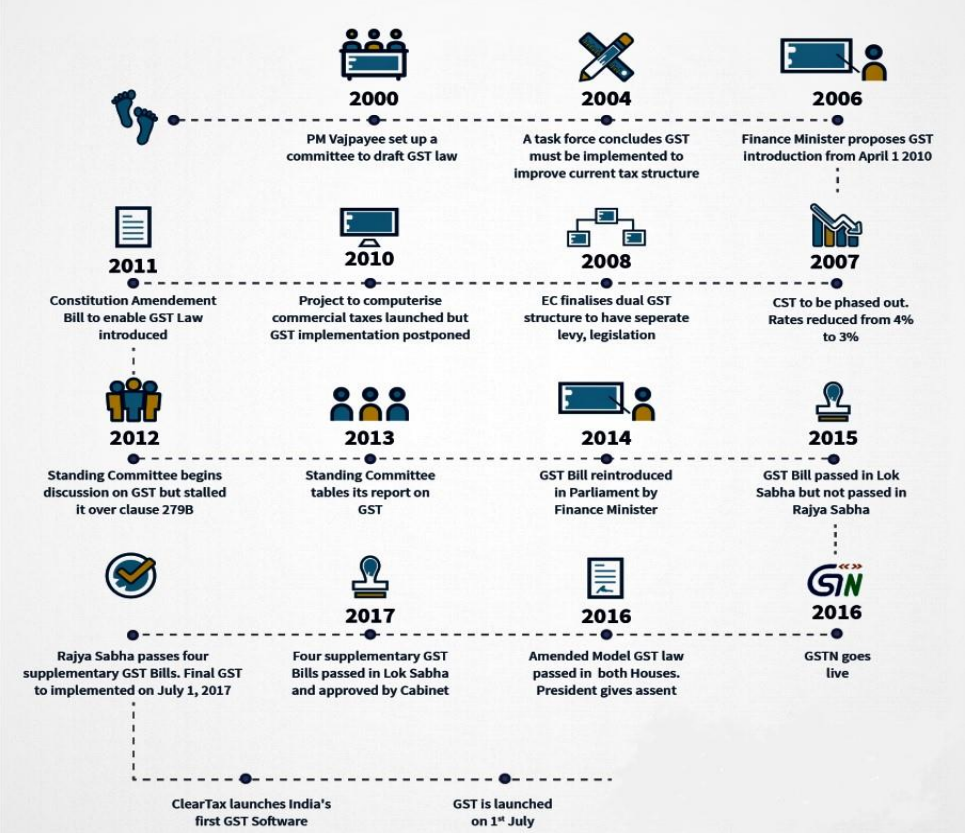
Destination-Based

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.

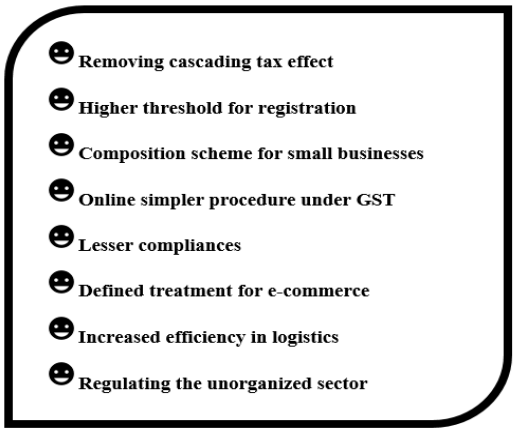
2. History of GST in India

GST is not a single year plan. It all started on the year 2000 with PM Vajpayee who had set up a committee to draft GST law.

The picture on the next page represents the history of GST in India.



3. Advantages of GST



4. What are the 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 Mahaashtra)
- **IGST:** Collected by the Central Government for inter-state sale (Eg: Maharashtra to Tamil Nadu)

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

Transaction	**New**	**Old Regime**	

	Regime		
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.

Illustration:

- Let us assume that a dealer in Gujrat had sold the goods to a dealer in Punjab worth Rs. 50,000. The GST rate is 18% comprising of only IGST.

In such case, the dealer has to charge Rs. 9,000 as IGST. This IGST revenue will go to the Central Government.

- The same dealer sells goods to a consumer in Gujarat worth Rs. 50,000. The GST rate on the good is 12%. This rate comprises of CGST at 6% and SGST at 6%.

The dealer has to collect Rs. 6,000 as Goods and Service Tax. Rs. 3,000 will go to the Central Government and Rs. 3,000 will go to the Gujarat government as the sale is within the state.

5. What changes has GST brought in?

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.

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.

Tax calculations in Pre GST regime:

Action	**Cost**	**10% Tax**	**Total**
Manufacturer	1,000	100	1,100
Warehouse adds label and repacks @ 300	1,400	140	1,540
Retailer advertises @ 500	2,040	204	2,244
Total	1,800	444	2,244

Along the way, the tax liability was passed on at every stage of the transaction and the final liability comes to rest with the customer. This is called the **Cascading Effect of Taxes** where a tax is paid on tax and the value of the item keeps increasing every time this happens.

Tax calculations in GST regime:

In the case of Goods and Services Tax, there is a way to claim credit for tax paid in acquiring input. What happens in this case is, the individual who has paid a tax already can claim credit for this tax when he submits his taxes. In the end, every time an individual is able to claim input tax credit, the sale price is reduced and the cost price for the buyer is reduced because of a lower tax liability. The final value of the biscuits is therefore reduced from Rs. 2,244 to Rs. 1,980, thus reducing the tax burden on the final customer.

Conclusion:

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

ISSUES IN GST ON BANKING SECTOR

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Abstract

Banking sector plays a very crucial role in a macro economic and monetary policies of any country overall framework and the business dynamics of this sector largely differs from other sectors. The regulatory framework for this sector is very strong and leaves no room for any discrepancies. Unlike, other businesses where there are many un-organized ways of style of workings still prevail, same is not the case with this sector which is largely organized in nature. Therefore, any issues for this sector has to be closely looked at and timely resolved so to that larger economic interest of the nation is achieved. This article lay down various issues that a Banking sector may face due to advent of GST and the suggestions so as to amend the rules, wherever required to be address the negative impact of GST on the Banking sector.

*Keywords: Goods and service tax**;** Banking sector*

Introduction

Banking sector plays a very crucial role in a macro economic and monetary policies of any country overall framework and the business dynamics of this sector largely differs from other sectors. The regulatory framework for this sector is very strong and leaves no room for any discrepancies. Unlike, other businesses where there are many un-organized ways of style of workings still prevail, same is not the case with this sector which is largely organized in nature. Therefore, any issues for this sector have to be closely looked at and timely resolved so to that larger economic interest of the nation is achieved.

Goods and Service tax (GST)

Goods and service tax (GST) is a single rate of indirect tax to be applied in the country. It subsumes all the central and state taxes levied presently in the country into one single tax rate. In India, GST Bill was first introduced in 2014 as The Constitution (122nd Amendment) Bill. This got an approval in 2016 and was renumbered in the statute by Rajya Sabha as The Constitution (101st Amendment) Bill, 2016.

India being a federal republic, GST will be concurrently levied at Central (CGST) and state (SGST) level. The Union will prepare and implement a common base for both the levels. Destination principle will be considered as a basis for the levy for CGST and SGST. Hence, exports will become zero-rated and import taxes will equalize with domestic goods and services taxes. An Integrated Goods and Service Tax (IGST) will be imposed on inter-state supplies in the country. IGST will be a sum of CGST and SGST of the relevant state. GST council will be formed for solving all the issues and recommendations relating to GST.

Also, an additional tax of 1% will be levied by the Centre for the supply of goods over and above IGST, assigning the income earned to the origin states. For an efficient and fruitful implementation of GST, the government will bear the losses incurred by the states and provide with compensations for five years. GST will reduce the administrative complications and simplify the indirect tax system in India. It will result in a significant change, creating a single national market under one tax procedure.

Benefits 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 but under GST law bank will take input tax credit which would be used by bank for payment of output liability.
- 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.
- 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 a number of transactions in the bank as the business and current scenarios ask to go for digital transaction.

Challenges

- **State wise Registration Requirement**

Currently, all banks have centralized registrations under the Service Tax laws for all its branches. Branches of banks in multiple states & Union Territories (UT) will now require separate **registrations** under GST.

Under GST, all records have to be maintained for each state separately. This will be cumbersome and challenging at the same time. In case a bank has multiple branches in one State, only one registration is required for all the branches in that State.
Therefore, government should provide some special scheme to the banking sector to reduce the burden of banking sector largely differs from that of other industries.

- **Place of Supply can be important**

GST is a place of supply based tax regime. Bank branches usually conduct transactions, both within and outside states therefore determining the place of supply will not be easy. The place of supply of the bank, they need to decide whether the payment is against **CGST**, **SGST** and **IGST** based on the type of transaction (intra-state or inter-state).

For example, inter-state supplies of goods or services (or both) between two branches of the same bank, located in two States, will also attract IGST.

Keeping in view the large number of transactions in the banking sector, taxpayers need not mention the serial number in their invoices and the address of the customer.

- **Taxability of Interest'**

In the current tax regime, interest is not taxed. Also, governments across the world do not impose GST on interest. If interest is not expected to attract GST, it will have implications on **Input Tax Credit** claimed by banks.

- **Paying GST at applicable rate**

Now-a-days, banks also deal in commodities like gold/silver on which a concessional GST rate is expected to be applicable. Therefore, banks need to be careful in paying GST with the appropriate **applicable rate** on different products. Banks and financial services companies will face challenges under the GST because of changes to the place of supply rules under the GST. Section 10 of the Model GST Law creates distinct taxable persons for each registration in each state, these institutions will file more tax returns under this rule because branches in each state will need to file GST returns as opposed to a consolidation at the national level. A consequence of this change is a requirement for banks to examine their different source systems and make sure these systems can apply GST to the relevant transactions, apply the correct tax regime (IGST, SGST/CGST) and then classify transactions correctly. Even after the upstream classification and rate selection is done, there is still the matter of quickly and correctly completing several GST returns for a single institution.

Conclusion

Financial sectors face a can worms in terms of the manner of transacting business, customer profiles, services matric, 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. 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. 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.

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A STUDY ON THE IMPACT OF GST IN INDIAN ECONOMY

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Abstract:

Goods and Services Tax (GST) is one indirect tax for the whole nation, which will make India one unified common market. GST is a single tax levy 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 is a destination based tax on consumption of goods and services means thereby the tax would accrue to the taxing authority which has jurisdiction over the place of consumption which is also termed as place of supply. The main rationale behind GST is to eliminate cascading effect (tax on tax) and to replace existing taxes like value-added tax (VAT), excise duty, service tax and sales tax with single comprehensive tax, bringing it all under single umbrella. It will subsume all indirect taxes of central and state governments and unified economy into a seamless national market. It is expected to reduce cost of production and inflation in the economy, thereby making the Indian trade and industry more competitive, domestically as well as internationally. It is also expected that introduction of GST will foster a common Indian market and contribute significantly to the growth of the economy. Again such a backdrop, this paper presents an overview of GST concept, explains its features along with an analysis of would be impact of GST (Goods and Services Tax) on Indian economy.

Key words: Indian Economy, Impact of GST, Positive Impact, Negative Impact .

Introduction:

GST is considered as an indirect tax for the whole nation that would make India one unified common market. It is a tax which is imposed on the sale, manufacturing and the usage of the goods and services. It is a single tax that is imposed on the supply of the goods and services, right from the manufacturer to the customer. The credits of the input taxes that are paid at each stage will be available in the subsequent stage of value addition which makes GST essentially a tax only on the value addition on each stage. The final consumers will bear only the tax charged by the last dealer in the supply chain with the set of benefits that are at all the previous stages. It is charged at the national and state level at similar rates for the same products and it also replaces almost all the current indirect taxes that are imposed separately by the Centre and the States. Goods & Services Tax is a destination based tax which means that the tax is paid at the place of supply.

Benefits of GST to the Indian Economy:

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

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

Need for GST in Indian Economy:

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. 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 preapproved 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.

Features of GST in Indian Economy:

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. There are four types of GST namely: a) SGST – State GST, collected by the State Govt. b) CGST – Central GST, collected by the Central Govt. c) IGST – Integrated GST, collected by the Central Govt. d) UTGST – Union Territory GST, collected by the Union Territory

4. 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.

5. GST slabs are pegged at 5%, 12%, 18% & 28%.

How will GST impact the Indian Economy?

- Reduces tax burden on producers and fosters growth through more production. The current taxation structure, pumped with myriad tax clauses, prevents manufacturers from producing to their optimum capacity and retards growth. GST will take care of this problem by providing tax credit to the manufacturers.
- Different tax barriers, such as check posts and toll plazas, lead to wastage of unpreserved items being transported. This penalty transforms into major costs due to higher needs of buffer stock and warehousing costs. A single taxation system will eliminate this roadblock.
- There will be more transparency in the system as the customers will know exactly how much taxes they are being charged and on what base.
- GST will add to the government revenues by extending the tax base.
- GST will provide credit for the taxes paid by producers in the goods or services chain. This is expected to encourage producers to buy raw material from different registered dealers and is hoped to bring in more vendors and suppliers under the purview of taxation.
- GST will remove the custom duties applicable on exports. The nation's competitiveness in foreign markets will increase on account of lower costs of transaction.

The impact of GST in India

The tax rate under GST are set at 0%, 5%, 12%, 18% and 28% for various goods and services, and almost 50% of goods & services comes under 18% tax rate. But how is our life going to change post GST? Let's see how GST on some day-to-day good and services will have an impact on an end user's pocket.

Footwear & Apparels/Garments: Footwear costing more than INR 500 will have a GST rate of 18% from an earlier rate of 14.41 rate but rates for the footwear below INR 500 has been reduced

to 5%. So, you need to shell out more for buying a footwear above INR 500/-. And with respect to the ready-made garments, the rates have been reduced to 12% from an existing 18.16% which will make them cheaper.

Cab and Taxi rides: Now, taking an Ola or an Uber will be cheaper because the tax rate has come down to 5% from an earlier 6% for a cab booking made online.

Airline tickets: Under the GST, tax rate for economy class for flight tickets is set at 5% but the tax for business class tickets will have a higher tax rate of 12%.

Train Fare: There will not be much of an impact. The effective tax rate has increased from 4.5% to 5% in GST. But, passengers who travels for business trips can claim Input Tax Credit on their rail ticket which can help them to reduce expenses. People travelling by local trains or in the sleeper class will not be affected, but first-class & AC travellers will have to pay more.

Movie Tickets: Movies tickets costing below INR 100 will be charged a GST rate of 18% but prices above INR 100 will have a higher tax rate of 28%.

Life Insurance Premium: The Premium Amounts on policies will rise, with an immediate impact can be seen on your term and endowment policy premiums as the rates have been increased under GST across life, health and general insurance.

Mutual funds Returns: GST impact on your returns from mutual funds investments will largely be marginal as the GST will be charged on the TER i.e. Total Expense Ratio of a mutual fund. The TER is commonly called as expense ratio of a mutual fund company, and the same is set to go up by 3%. The return what you get as an investor will be reduced to that extent unless the respective mutual fund company i.e. AMC absorbs it but that anyhow will be a marginal difference.

Jewellery: The gold investment will become slightly expensive because there will be 3% GST on gold & 5% on the making charges. The earlier tax rate on gold was around 2% in most of the states and the GST is increased from the existing rate to around 2% to 3%.

Buying a Property: Under construction properties will be cheaper than read-to-move-in properties. The GST rate for an under-construction property is 18% but the effective rate on this kind of property will be around 12% due to input tax credits the builder will avail of.

Education & Medical Facilities: Education and Medical sectors have been kept outside the GST ambit and both the primary education & healthcare is exempt from GST. It means a consumer will not pay any tax for the money you spent on these services. But due to increase in the rate of taxes for certain goods & services as procured by these organisations, they may pass on the additional tax burden to the consumers.

Hotel Stay: For your hotel stay, If your room tariff is less than Rs 1,000, then there will be no GST, but anything above Rs 5,000 will attract 28% tax.

Buying a Car: Most of the cars in the Indian market will become slightly cheaper, except for the hybrid cars because the GST rate will be 28% tax on all the vehicles irrespective of their make, engine capacity or model. However, over and above this 28%, an additional cess will be levied which can be either 1%, 3% or 15 %, depending on the particular car segment.

Mobile Bills: People will have to pay more on mobile phone bills as GST on telecom services is now 18%, as opposed to the earlier tax rate of 15%. However, telecom companies may absorb this 3% rise due to fierce competition.

Restaurant Bills : Your restaurant bill would depend on whether you dined at an AC or Non-AC establishments which do not serve alcohol. Now dining at five-star hotels will be charged at 18% GST rate and the Non-AC restaurants will be charged 12% and a 5% GST will be charged from small hotels, dhabas and restaurants who do not cross an annual turnover of INR 50 Lakh.

IPL & other related events: Events like IPL i.e. sporting events will have a 28% GST rate which is higher than the earlier 20%.rates. This will increase the price of your tickets. And the GST rate for other events like theatre, circus or Indian classical music shows or a folk dance performance or a drama show will be at 18% GST rate, this is lesser than the earlier tax rate.

DTH and cable services: The money you pay towards your DTH (Direct-To-Home) connections or to your cable operator will reduce a bit as the rate is fixed at 18%, which is lower than the earlier taxes which were comprising of entertainment tax in the range of 10% to 30%, apart from the service tax of 15%.

Amusements Parks: The ticket price for amusement parks and theme parks will increase as the earlier service tax of 15% will become 28% under the GST.

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.

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.

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.

.**Conclusion:**

The study shows that the Goods and Services Tax will be a very noteworthy 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. For the end customer, the most beneficial will be in terms of reduction in the overall tax burden on goods and services. GST will also make Indian products competitive in the domestic and international markets. Last but not least, the GST, because of its transparent character, will be easier to administer. Once implemented, the proposed taxation system holds great promise in terms of sustaining growth for the Indian economy.

IMPACT OF GST ON INDIAN ECONOMY

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Abstract

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

Keywords - GST in India, Impact of GST, Tax system in India, India, Mechanism of GST, feature, impact, prices, Indian Economy.

Introduction

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 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 Goods and Services Tax and Its Impact on Indian Economy 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.

How will GST impact the Indian Economy?

- Reduces tax burden on producers and fosters growth through more production. The current taxation structure, pumped with myriad tax clauses, prevents manufacturers from producing to their optimum capacity and retards growth. GST will take care of this problem by providing tax credit to the manufacturers.
- Different tax barriers, such as check posts and toll plazas, lead to wastage of unpreserved items being transported. This penalty transforms into major costs due to higher needs of buffer stock and warehousing costs. A single taxation system will eliminate this roadblock.
- There will be more transparency in the system as the customers will know exactly how much taxes they are being charged and on what base.
- GST will add to the government revenues by extending the tax base.
- GST will provide credit for the taxes paid by producers in the goods or services chain. This is expected to encourage producers to buy raw material from different registered dealers and is hoped to bring in more vendors and suppliers under the purview of taxation.
- GST will remove the custom duties applicable on exports. The nation’s competitiveness in foreign markets will increase on account of lower costs of transaction.

The Short-Term Impact of GST

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

Advantage of GST in Indian economy

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

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

Disadvantages OF GST

- Some Economist say that GST in India would impact negatively on the real estate market. It would add up to 8 percent to the cost of new homes and reduce demand by about 12 percent.
- Some Experts says that CGST(Central GST), SGST(State GST) are nothing but new names for Central Excise/Service Tax, VAT and CST. Hence, there is no major reduction in the number of tax layers.
- Some retail products currently have only four percent tax on them. After GST, garments and clothes could become more expensive.
- The aviation industry would be affected. Service taxes on airfares currently range from six to nine percent. With GST, this rate will surpass fifteen percent and effectively double the tax rate.
- Adoption and migration to the new GST system would involve teething troubles and learning for the entire ecosystem.

EXISTING INDIRECT TAX STRUCTURE IN INDIA

A. Central Taxes

- Central Excise duty
- Additional duties of excise
- Excise duty levied under Medicinal &
- Toiletries Preparation Act
- Additional duties of customs (CVD & SAD)
- Service Tax • Surcharges & Cesses

B. State Taxes

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

GOODS AND SERVICES TAX NETWORK

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

CONCLUSION

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

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IMPACT OF GST ON TOURISM

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Abstract:-

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 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 andother tourism related services lead to an overall development of infrastructure in economy. Tourism's value-added to an economy can also be increased by attracting a more diverse mix of tourist arrivals, using E- commerce to broaden the reach of local tourism businesses, and broadening the offer to include cultural, wildlife, and heritage tourism. India's biggest tax reform yet has been met with an equal measure of praise and criticism. 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 transactions costs, it will also increase costs for businesses as well the burden of compliance.

KEY WORDS:- Investments, accommodation, agriculture, handicrafts, transportation, infrastructure

Impact of GST on Tourism

Introduction:-

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 joys 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. 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. Indian tourism sector is one of the great contributors to the economy. Tourism in India is very much useful due to various reasons such as employment creation, great contributor to national income, bringing in the foreign exchange etc. moreover; its multiplier impact gives impetus to overall economy. Hence ideally, Indian policy makers should make all sorts of efforts to boost this sector, by providing conductive environment in terms of infrastructures such as good roads, friendly taxation policy, safety and security to tourists in general and foreign female tourists in particular. However in reality, it can be seen that, various taxes are imposed on this sector at various stages. It creates hurdles in growth of this sector. In order to get relief, especially in taxation, the entire industry was expecting lower slabs of goods and services tax (GST). But in reality GST has been levied in the bracket of 5% to 28%. Majority stake holders of the industry are unhappy about it and fear that, such rate may halt the growth of the sector. An academician echoes in other way and positively say that, negative impact of such rate would be in the shorter run, but the scenario may change in the longer run.

Objectives:-

- To discuss positive and negative impact of GST on tourism sector.
- To provide, very briefly, an overview of Indian tourist sector.
- To discuss the GST provisions in relation to tourism sector.

Research Methodology:-

The paper is a secondary data and information has been collected different national English newspapers such as the times of India, the Hindu, different websites providing details about GST and tourism, has been used for paper.

An overview of Indian tourism Sector:-

Indian is one of the fastest tourism growing industries in the world. (GST) gross national product, providing 27 million people is employment, 5.7% of the total employment to 27 million people, 5.7% to the total employment of the country.Considering such important, the central as well as state government is aiming at positing tourism as a major engine of economic growth. In order to accelerate the growth of tourism. The ministry of tourism grants represent to travel agent, tour operators, tour agents etc. As a result of efforts at private level and government, both

domestic and foreign tourism are ever increasing. About 88.90 lakh foreign tourists arrived in India. In the above year 2016, the tourist's turnover courted to 80.27 lakh in 2015, recording a growth of 10.70%. Due to such growth of foreign exchange of earnings from tourism during January-December-2015 were rs.155650/- core, with a growth of 15% as compared rs.135193/-.

Taxation and Tourism in Indian:

Tourism is not a single product which can be used displayed in crystal way.in isolation. It's a combination of different segment, such as tourist's attraction, transport and accommodation and food etc. various governmental agencies such as pollution board, state government, central government and local self-government etc. A tourist enjoys all of any one or any combination, as per his willingness and affordability. Levy taxes on different tourism products at multiple levels, resulting-tax on tax. Different types of taxes such as (VAT) value added tax, custom and excise and other such as taxes are levied on room rentals, banquet service and restaurant service etc. considering the multiple incidences of taxation, the overall taxation for this sector use reach in the range of 20% to 27% it is considered to be very high. More than tax rates, the pattern and method of changing taxes differ from state to state, leading to lot of confusion and complexity in handing it.

GST and Indian Tourism sector:-

As per central goods and service taxes law (CGST law), tourism sector is considered under 'supply' category. Due to it, certain terms such as place of supply, location of supply, location of recipient etc. becomes important to understand.

Location of supplier of services:-

As per section 2(71) of CGST law, 'location of the supplier of service 'means' where a supply is made from a place to business for which the registration has been obtained, the location of such place of business. 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. Where a supply is made from a place other than the place of business for which registration has been obtained the location of such fixed establishment. 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', Where a supply is received at a place other than the place of business for which registration has been obtained, the fixed established elsewhere, the location of such fixed established; Where a supply is received at a place of business for which the registration has been obtained, the location of such place of business. The absence of such places, the location of the usual place of residence of the recipient.

Where a supply is received at more than one establishment, where the place of business or fixes establishment, the location of the establishment most directly concerned with the receipt of the supply.

Mixed supply:-

As per section 2(4) of CGST law, 'mixed supply' means two or more individual supplies of goods or service, 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.

Input service:-

As per section 2(60) of CGST law, 'input service means any service used are intended to be used by a supplier in the course or furtherance of business.

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 service Tax Act. Place of supply is very important to study GST.

Composite supply:-

As t 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.

The key factor is 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 understand allow ability of various taxes paid on inward suppliers.

Capital goods:-

As per section 2(19) of CGST law, 'capital goods' means goods, the value of which is capitalized 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 prescribe for the purpose .i.e. 0%, 5%, 12%, 18%, and 28%. Apart from tax, maximum case of up to 12% can be imposed on certain specified luxuries and sin goods. Accordingly, many registered persons shall be able to chain credit of their tax payments on infrastructure development except those in respect of which input tax credit is specifically not allowable. Since existing assesse will also be eligible to take credit of their capital goods on hand as shown in their books of accounts for which documents like invoices are available as per the rules 5 of input tax credit rules, it will also create substantial credit on hand as on appointment date of GST and results into elimination of cascading effect on transition to GST regime.

Input tax:-

As per section 2(62) of CGST law, 'input tax' in relation to a registered person, means the central tax, union territory tax, state tax, integrated tax or charged on any supply of goods or services or both made to him and includes-

The tax payable under the provisions of sub-sections (3) and (4) of section 9;

The integrated goods and services tax charged on import of goods;

The tax payable under the provisions of sub-sections (3) and (4) of section 5 of the integrated goods and services tax act;

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

The tax payable under the provisions of sub-sections (3) and (4) of section 7 of the union territory goods and services tax Act.

CONCLUSION:-

Tourism industry was suffering severely from multiple taxes. Almost all the industry players were eying on the GST for some relief. The outcome was other way round for the industry. From the industry still feels that it would be too early to react negatively. Goods and service tax can be clearly defined as the different between the value of the goods or services sold and the value of the goods or service purchased as intermediate inputs. They believe that such negativity will prevail only in the short run and may change positively in the longer run, once GST gets settled in every sector in the economy.

GST – THE NEED FOR BASIC UNDERSTANDING

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Abstract

India, the largest democratic country in the world, is being watched carefully by the entire world. Each and every change made in the country, be it financial, political, cultural or otherwise, is viewed by the globe. One of the recent such changes is the implementation of GST which was not previously followed by the country though the population is heavy. Now, the need for single taxation has been understood and a new taxation scheme is implemented in the name of GST. The current article tries to explain the GST in simple words to make a clear understanding about the Goods and Services Tax.

Keywords*: Taxation, Economic Development, Government Revenue.*

What is Tax….?

In a common man's parlance, Tax is nothing but an expense. In the eyes of the government, it is the source of income. But in the view point of the tax payer, it is a burden. With this, the different aspects and views about tax can be understood. The Oxford dictionary says that 'Tax is a compulsory contribution to state revenue, levied by the government on workers' income and business profits, or added to the cost of some goods, services, and transactions'. .Tax can be defined asa monetary, pecuniary or compulsory burden that is levied or put on each and every individual by the government. Many of the people know that taxes can be divided under two major heads Direct Taxes which means the taxes levied on income earned or wealth owned by the people and the direct tax will be paid directly by the taxpayer to the government. On the other hand, Indirect Taxes are such taxes which are levied indirectly on the consumer. It is applicable to the manufacture or sale of goods and services. These are initially paid to the government by an intermediary, who then adds the amount of the tax paid to the value of the goods / services and passes on the total amount to the end user.

What is GST?

The taxation scheme of Indiahas been the main source of public finance whereby government raises revenue for public spending. The Goods and Services Tax (GST) is a tax levied on goods and services imposed at each point of sale or rendering of service. Such GST could be on entire goods and services or there could be some exempted class of goods or services or a negative list of goods and services on which GST is not levied. GST is an indirect tax in lieu of tax on goods (excise) and tax on service (service tax). The GST is just like State level VAT which is levied as tax on sale of goods. GST will be a national level value added tax applicable on goods and services.

The concept behind GST was invented by a French tax official in the 1950s. Presently, there are around 160 countries that have implemented GST/VAT in some form or the other. In some countries, VAT is the substitute for GST, but conceptually it is a destination based tax levied on the consumption of goods and services.

How GST entered India?

The reform process of India's indirect tax regime was started in 1986 by VishwanathPratap Singh, Finance Minister in Rajiv Gandhi's government, with the introduction of the Modified Value Added Tax (MODVAT). Subsequently, ManmohanSingh,and the Finance Minister P V NarasimhaRao, initiated early discussions on a Value Added Tax at the state level.[5] A single common "Goods and Services Tax (GST)" was proposed and given a go-ahead in 1999 during a meeting between the then Prime Minister AtalBihari Vajpayee and his economic advisory panel, which included three former RBI governors IG Patel, BimalJalan and C Rangarajan. Vajpayee set up a committee headed by the then finance ministerof West Bengal, AsimDasgupta to design a GST model.The economic crisis of 1991 accelerated the structural tax reforms in India with the main purpose of correcting the fiscal imbalance.

The origin of Goods and Services Tax in India could be traced back to July 17, 2000, when the Government of India set up the Empowered Committee of State Finance Ministers with the Hon'ble State Finance Ministers of West Bengal, Karnataka, Madhya Pradesh, Maharashtra, Punjab, Uttar Pradesh, Gujarat, Delhi and Meghalaya as members. The Committee was formed to monitor the implementation of uniform floor rates of sales tax by States and Union Territories, to phase out of the sales-tax based incentive schemes, to monitor reforms in the Central Sales Tax system existing in the country and to decide milestones and methods of States to switch over to VAT.

In2004, under the Congress-led UPA government, the then Finance Minister P Chidambaram in February 2006 continued work on the same and proposed a GST rollout by 1 April 2010. From the year 2010, AsimDasgupta resigned as the head of the GST committee. Dasgupta admitted in an interview that 80% of the task had been done.

In 2014, the new government under the leadership the current Prime Minister NarendraModi was elected into power. With the consequential dissolution of the 15thLokSabha, the GST Bill – approved by the standing committee for reintroduction – lapsed. Seven months after the formation of the new government, the new Finance Minister ArunJaitley introduced the GST Bill in the LokSabha, where the ruling party had a majority.

In February 2015, the Finance Minister set another deadline of 1 April 2017 to implement GST. In May 2016, the LokSabha passed the Constitution Amendment Bill, paving way for GST. However, the Opposition party demanded that the GST Bill be again sent back to the Select Committee of the RajyaSabha due to disagreements on several statements in the Bill relating to taxation.

On June 14, 2016, the Ministry of Finance released the draft Model law on GST in public domain for views and suggestions. GST bill was passed in RajyaSabha on 3rd August 2016 with certain amendments. Finally in August 2016, the Amendment Bill was passed. Over the next 15 to 20 days, 18 states ratified the GST Bill and the President Pranab Mukherjee gave his assent to it.

A 22-members select committee was formed to look into the proposed GST laws. State and Union Territory GST laws were passed by all the states and Union Territories of India except Jammu & Kashmir, paving the way for smooth rollout of the tax from 1 July 2017. The Jammu and Kashmir state legislature passed its GST act on 7 July 2017, thereby ensuring that the entire nation is brought under a unified indirect taxation system. There was to be no GST on the sale and purchase of securities. That continues to be governed by Securities Transaction Tax (STT).

The Goods and Services Tax was launched at midnight on 1 July 2017 by the President of India, Pranab Mukherjee, and Prime Minister of India, NarendraModi. The launch was marked by a historic midnight (30 June – 1 July) session of both the houses of parliament convened at the Central Hall of the Parliament. Though the session was attended by high-profile guests from the business and the entertainment industry including Ratan Tata, it was boycotted by the opposition

due to the predicted problems that it was bound to lead to for the middle and lower class Indians. It is one of the few midnight sessions that have been held by the parliament - the others being the declaration of India's independence on 15 August 1947, and the silver and golden jubilees of that occasion.

GST has been viewed as the big step towards 'One Nation. One Tax'. With GST, it is anticipated that the tax base will be comprehensive, as virtually, all goods and services will be taxable, with minimum exemptions.

The GST is governed by a GST Council and its Chairman is the Finance Minister of India. Under GST, goods and services are taxed at different rates like, 0%, 5%, 12% ,18% and 28%. There is a special rate of 0.25% on rough precious and semi-precious stones and 3% on gold. In addition a cess of 22% or other rates on top of 28% GST applies on few items like aerated drinks, luxury cars and tobacco products.GST replaced a slew of indirect taxes with a unified tax and is therefore set to dramatically reshape the country's economy.

How GST is administered?

According to the Press Information Bureau, Government of India, Ministry of Finance, the GST in India would be administered in the following manner.Keeping in mind the federal structure of India, there will be two components of GST – Central GST (CGST) and State GST (SGST). Both Centre and States will simultaneously levy GST across the value chain. Tax will be levied on every supply of goods and services. Centre would levy and collect Central Goods and Services Tax (CGST), and States would levy and collect the State Goods and Services Tax (SGST) on all transactions within a State. The input tax credit of CGST would be available for discharging the CGST liability on the output at each stage. Similarly, the credit of SGST paid on inputs would be allowed for paying the SGST on output. No cross utilization of credit would be permitted.

How will IT be used for the implementation of GST?

For the implementation of GST in the country, the Central and State Governments have jointly registered Goods and Services Tax Network (GSTN) has been set up by the Government as a private company under erstwhile Section 25 of the Companies Act, 1956. As per the government website on GST, "Goods and Services Tax" Network (GSTN) is a nonprofit organisation proposed to be formed for creating a website / platform for all the concerned parties related to the GST, namely stakeholders, government and taxpayers to collaborate on a single portal. When up and running, the portal is supposed to be accessible to the central government which allows it to track down every transaction on its end while taxpayers are advertised to have the ability of connecting this to their tax returns.

GSTN would provide three front end services to the taxpayers namely registration, payment and return. Besides providing these services to the taxpayers, GSTN would be developing back-end IT modules for 27 States who have opted for the same. The migration of existing taxpayers has already started from November, 2016. The Revenue department of both Centre and States are pursuing the presently registered taxpayers to complete the necessary formalities on the IT system operated by GSTN for successful migration. About 75 percent of existing registrants have already migrated to the GST systems.

GSTN has selected 34 IT, ITeS and financial technology companies, to be called GST Suvidha Providers (GSPs). GSPs would develop applications to be used by taxpayers for interacting with the GSTN.

What taxes are replaced?

GST has replaced the following taxes levied and collected previously by the Central Government:

a) Central Excise Duty;

b) Duties of Excise (Medicinal and Toilet Preparations);

c) Additional Duties of Excise (Goods of Special Importance);

d) Additional Duties of Excise (Textiles and Textile Products);

e) Additional Duties of Customs (commonly known as CVD);

f) Special Additional Duty of Customs (SAD);

g) Service Tax;

h) Cesses and surcharges insofar as they relate to supply of goods or services.

Following are the state taxes that are subsumed within the GST.

a) State VAT;

b) Central Sales Tax;

c) Purchase Tax;

d) Luxury Tax;

e) Entry Tax (All forms);

f) Entertainment Tax (except those levied by the local bodies);

g) Taxes on advertisements;

h) Taxes on lotteries, betting and gambling;

i) State cesses and surcharges insofar as they relate to supply of goods or services.

Who are benefited with GST?

The main purpose of the implementation of the GST is the elimination of the cascading effects of the taxation system in India and bring the entire tax system under a single unit. It is argued that the following would be the benefits of the implementation of GST.

For business and industry

o **Easy compliance:** A robust and comprehensive IT system would be the foundation of the GST regime in India. Therefore, all tax payer services such as registrations, returns, payments, etc. would be available to the taxpayers online, which would make compliance easy and transparent.

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

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

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

o **Gain to manufacturers and exporters:** The subsuming 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 locally manufactured goods and services. This will increase the competitiveness of Indian goods and services in the international market and

give boost to Indian exports. The uniformity in tax rates and procedures across the country will also go a long way in reducing the compliance cost.

For Central and State Governments

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

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

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

For the consumer

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

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

Conclusion

Taxes, which are the main source of federal, state and local government revenues, pay for buildings, public education, highways, airplanes, rockets, road signs, and the salaries of millions of government employees.Only without governments would there be no taxes; therefore, without taxes there would be no governments. It is the fuel for the engine of the government and economy and hence, it cannot be avoided. However, it would be acceptable by people in all cadre across the economy if it brings harmony to all. It is too early to conclude whether GST is a successful one or a damaging step. It would only the time be the judge.

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GST IMPACT ON BANKING SECTORS AND SERVICES IN INDIAN ECONOMY

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Abstract

Banking sector plays a very crucial role in a macro economic and monetary policies of any country overall framework and the business dynamics of this sector largely differs from other sectors. The regulatory framework for this sector is very strong and leaves no room for any discrepancies. This article lay down various issues that a Banking sector may face due to advent of GST and the suggestions so as to amend the rules, wherever required to be address the negative impact of GST on the Banking sector. Various aspects discussed herewith would apply to all types of banks viz., Nationalized Banks, Private Banks, Public Banks, Co-operative Banks etc. GST that is Goods and Service Tax is the latest kind of Indirect Tax which is proposed to be in force from 1st July, 2017 which is already in force on many countries around the world and they all were considering it as their sales Tax system. This paper brings out about the overview of the concepts of GST and its impact and implications on the various Industries in the Indian Economy.

Keywords: Indirect taxation; Goods and Service Tax; Marketing; Structural equations

Introduction

GST is the crucial form of Indirect Taxation which is said to be the indirect taxation reform ever since our Independence. The GST is said to bring about the economic integration said by our Union Finance Minister Arun Jaitley during the Budget speech at 2016. The Goods and Service Tax is levied on the manufacture, sale and consumption of the goods and services. Through the implementation of GST, all other taxes like Value Added Tax, Sales Tax will be removed and a uniform tax system on goods and services will be followed.

GST and Banks

All GST transactions that happens through bank. them, the cost will rise from the 15% tax in the current regime to 18 % with GST. What this mean 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.

ATM transactions: All your ATM transactions, beyond the free limit will cost you 3% more now.

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.

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%. Mutual fund investors will also have to bear a greater cost. With the rise in the service tax, the total expense ratio of mutual fund might be a tad higher but within the specified limits set by the regulator. Further, fund houses will deduct GST from the commission paid to the distributors who do not have GST registration.

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.Let us now look at the changes that banks themselves must undergo as part of the GST roll-out.

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.

Objectives of the Study

This study is based on the following objectives.

1. To study about the concepts of GST.
2. To study about the need and the Importance of the Goods and Service Tax to the Indian economy.
3. To study about the impact of GST on Various sectors including banking sectors in Indian economy.
4. To provide suggestions and recommendations regarding GST.

METHODOLOGY

This study is descriptive in nature and it used the exploratory technique. The data for the study were gathered from the secondary sources such as journals, articles published online and offline on various newspapers and websites.

Concept of Overview – GST glance in Indian banking sectors

Goods and Service Tax-Explained The GST is the proposed Indirect tax system which is levied on the manufacture, sale and the consumption of goods and services. It will replace all the indirect tax systems such as sales tax and value added tax. The main purpose of GST is to bring about the single uniform system of taxation in the manufacture, sale and the consumption of goods and services in India. The GST is said to reduce the level of Tax evasion and the corruption and it also reduces the tax burden of the public.

Impact of GST on various sectors

The GST is said to have a positive impact on the economy as a whole. But when it comes to sectoral-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

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 18 to 22% in the near future under the GST regime. And the services are likely to be costlier.

Technology (Information technology and ITeS): 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.

Telecommunications: The telecommunications sector is presently paying the tax at the rate of 14% which is expected to be increased during the GST regime. And, it is assumed to be

around 18% which will be expected to be passed over to the customers and this gives a picture that GST will adversely affect this sector.

Pharmaceuticals: Presently, the Pharma companies are paying taxes around 15- 20%. Since, there is no clear picture of tax treatment for Pharma if it is less than 15% it would be a positive impact on the Sector but if it is above 15% then it will cause some slight negative impact.

Automobiles: The Automobile industry is currently paying a tax rate of a range between 30-45%. 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. The standard and the social status of the consumers get uplifted. There will be a huge boom in the Automobile Industry as a result of implementation of Goods and Services Tax.

Textiles: Currently, the Textile industry is paying the tax at the rate of nearly 12.5% plus surcharges and which varies upon the MRP of the products. Since there is no clear idea about the tax rate of this industry under the regime of GST it is expected at the rates of 15% which will be having a moderate impact on the industry. This moderate impact may either be neutral or slightly negative when compared to the other present system of taxation. But they will be benefited through the reduction of cost in transportation, savings etc.

Media and Entertainment: The tax rate for the Media is around 22% 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. There is somewhat either neutral or slightly negative impact of GST on the Media and Entertainment Industry.

Consumer durables: The current of tax rate of this industry is around the range between 23-25%. And under the GST regime it is considered to be lower around 15- 18% which will be positive impact to this industry.

Cement: The cement industry currently pays the tax at the rate of 25% currently. And, after the GST regime, it is expected to be fixed at the rate of 18 to 20%. This will be a major relief for the companies of that industry. And the logistics tax also is to be reduced; it would be a double benefit for all the industries involved in manufacturing.

Real estate: Real estate contributes about nearly 7.3% of India's GDP and it is the largest generator of employment immediately after IT. Real estate is said to get a positive impact under the GST regime immediately after its implementation. It is expected that since there is a single system of Taxation under GST, all other forms of indirect taxation will be removed which results on reduction of property prices and the cost of construction. Thus, we can have a positive impact of GST on the Real estate sector.

Problems in Implementing GST

There are certain challenges and problems in implementing the GST in India. Some of them are as follows.

1. There is no such clear picture about the GST both to the government and to the general public.

2. There is no cooperation between the Central government and the state government in implementing the GST. Even though, if implemented the levy of Tax remains on the part of the state.

3. The State government generally refuses to accept it. As the states levy taxes on the Destination principle i.e. (the state in which the product or service is sold or rendered), so in order to lose the revenue they were avoiding it.

4. The Revenue Neutral Rate (RNR) is the key factor responsible for the effective implementation of GST. But under GST, we could not say that the revenue remains same as that of the current system of taxation.

5. Loss of revenue to the state. If we buy any product the VAT @ 14.5% is included towards it, after the GST regime, there will be no VAT then it results on the loss of revenue to the state.

6. Even though the government said that they will pay the loss of revenue to the state government, it will be again imposed on the general people in some other forms.

7. It involves massive cost on the training of the staff of the Taxation department.

8. Lack of political support. The Bill must be passed in the Rajya Sabha for its successful implementation.

9. IT is the backbone of GST which would connect the various stakeholders through the Virtual platform. So, government must show keen interest on the development of portal for GST and successfully achieves it.

10. There is a large debatable question in implementing the GST such as whether the small entrepreneurs and small firms will be helpful through the GST regime? , whether the government and the Public ready for such a change? Are some of the questions which are highly in confused dilemma?

SUGGESTIONS AND RECOMMENDATIONS

- To provide literacy and awareness about the GST
- Effective spending on efficient Tax administration staff
- Well maintenance and frequent follow ups of GSTN (Goods and Service Tax Network) portal for better relationship with various stakeholders.
- In order to avoid the unnecessary loss of revenue to the state government, the central government may think about the considerable percentage of GST which will be helpful for all stakeholders of GST.
- Consent from all states and suggestions from every state for betterment of GST and the source of Tax revenue.
- The government should take care about the RNR which should not affect the tax revenue to any government either central or state.
- The loss of Tax revenue should be managed and compensated properly through proper diversification 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 implementation 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 crucial tax reform since independence of India, so it must be better handled with utmost care and analyzed well before implementing it. And, the government both central and state has to conduct awareness programmes and various literacy programmes about GST to its various stakeholders.

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‘ONE NATION ONE MARKET’ - UNDER THE REGIME OF GOODS AND SERVICE TAX

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Abstract

Earlier, in India, the complicated indirect tax system was followed with imbrications of taxes imposed by union and states separately. GST unified all the indirect taxes under an umbrella which created a smooth national market. 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. One of the most important benefits of GST is that it would integrate India's economy into a single market. This would help in avoiding tax cascading scenarios. GST being neutral to factors of production, business processes, business models, organizational structures and geographical locations Decisions in GST regime can be taken purely on business terms and taxation impacts will play a lesser role

Key words: One Nation, One Market, One Tax, GST, CGST, SGST, IGST, GSTN

Introduction

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. 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.

It has been 7 decades since we got independence and united various provinces to make a United India. Political union became a reality, but India did not become one market. The Government is working with the aim of uniting India's markets, to empower our producers & strengthen our consumers. It is with this vision that the Government has taken multiple initiatives to truly achieve One Nation, One Market.

One nation One Tax Concept

The GST of India has altered the entire scenario of the former indirect tax system in India. It is considered as the biggest tax reform since 1947. GST is an indirect tax which subsumes almost all the indirect taxes of central government and state governments into a unified tax. As the name indicates it is levied on both goods and services at all the stages of value addition. It has dual model including central goods and service tax (CGST) and states goods and service tax (SGST). 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 business organisations, the elimination of multiple taxes will improve the ease of doing their 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 and India's GDP will be benefitted

CGST subsumes central indirect taxes like central excise duty, central sales tax, service tax, special additional duty on customs, counter-veiling duties whereas indirect taxes of state governments like state vat, purchase tax, luxury tax, octroi, tax on lottery and gambling are replaced by SGST. Integrated goods and service tax (IGST) also known as interstate goods and service tax is additionally a part of GST. It's not an additional tax but a system to examine the interstate transactions of goods and services and to further assure that the tax should be received by the importer state as GST is a destination based tax. Earlier, in India, the complicated indirect tax system was followed with imbrications of taxes imposed by union and states separately. GST unified all the indirect taxes under an umbrella which created a smooth national market. GST can help the economy to grow in a more efficient manner by improving the tax collection as it will disrupt all the tax barriers between states and integrate country via single tax rate. GST was initially introduced by France in 1954 and now it is followed by 140 countries. Almost every country proceeds with unified GST system whereas some countries such as Canada, Brazil follow a dual GST system where tax is imposed by central and state both.

Need for GST:

1. The main reason behind introducing GST is to improve the economy of the nation.
2. Previously 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 preapproved formula.
4 In addition, it would become much easier to offer services and goods uniformly across the nation, since there will not be any additional state-levied tax.
5. GST rollout missed several deadlines due to disagreement among many states over certain important issues on this tax reform.

How GST benefits Indian Market

Businessmen are excited that finally we are about to embrace the `one nation, one market, one tax' regime. The former indirect taxation system created borders within borders and tax laws, tax rates differed from state to state and it wad did not provide any tax credits for interstate

transactions. This led to distortions in the allocation of resources and indirect taxes, which was a major concern while taking business decisions.

So, one of the most important benefits of GST is that it would integrate India's economy into a single market. This would help in avoiding tax cascading scenarios. GST being neutral to factors of production, business processes, business models, organizational structures and geographical locations Decisions in GST regime can be taken purely on business terms and taxation impacts will play a lesser role. This will enhance the ease of doing business and bring about predictable tax regime similar to other developed economies. This can enable India to position itself as the most-preferred global investment destination.

Traders and exporters are expected to benefit from the free flow of credits. Under the earlier regime, they were not able to utilize their input credits of excise and service tax on input goods services; they were not eligible for credit on interstate transactions. The expected free movement of goods, reduced transportation time and costs are also encouraging factors in the sector. However, the sector has some concern areas like fertilizers being taxed at 12%.

Benefits of Goods and Service tax

Uniformity of tax rates and structures:

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

Business and industry Easy compliance:

Even if there are some initial problem in implementation and preplanning, we have a robust and comprehensive IT system (GSTN) would be the foundation of the GST regime in India. Therefore, all tax payer services such as registrations, returns, payments, etc. would be available to the taxpayers online, which would make compliance easy and transparent.

Removal of Cascading (Tax on Tax):

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

Improved Competitiveness:

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

Benefit to Manufacturers and Exporters:

The subsuming 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 locally manufactured goods and services. This will increase the competitiveness of Indian goods and services in the international market and give boost to Indian exports. The uniformity in tax rates and procedures across the country will also go a long way in reducing the compliance cost.

Simple and easy to administer:

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

Controls on leakage:

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

Higher revenue efficiency:

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

For the Consumer

Single and transparent tax proportionate to the value of goods and services:

Due to multiple indirect taxes being levied by the Centre and State prior to GST, with incomplete or no input tax credits available at progressive stages of value addition, the cost of most goods and services in the country were laden with many hidden taxes. Under GST, there would be only one tax from the manufacturer to the consumer, leading to transparency of taxes paid to the final consumer. Its full benefit will get to consumers only after implementation of system in a fully fledged manner.

Relief in overall Tax Burden:

Because of efficiency gains and prevention of leakages, the overall tax burden on most commodities will come down, which will benefit consumers. The present mechanism in not enough to achieve this benefits and may expect in long term.

Indian market as a Single Economic Unit

Article 301 of the Constitution aimed at India functioning as one single economic unit without barriers, promoting free flow of trade and commerce. But, for seventy long years, post-independence, the country has indeed been a fiscally 'disunited union of States'. According to the Union Finance Minister, GST will add buoyancy to India's economy by developing a common market and reducing the cascading effect on the cost of goods and services. Like post-World War II Europe successfully forging a common market, tearing asunder inter-country customs barriers and other check-posts, GST hopes to push India in that direction.

The Republic unified through the indirect tax law being enacted now will in a way be analogous to the 1833 Zollverein, German Customs Union, forged as a coalition of German states to overcome hundreds of customs barriers where shipments were inspected.

Analysing the cost of not completing European Community's internal market integration, the Paulo Cecchini Report, The European Challenge, 1992 concluded that the border and associated administrative procedures cost 1.8 per cent of the value of goods traded within the Community, that the integration process could result in 4.5 per cent increase in GDP over six years, in addition to consumer prices declining to the extent of 6 per cent. The European integration which commenced with the 1986 Single European Act and the 1992 Maastricht Treaty endowed Europeans with a single market. Under the rubric of a common market, continental politicians pushed for harmonised tax bases and fiscal coordination — a route towards deeper integration. With GST belatedly becoming a reality, India too would hope to reap a similar harvest.

Spends and Cuts

A joint survey, 2011-12 by Transport Corporation of India and Indian Institute of Management, Calcutta, revealed an annual loss of about Rs. 27,000 crore to the economy owing to detention to road vehicles at check-posts and en route for documentation, physical checks of vehicles, drivers, and cargo by RTO/police, and payment of highway toll and taxes, as well as harassment and corruption.

The Centre levies indirect taxes in the form of union excise, import duty, and service tax whereas State governments levy sales tax/VAT, motor vehicle tax, and passenger and goods tax. Within the road sector, about two-thirds of total tax revenue is collected by the State governments. The average tax burden is around 16 per cent in aviation and road sector and 14 per cent in water transport sector.

As the Economic Survey 2016-17 explains, India's internal trade is about 1.7 times its international trade, and the current structure of domestic taxes as well as area-based tax exemptions might actually bias economic activity towards more internal trade. GST will eliminate the distortions leading to a normalisation in internal trade. The GST Network (GSTN) will have an audit trail of the movement of goods across the state boundaries. This will lead to optimisation of delivery schedules and operational costs of transporters.

The way Ahead

India's logistics sector has four main components: transportation (60 per cent), warehousing (25 per cent), freight forwarding (10 per cent), and value added services (5 per

cent). According to CRISIL, implementation of GST in the logistics industry will diminish logistics costs by up to 30 per cent over a period of three or four years.

Besides facilitating seamless inter-state flow of goods, rationalisation of paper work for road transporters and reduction in delivery time would lead to reduction in distribution costs. GST presents an opportunity for industry players to transform production-distribution infrastructure. The current sub-optimal scattered and fragmented warehouses would yield place to strategically located large logistics parks conducive to economies of scale, efficient use of multi-modal transport, and availability of value added services under one roof.

Simultaneously, it is of paramount importance that nothing is done to let the pernicious inspector raj to sneak in the new regime. Why should it be considered necessary, as contemplated by State governments, to even randomly check at the toll posts the e-permits issued to transporters? Why must the service providers be obliged to register in every State?

Service providers having to register in every State they operate will end up filing multiple returns annually. Again, raising an e-way bill (with vehicle details) for consignments valued at over Rs. 50,000, and when transferring goods from one vehicle to another at every interchange point, would appear to be contradictory to the GST spirit. Based on inadequacies or inefficiencies, GST would have to keep evolving to yield optimal gains for the economy.

Conclusion

GST will benefit all the stakeholders namely industry, government and consumer. It will lower the cost of goods and services give a boost to the economy and make the products and services globally competitive, giving a major boost to 'Make in India' initiative. GST will make India a common market with common tax rates & procedures and remove economic barriers. GST is largely technology driven and will reduce the human interface to a great extent. GST is expected to improve ease of doing business in India. In majority of supplies of goods, the tax incidence approved by the GST Council is much lower than the present combined indirect tax rates levied by the Centre and State(s).

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GOODS AND SERVICE TAX IN INDIA

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Abstract

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

Key Words: GST, CGST, SGST, VAT, INPUT CREDIT.

Introduction

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

tax is being paid on the value addition. Under the GST scheme, a person who was liable to pay tax on his output, whether for provision of service or sale of goods, is entitled to get input tax credit (ITC) on the tax paid on its inputs.

BENEFICIAL AND NEGATIVE IMPACTS

1. With respect to Tax Threshold

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

2. With respect to nature of taxes

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

3. With respect to number of enactments of statutes

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

4. With respect to Rates of taxation

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

5. With respect to tax management and Infrastructure

It depends on the states and the union how they are going to make GST a simple one. Success of any tax reform policy or managerial measures depends on the inherent simplifications of the system, which leads to the high conformity with the administrative measures and policies

Salient features of the GST

Quality of the present model are as follows:

- The GST shall have two components: one levied by the Centre (referred to as Central GST), and the other levied by the States (referred to as State GST). Rates for Central GST and State GST would be approved appropriately, reflecting revenue considerations and acceptability.
- The Central GST and the State GST would be applicable to all transactions of goods and services made for a consideration except the exempted goods and services.
- The Central GST and State GST are to be paid to the accounts of the Centre and the States individually.
- Since the Central GST and State GST are to be treated individually, taxes paid against the Central GST shall be allowed to be taken as input tax credit (ITC) for the Central GST and could be utilized only against the payment of Central GST.

❖ Cross utilization of ITC between the Central GST and the State GST would not be permitted except in the case of inter-State supply of goods and services.

❖ The problem related to credit accumulation on account of refund of GST should be avoided by both the Centre and the States except in the cases such as exports, purchase of capital goods, input tax at higher rate than output tax etc.

The Major Features of the proposed payments procedures under GST are as follows:

- ✓ Electronic payment process no- generation of paper at any stage.
- ✓ Single point interface for challan generation – GSTN.
- ✓ Ease of payment – payment can be made through online banking, credit card/ debit card, NEFT/RTGS and through cheque/ cash at the bank.
- ✓ Common challan form with auto – population features.
- ✓ Use of single challan and single payment instrument.
- ✓ Common set of authorized banks.
- ✓ Common Accounting Codes

Benefits of GST

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

Conclusion

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

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GOODS AND SERVICE TAX-(GST) PROS AND CONS

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ABSTRACT

GST has become a reality in India. GST is a comprehensive tax regime which heralds not only the dawn of a new era in the realm of the country, but it ushers in a 'behavioral change' in the transactions that happen in the economy. Many countries have embraced GST as an efficient and profitable indirect tax system. GST bestows many benefits on economies in the form increasing indirect tax proceeds and enhancing the efficiency in economic activities. Any reform is bound to have advantages and disadvantages. This paper intends to discuss the pros and cons of GST.

Key Words: GST, VAT, CGST, IGST, SGST, Cascading effect, Dual GST Model, GST regime ,Unified tax system, ERP, GSTIN, HSN, SMEs

Introduction

Goods and Services Tax or Indian version of GST is a destination based tax proposed by the government with the aim to eliminate several indirect taxes like VAT, Central Excise Duty, Sales Tax, Service Tax, etc. It is fondly described as **one tax for one nation.**"One Market, One Nation and One Tax". GST is an internationally proven revenue productive and growth accelerating indirect tax system that prevails in 160 countries. GST, simply put, is a comprehensive tax regime replacing the existing indirect tax system However, unlike GST of other countries, Indian GST is anything but one tax. It is actually a culmination of three taxes – Central Goods and Service Tax (CGST), Integrated / Interstate Goods and Service Tax (IGST) and State Goods and Service Tax (SGST).

CGST and SGST both will be levied on intra-state supply of goods and services while IGST will be applicable on inter-state supply of goods and services in India. Since it is a destination based tax, it will be levied at all stages right from manufacturer up to the final consumer with credit of taxes paid at previous stages available as set off. In short, tax will be levied only on value addition and the final burden of tax will be borne by the ultimate consumer.

Both CGST and SGST are planned to be levied on same tax base. While CGST is expected to replace all central indirect taxes like Excise Duty and Service Tax etc., SGST is expected to make VAT, Entertainment Tax (other than the one levied by Local Body), Luxury Tax, Purchase Tax, Octroi /Entry Tax, cesses and surcharges, taxes on lottery or betting etc. redundant. However, certain goods like human consumable alcohol, tobacco products, motor fuels, crude petroleum, natural gas, aviation turbine fuel will still be chargeable to Excise Duty. Different from the current indirect tax system, GST is collected at the time of consumption of goods and services, and hence it is recognized as a destination based tax. GST does not attempt to make a division between goods and services and, in this sense, it attempts to dismantle a dichotomized tax system where goods and services are differently treated. GST replaces the following types of indirect taxes (Table No.1)

Table 1 Central and State Taxes Prior to GST

Central Taxes	State Taxes
Excise Tax	Entry Tax
Service Tax	VAT / CST Tax
Customs Tax	Tax on Lottery
	Luxury Tax

	Advertisement Tax

High lights of GST are :

- **Comprehensive**: GST is a comprehensive or umbrella tax as it subsumes most of the indirect taxes levied in the country by both the Centre and the States
- **Unified Tax System**: GST rates are same across the country, and as such it brings a uniformity in the indirect tax rate across the country. This is why it is normally called "One Nation One Tax".
- **Multi Stage:** GST is imposed at every stage in the supply but only on the value added.
- **Destination Based:** GST will be collected at the time of consumption only. GST authorities decide the destination of consumption.
- **Dual GST Model:** India proposes to introduce a dual GST Model under which the Centre will impose CGST and the States will impose SGST.
- **Reduction of Cascading effect of Tax:** It would free the manufacturing sector from cascading effect of taxes, thus by improve the cost-competitiveness of goods and services.

Hailed as one of the biggest tax reforms of the country, the Goods and Services Tax (GST) subsumes many indirect taxes which were imposed by Centre and State such as excise, VAT, and service tax. It is levied on both goods and services sold in the country.Any reform is bound to have advantages and disadvantages. Let us check what are the pros and cons of GST

Advantages of GST

1. GST eliminates the cascading effect of tax

GST is a comprehensive indirect tax that was designed to bring the indirect taxation under one umbrella. More importantly, it is going to eliminate the cascading effect of tax that was evident earlier.Cascading tax effect can be best described as 'Tax on Tax'. Let us take this example to understand what is Tax on Tax.

Before GST regime:

A consultant offering services for say, Rs 50,000 and charged a service tax of 15% (Rs 50,000 * 15% = Rs 7,500).

Then say, he would buy office supplies for Rs. 20,000 paying 5% as VAT (Rs 20,000 *5% = Rs 1,000).

He had to pay Rs 7,500 output service tax without getting any deduction of Rs 1,000 VAT already paid on stationery.

His total outflow is Rs 8,500.

GST

GST on service of Rs 50,000 @18%	9,000
Less: GST on office supplies (Rs 20,000*5%)	1,000
Net GST to pay	8,000

2. Higher threshold for registration

Earlier, in the VAT structure, any business with a turnover of more than Rs 5 lakh (in most states) was liable to pay VAT. Please note that this limit differed state-wise. Also, service tax was exempted

for service providers with a turnover of less than Rs 10 lakh.Under GST regime, however, this threshold has been increased to Rs 20 lakh, which exempts many small traders and service providers.

Let us look at this table below:

Tax	**Threshold Limits**
Excise	1.5 crores
VAT	5 lakhs in most states
Service Tax	10 lakhs
GST	20 lakhs (10 lakhs for NE states)

3. Composition scheme for small businesses

Under GST, small businesses (with a turnover of Rs 20 to 75 lakh) can benefit as it gives an option to lower taxes by utilizing the Composition scheme. This move has brought down the tax and compliance burden on many small businesses.

4. Simple and easy online procedure

Entire process of GST (from registration to filing returns) is made online, and it is super simple. This has been beneficial for start-ups especially, as they do not have to run from pillar to post to get different registrations such as VAT, excise, and service tax. Our Clear Tax GST software is already on a roll filing GST returns

5. The number of compliances is lesser

Earlier, there was VAT and service tax, each of which had their own returns and compliances. Below table shows the same:

Tax	Return Filing
Excise	Monthly
Service tax	Proprietorship/Partnership- Quarterly Company/LLP- Monthly
VAT	*Different for different states* Some states require monthly returns over a threshold limit. Some states like Karnataka require a monthly return

Under GST, however, there is just one, unified return to be filed. Therefore, the number of returns to be filed has come down. There are about 11 returns under GST, out of which 4 are basic returns which apply to all taxable persons under GST. The main GSTR-1 is manually populated and GSTR-2 and GSTR-3 will be auto-populated.

6. Defined treatment for E-commerce operators

Earlier to GST regime, supplying goods through e-commerce sector was not defined. It had variable VAT laws. Let us look at this example:

Online websites (like Flipkart and Amazon) delivering to Uttar Pradesh had to file a VAT declaration and mention the registration number of the delivery truck. Tax authorities could sometimes seize goods if the documents were not produced. Again, these e-commerce brands were treated as facilitators or mediators by states like Kerala, Rajasthan, and West Bengal which did not require them to register for VAT.All these differential treatments and confusing compliances have been removed under GST. For the first time, GST has clearly mapped out the provisions applicable to the e-commerce sector and since these are applicable all over India, there should be no complication regarding the inter-state movement of goods anymore.

7. Improved efficiency of logistics

Earlier, the logistics industry in India had to maintain multiple warehouses across states to avoid the current CST and state entry taxes on inter-state movement. These warehouses were forced to operate below their capacity, giving room to increased operating costs.Under GST, however, these restrictions on inter-state movement of goods have been lessened.As an outcome of GST, warehouse operators and e-commerce aggregators players have shown interest in setting up their warehouses at strategic locations such as Nagpur (which is the zero-mile city of India), instead of every other city on their delivery route.Reduction in unnecessary logistics costs is already increasing profits for businesses involved in the supply of goods through transportation.

8. Unorganized sector is regulated under GST

In the pre-GST era, it was often seen that certain industries in India like construction and textile were largely unregulated and unorganized.Under GST, however, there are provisions for online compliances and payments, and for availing of input credit only when the supplier has accepted the amount. This has brought in accountability and regulation to these industries.Let us now look at disadvantages of GST. Please note that businesses need to overcome these disadvantages to run the business smoothly.

Disadvantages of GST

1. Increased costs due to software purchase

Businesses have to either update their existing accounting or ERP software to GST-compliant one or buy a GST software so that they can keep their business going. But both the options lead to increased cost of software purchase and training of employees for an efficient utilization of the new billing software.Clear Tax is the first company in India to have launched a ready-to-use GST software called Clear tax GST software. The software is currently available for free for SMEs, helping them transition to GST smoothly. It has truly eased the pain of the people in so many ways.

2. Being GST-compliant

Small and medium-sized enterprises (SME) who have not yet signed for GST have to quickly grasp the nuances of the GST tax regime. They will have to issue GST-compliant invoices, be compliant to digital record-keeping, and of course, file timely returns. This means that the GST-compliant invoice issued must have mandatory details such as GSTIN, place of supply, HSN codes, and others. Clear Tax has made it easier for SMEs with the Clear Tax Bill Book web application. This application is available for FREE until the end of September and is an easy solution to this problem. This will help every business to issue GST-compliant invoices to their customers. These same invoices can then be used for return filing through the Clear Tax GSTplatform.

3. GST will mean an increase in operational costs

As we have already established that GST is changing the way how tax is paid, businesses will now have to employ tax professionals to be GST-compliant. This will gradually increase costs for small businesses as they will have to bear the additional cost of hiring experts.Also, businesses will need to train their employees in GST compliance, further increasing their overhead expenses.

4. GST came into effect in the middle of the financial year

As GST was implemented on the 1st of July 2017, businesses followed the old tax structure for the first 3 months (April, May, and June), and GST for the rest of the financial year. Businesses may find it hard to get adjusted to the new tax regime, and some of them are running these tax systems parallelly, resulting in confusion and compliance issues

5. GST is an online taxation system

Unlike earlier, businesses are now switching from pen and paper invoicing and filing to online return filing and making payments. This might be tough for some smaller businesses to adapt to. Cloud-based GST billing software like the Clear Tax GST Billing Software is definitely an answer to this problem. The process for return filing on Clear Tax GST is very simple. Business owners need to only upload their invoices, and the software will populate the return forms automatically with the information from the invoices. Any errors in invoices will be clearly identified by the software in real-time, thus increasing efficiency and timeliness

6. SMEs will have a higher tax burden

Smaller businesses, especially in the manufacturing sector will face difficulties under GST. Earlier, only businesses whose turnover exceeded Rs 1.5 crore had to pay excise duty. But now any business whose turnover exceeds Rs 20 lakh will have to pay GST. However, SMEs with a turnover upto Rs 75 lakh can opt for the composition scheme and pay only 1% tax on turnover in lieu of GST and enjoy lesser compliances. But these businesses will then not be able to claim any input tax credit. The decision to choose between higher taxes or the composition scheme (and thereby no ITC) will be a tough one for many SMEs.

Conclusion

It is obvious that GST is a dreamcome true for the national economy. Undoubtedly, GST is apath breaking event in the economic history of post-independent India. Many countries haveembraced GST as an efficient and profitable indirect tax system. Despite of the limitations, GST bestows many benefits on the nation in the form increasing indirect tax proceeds and enhancing the efficiency in economic activities. The starting troubles with the implementation of GST are expected to be addressed in near future. Given the geographic size, population size and diversity of India, what we have attained by now in the form of the implementation of GST is an achievement indeed. We hope that in the days to come, GST will turn out to be a blessing for the Indian economy

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IMPACT OF GST ON COMMON MAN

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Abstract

GST also known as Goods and service tax. Goods & Services Tax Law in India is a comprehensive, multistage, 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. The movement of goods will now become much simpler across the country and cheaper as the new regime replaces the old system, where a product was taxed multiple times and at different rates. Currently, tax rates differ from state to state. GST will ensure a comprehensive tax base with minimum exemptions, will help industry, which will be able to reap benefits of common procedures and claim credit for taxes paid. GST, as per government estimates, will boost India's GDP by around 2 per cent.

Introduction

Most countries have a unified GST system. However India is opted for a dual GST system prevalent in Brazil and Canada. Under this Model both the centre and states have the right to levy and collect tax on the sale of Goods and Service. It is a single tax on the supply of goods and services, right from the manufacturer to the consumer. It will replace the current taxes of excise, VAT and service tax.GST 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. 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.

Why GST Needed?

GST will break the complicated structure of separate central and state taxes which often overlap with each other to create a uniform taxation system which will be applicable across the country. Taxes will be implemented more effectively since a network of indirect taxes like excise duty, service tax, central sales tax, value added tax (VAT) and octopi will be replaced by one single tax. The state will still have a say in taxation, as the number of taxes will be reduced to three with Central GST, State GST and Integrated GST for inter-state dealings.

Who will have to pay GST?

This tax is levied on all manufacturers, sellers and service providers such as telecom providers, consultants and the likes. However, as it is an Indirect tax, the burden is eventually be borne by the consumers. Hence, the consumers are experiencing a considerable dip in the prices of

small and medium segment cars, DTH and FMCG products to name a few. Similarly, luxury cars, textiles, tobacco and many more products have gotten costlier.

BENEFITS TO A COMMON MAN

Uniformity in Computing Taxes for Goods and Service - GST will lead to the elimination of multiple excise, CST, VAT, service tax calculations.

Uniform Tax Regime - For both goods and services and less confusion in determining what constitutes a good or what is service?

Elimination of Double Taxation- Double taxation means the consumer pays tax on an item, on which already government has collected tax from the manufacturer under some other head**.**

More Transparent Pricing-Currently hidden taxes actually push up the taxes on a majority of goods to anywhere in the 27% to 32% range. But with GST coming in, the % tax number is proposed to be much lesser - however the number has not been finalized yet.

More Disposable Income-In the shorter term, consumers will pay less taxes on goods and services and thereby have more disposable income**.**

Aiding GDP Growth-The centre and state will also earn more tax from the GST rollout, which will aid in GDP growth (according to most research reports an estimate 1-2%) over the next 3 to 5 years. This incremental income can be used in developing public infrastructure in the longer term.

Discouragement of Black Money Practices - Black money will get stifled and this may lead to more income for the government exchequer. This will then percolate to public spends and better quality of life.

Impact of GST Towards individual Taxpayer

Following would be the impact of GST towards individual taxpayers in India.

- **Simpler tax structure –** The merger of all the taxes levied on goods and services has led to a simpler taxation structure. GST bears the character of being extremely simple and transparent in function leading to lesser accounting complexities. This regime has made the manufacturing sector extremely competitive while saving money and time.

- **Uniform tax regime –** GST has brought uniformity in the tax regime as it will float only one or two tax rates across the complete supply chain. This is simpler and more uniform against previously existent structure. Also, it provides a fair chance to all stakeholders while drawing attention to efficiency and not vantage points.

- **Greater tax revenues –** One can expect greater tax revenues with this Bill as a simpler taxation regime would lead to greater and more efficient compliance, eventually leading to a larger number of taxpayers. This way, the government will be able to earn greater revenues as the cascading effect of the taxes would not affect anymore.

- **Competitive pricing –** On an average, the total tax levied on any commodity manufacture in India ranges between 27% to 30%. This takes up the major chunk of the pricing of the goods and services leading to an incredible rise. With GST, these prices are have come down as the consumer pays a single tax in place of layers of taxes. This has risen the consumption which will be beneficial for the companies and would eventually benefit the market.

- **Push to exports –** As a result of the decline in production costs in Indian market, Indian goods will become more competitive in the international market. This will boost the exports from the country and would give us an edge over the global manufacturers that operate different cost structures. According to a study by the National Council of Applied Economic Research, the GDP of India can be expected to rise anywhere between 0.95 to 1.7% if GST keeps ruling for the next 3 to 5 years.

How will GST impact you?

Expect reduction in prices of:

- FMCG goods such as shampoos, chocolates
- Eating out
- Small cars
- DTH

Increase in prices of:

- Luxury cars
- Tobacco
- Aerated beverages
- Textiles

Positive impact of GST on the common man

- A unified tax system removing a bundle of indirect taxes.
- Removes cascading effect of taxes.
- Manufacturing costs will be reduced, hence prices of consumer goods likely to come down.
- Reduced costs means some products like cars, FMCG etc. will become cheaper.
- Lower prices will increase demand/consumption.
- Increased demand will lead to increase supply. Hence, rise in production of goods.
- The increased production will lead to more job opportunities in the long run. But, this can happen only if consumers actually get cheaper goods.
- A unified tax regime will lead to less corruption which will indirectly affect the common man.

Negative impact of GST on the common man

- Services will become expensive e.g. Telecom, banking, airline etc.
- It shall take considerable time to understand its implications. However, GST is a long term strategy and the real impact can be seen in the long run only.

Exemptions under GST

Under GST, the government has fixed GST rates on 1,211 goods and 500 services in the range of five to 28 per cent. Certain items such as alcohol, petrol, diesel and natural gas will be exempt under the GST. In addition to these, the GST Council has also classified certain items under the 0 per cent tax rate, implying that GST will not be levied on them. This list includes items of daily use such as wheat, rice, milk, eggs, fresh vegetables, meat, fish, sindoor, bindi, stamps, judicial papers, printed books, newspapers, bangles, handloom, bones and horn cores, bone grist, bone meal, kajal, children's' picture,

Effect of GST on common man

The current rate of service tax is 15% and applicable to most services, excluding the essential services such as ambulance services, cultural activities, certain pilgrimages, and sports events. Under the GST, the rate will increase to 18% which will make services more expensive. For goods such as edible oil, textiles, etc. while the excise duty is nil, the VAT, on the other hand, in several states is 5%. With the GST kicking in, the price of those goods may increase, burdening a common man's budget. The GST may make consumer goods like tobacco products, cigarettes, aerated drinks costlier.

Consumer products get costlier due to GST rollout

- ❖ Mobile bills along with Internet packs
- ❖ Hotel and restaurant bills
- ❖ Transportation, including air travel, railways, and cab services
- ❖ Luxury cars
- ❖ Jewelry
- ❖ Cigarettes/other tobacco products
- ❖ Courier/DTH services
- ❖ Aerated drinks, for example, Coca Cola, Pepsi, etc.

Products cheaper after GST implementation

Indirect tax on goods is currently high because several articles such as beauty products, consumer electronics, non-luxury automobiles, etc. are levied excise duty of 12.5% and VAT of 12.5–15%. Plus, there are many cascading taxes such as CST, octroi, entry tax, etc. making an article expensive throughout the value chain till the product reaches the customer. Consequently, for consumer goods, the customer pays around 25–26% above production cost because of VAT and excise duty. With the GST rollout, in which the rate could be 18%, such goods should get less expensive.

Goods and Services get cheaper after GST Rollout

- Online Shopping (Amazon, Flipkart, etc.)
- Movie tickets
- Fast moving consumer goods (FMCG) goods like shampoo, processed foods, etc.
- Branded apparel
- Pharma products
- Paint, cement, and other construction material
- Fan, water heater, air cooler, TV, and other electronic goods

CONCLUSION

The movement of goods will now become much simpler across the country and cheaper as the new regime replaces the old system, where a product was taxed multiple times and at different rates. Currently, tax rates differ from state to state. GST will ensure a comprehensive tax base with minimum exemptions, will help industry, which will be able to reap benefits of common procedures and claim credit for taxes paid. GST, as per government estimates, will boost India's GDP by around 2 per cent.

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GOODS AND SERVICE TAX IN INDIA

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ABSTRACT

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. The introduction of Goods and Services Tax (GST) would be a very significant step in the field of indirect tax reforms in India as well as other countires. By amalgamating a large number of Central and State taxes into a single tax, it would 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 is currently 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 boosting impact on economic growth. Last but not the least, this tax, because of its transparent and selfpolicing character, would be easier to administer.

Key words: GST, GST in other countries, buying behaviour of customer.

INTRODUCTION

The Goods and service tax has finally become real as the council and all the dignitaries have concluded over most of the laws. The taxation regime significantly has removed all the additional tax currently levied on the interstate movement of good and also the states will compensate if any revenue loss occurred in the transition.This single tax scheme subsumes all the taxes like central excise duty, state-level taxes like VAT or sales tax, entertainment tax, entry tax, purchase tax, luxury tax, and octroi.This new tax scheme has assured that it will certainly bring the neutrality in the unified market which will subsume many taxes aforementioned. As in **GST India**, the tax is paid at the final point of consumption in which at every stage of sale and purchase in the supply chain, the tax is added and submitted on value added goods and services via a tax credit system.With the **Goods and service tax in India**, there is a supposed cost competitiveness as all the market players are obliged to come under the GST framework which will for sure improve the economic conditions of the nation as well as interstate differences in the tax- paying duties.

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.[1] 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 of 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.

GST VS VAT

The Goods and services tax in India has been implemented from 1st July 2017, and it is supposed to bring a revolutionary change in the Indian taxation system with its unique model of implementing ‘one tax one nation’ formulae.The GST has consumed all the indirect tax including VAT, service tax, Excise duty, octroi and all another indirect form of duties which were levied on every value addition of the product thus creating a cascading effect. And for this effect, GST has implemented to take down the unnecessary inflation.While GST is an another form to make taxation easier, the VAT (value added tax) is a duty which is applied at every point starting from the manufacturing till the product goes into the hands of the consumer.The value added tax has its name from the method of adding tax at every stage. Goods and services tax and Value added tax have a number of differences on the basis of various points, like:Return File SchedulesAs mandated by the GST council and apex authorities, a taxpaying entity is required to file the returns and all the details of its sales by the means of online by the 10th of every succeeding month in the form GSTR-1 and keeping in mind the same method, the taxpayer will have to fill all the details of the purchases by the 15th of every month in the form GSTR-2 in the succeeding taxable month.

While at the 20th day of every month succeeding from the taxable month, the taxpaying entity must file its monthly return in the form GSTR-3. While at the end of the year, the taxpayer must file its annual return up to the date 31st December in the form GSTR-8 of the upcoming financial year.While in the VAT system, the taxpaying entities are required to file the VAT return each quarter along with the sales register and the purchase register.By the end of the year, the taxpaying entities are also obliged to file the annual return. Generally, in every state except, Maharashtra and Karnataka there is a provision of quarterly return as in these two states there is a provision of monthly return.

GST IN INDIA VS OTHER CO

Worldwide GST:

France was the **first country** to introduce **GST in 1954. Worldwide**, Almost 150 countries have introduced GST in one or the other form since now. Most of the countries have a unified GST system. Brazil and Canada follow a dual system vis-à-vis India is going to introduce. In China, GST applies only to goods and the provision of repairs, replacement and processing services. GST rates of some countries are given below:-

While countries such as Singapore and New Zealand tax virtually everything at a single rate, Indonesia has five positive rates, a zero rate and over 30 categories of exemptions. In China, GST applies only to goods and the provision of repairs, replacement and processing services. It is only recoverable on goods used in the production process, and GST on fixed assets is not recoverable.

There is a separate business tax in the form of VAT. For example, when the GST was introduced in New Zealand in 1986, it yielded revenues that were 45 per cent higher than anticipated, in large part due to improved compliance. It is more neutral and efficient structure could yield significant dividends to the economy in increased output and productivity. The GST in Canada replaced the federal manufacturers’ sales tax which was then levied at the rate of 60 per cent and was similar in design and structure as the CENVAT in India. It is estimated that this replacement resulted

in an increase in potential GDP by 24 per cent, consisting of 12.4 per cent increase in national income from higher factor productivity and 50 per cent increase from a larger capital stock (due to elimination of tax cascading). The Canadian experience is suggestive of the potential benefits to the Indian economy. This means gains of about US$15 billion annually. This is indeed a staggering sum and suggests the need for energetic action to usher the GST regime at an early date. GST rates of some countries are given below,

Country	Rate of GST
Australia	10%
France	19.6%
Canada	5%
Germany	19%
Japan	5%
Singapore	7%
Sweden	25%
India	27%
New Zealand	15%
Pakistan	18%

Proposal but Arun Jaitley in lok sabha said that 27% will be too high the actual figure will decided by GST council and it should around 18%

Dual GST:-

Many countries in the world have a single unified GST system i.e. a single tax applicable throughout the country. However, in federal countries like Brazil and Canada, a dual GST system is prevalent whereby GST is levied by both the federal and state or provincial governments. In India, a dual GST is proposed whereby a Central Goods and Services Tax (CGST) and a State Goods and Services Tax (SGST) will be levied on the taxable value of every transaction of supply of goods and services.

Benefits of Dual GST: –

The Dual GST is expected to be a simple and transparent tax with one or two CGST and SGST rates. The dual GST is expected to result in:-

- Reduction in the number of taxes at the Central and State level
- Decrease in effective tax rate for many goods
- Removal of the current cascading effect of taxes

- Reduction of transaction costs of the taxpayers through simplified tax compliance
- Increased tax collections due to wider tax base and better compliance

How GST Works:

GST proposes to abolish the varying levels of taxation between States, and consider the country as a single whole organism when it comes to taxes on goods and services instead of as a segmented creature. All the sundry taxes will be clubbed into just 2 levels – Central GST and State GST. What a trader will essentially be able to do is claim a refund on the taxes already paid at different stages of value addition. The consumer who buys the product will have to pay only the GST charged by the last dealer in the supply chain, as everyone else would have the opportunity to set-off the taxes paid at the previous stages. If we take the example above under the GST system, the Cenvat on manufacturing the dress and the taxes paid on dyes and buttons can be offset at each level, thereby considerably reducing the total taxes paid.GST will also prevent the multiple taxation occurring on certain goods, and ensure transparency with regards to the rate of taxation and the total amount that goes to the government as taxes on a product. Currently, a consumer is not aware of the total amount of taxes s/he pays for a product, apart from VAT which is mentioned on the bill.

Here's a list of taxes that the GST will likely replace:

- Service Tax
- Cesses and surcharges related to supply of goods or services
- Central Excise Duty
- Excise Duties on medicinal and toilet preparations
- Additional Excise Duties on textiles and textile products
- Additional Excise Duties on goods of special importance
- Additional Customs Duties (CVD)
- Special Additional Duty of Customs (SAD)

These are the taxes that could be absorbed into the GST regime:

- Central Sales Tax
- State VAT
- Entry Tax
- Purchase Tax
- Entertainment Tax (not levied by local bodies)
- Luxury Tax
- Taxes on advertisements
- State cesses and surcharges
- Taxes on lotteries, betting and gambling

The exact rates of GST have not been decided yet. This will be done only after repeated consultations on the reports made by the GST Council. The rates being discussed as of now hover around 18%, which may be higher than the current system for certain goods and services, and lower for the others.

Advantages of GST:

- This is a federal law, which means that the states will no longer have the right to make new laws on taxation towards goods and services.

- It simplifies the tax system and makes it easier to understand as well as cheaper to implement at various levels.
- Tax evasion at various stages will be eliminated as tax offsets can be collected only if taxes have been paid originally. You will also be able to buy raw materials or constituent materials for production only from those who have paid taxes, in order to claim benefits.
- The consumer will get the end-product at cheaper rates because of elimination of multiple taxes and the tax cascade.
- As of now, petroleum and petroleum products have been kept out of the GST regime until further notice.
- Sale of newspapers and advertisements are also likely to fall under the GST regime, allowing the government to increase its revenue considerably.
- While there will be central GST and state GST, the tax applicable on goods and services being exported and imported between states in India would fall under an Integrated GST (GST) system in order to avoid conflict of dominion.

Disadvantages of GST:

- GST is not good news for all sectors, though. In the current system, many products are exempted from taxation. The GST proposes to have minimal exemption list. Currently, higher taxes are levied on fewer items, but with GST, lower taxes will be levied on almost all items.
- GST is not applicable on liquor for human consumption. So alcohol rates will not get any advantage of GST.
- Stamp duty will not fall under the GST regime and will continue to be imposed by states.

Goods and Services Tax Act:

Goods and Service Tax act is one of the most remarkable tax reforms that has taken place in India so far. The GST act, which is also known as The Constitution (One Hundred and Twenty-Second Amendment) Bill, 2014, mainly focuses on changing the Constitution of India to simplify the process taxation on goods and services in India. The act bestows power on the Parliament and the State legislatures to make laws for imposing taxes on goods and services at the national level.

Key Features of Goods and Service Tax:

Listed below are the main features of the Goods and Service tax in India:

- The Goods and Services Tax will include Central Indirect taxes such as Excise Duty, Service Tax, Special Additional Duty of Customs, Countervailing Duty , Central Surcharges and Cesses as long as they are related to the supply and consumption of goods and services.
- It will also include State Value Added Tax or Sales Tax, Entertainment Tax, (excluding the tax charged by the local bodies), Entry and Octroi tax, Central Sales Tax (taxed by the Centre and collected by the State Government) , Purchase Tax, Luxury tax, Taxes on betting, lottery and State cesses and surcharges involved in the supply and consumption of services and goods.
- Inclusion of the concept of ‘declared goods of special importance’ as per the Indian Constitution.
- Will levy integrated Goods and Services Tax on inter-State transactions of goods and services.

- Will levy additional tax of 1% on supply of goods in inter-State trade which will be collected by the Government of India for a period of two years and will be allocated to the states from where the supply comes.
- Petroleum and petroleum products and alcohol have been kept out of the reach of GST.
- The act will have two constituents - Central GST charged by the Centre and State GST charged by the states. But, in case of inter-state trade or commerce, only the Centre will levy tax and collect Goods and Service Tax, and the tax collected would be divided between the Centre and the State as per the provision made in the parliament.
- Also an additional tax of 1% on inter-state trade in goods and services will be imposed and collected by the Centre and provided to the states for two years to compensate the loss (of any) faced by the states for implementing the GST.
- A Goods and Services Tax Council will be created to address the issues relating to goods and services tax and give recommendations to the Union and the States on areas such as rates, exemption list and threshold limits. The GST Council will constitute of the Union Finance Minister as chairman followed by the Minister –in-charge of Finance or Taxation or any other Minister nominated by each State Government. The GST Council will function under the Chairmanship of the Union Finance Minister and it will be a joint forum of the Centre and the States.

What is GST in India?

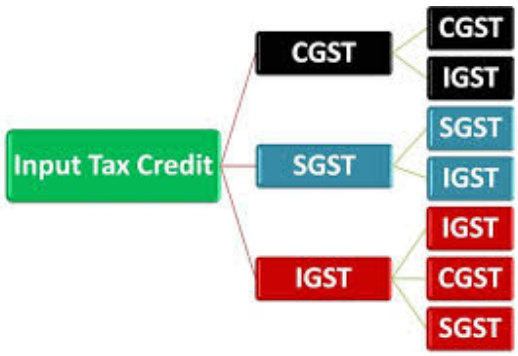
GST is one indirect tax for the whole nation, which will make India one unified common market. GST is a single tax on the supply of goods and services. GST is a destination based tax which is levied only on value addition at each stage because credits of input taxes paid at procurement of inputs will be available. 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

What taxes will be levied under GST?

Since India is federal country, Centre Government and State Government both have powers to levy taxes. Under GST regime, Centre and State both have power to levy GST. Therefore, GST in India is divided into two parts:

1. Central GST (CGST)
2. State GST (SGST)

GST will be divided into two components, one is CGST which is levied by Central Government and other is SGST which is levied by State Government.



However, there will be one more type of GST is Integrated GST (IGST). IGST will be levied on inter-state transactions. Since, there are chances that people will get confused in case of transactions between two persons of two different States and there will be difficulty setting off dues of taxes between two States, thus IGST will be levied by Centre. Now, Centre will apportion the State's portion of GST from IGST to relevant State.

BUYING BEHAVIOUR VS GST

Consumer behavior refers to the mental and emotional process and the observable behavior of consumers during searching,purchasing and post consumption of a product or service. Consumer behavior involves study of how people buy, what they buy, whenthey buy and why they buy. It blends the elements from psychology, sociology, socio psychology, anthropology and economics. It alsotries to assess the influence on the consumer from groups such as family, friends, reference groups and society in general. Buyerbehavior has two aspects: the final purchase activity visible to any observer and the detailed or short decision process that may involvethe interplay of a number of complex variables not visible to anyone.Understanding the buying behavior of the target market for its company products is the essential task for the marketing department. The job of the marketers is to "think customer and to guide the company into developing offers, which are meaningful and attractiveto target customers and creating solutions that deliver satisfaction to the customers, profits to customer and benefits to thestakeholders. Possibly the most challenging concept in marketing deals with understanding why buyers do What they do (or don't do).But such knowledge is critical for marketers since wanting a strong understanding of buyer behavior will help shed light on what isimportant to the customer and also suggest the important influences on customer decision-making.The Goods and Services Tax (GST) was launched in 1st of July2017, and it is set to revolutionize the way we do our taxes.

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multi-stage, destination-based tax that will be levied on every value addition. Tounderstand this, we need to understand the concepts under this definition. Let us start with the term 'Multi-stage'. Now, there aremultiple steps an item goes through from manufacture or production to the final sale. Buying of raw materials is the first stage. Thesecond stage is production or manufacture. Then, there is the warehousing of materials. Next, comes the sale of the product to theretailer. And in the final stage, the retailer sells you – the end consumer – the product, completing its life cycle. Goods and Services Tax will be levied on each of these stages, which make it a multi-stage tax. GST will be levied on these value additions – the monetary worth added at each stage to achieve the final sale to the end customer. There is one more term we need to talk about in the definition – Destination-Based. Goods and Services Tax will be levied on alltransactions happening during the entire manufacturing chain. Earlier, when a product was manufactured, the centre would levy anExcise Duty on the manufacture, and then the state will add a VAT tax when the item is sold to the next stage in the cycle. Then there would be a VAT at the next point of sale.

CONCLUSION

At last it is concluded that GST will also help to build a transparent and corruption free tax administration.Removing cascading tax effect, simpler online procedure under GST, defined treatment for E-commerce and regulating the unorganised sector.
There is a positive relationship between price and consumer buying behavior (suitable price make co nsumers more willing topurchase items). Imposition of taxes may affect the price of the goods which influence the buying behavior of consumers. Theintroduction of GST in India resulted in the

replacement of existing regime. The study found that the introduction of GST has noeffect on the buying decision of consumers in alanalloor grama panchayath even though there is a slight variation in the priceof.

GST ON SMALL ENTREPRENEURS AND SMALL TRADERS

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Abstract

The impact of the introduction of GST on the small entrepreneurs and small traders is a widespread effect. Indian market has a large number of small and medium scale industries and traders who will be exposed to reform in the tax structure without ample amount of knowledge. A vague picture about the system is not sufficient and detailed education restricted to their scope is required.Small entrepreneurs will require mending their systems in order to adapt to the changing structures. The various aspects like sourcing, distribution channels, pricing and profitability margins, cash flows and other system and transaction changes will be required. The government's initiatives towards the restructuring and its importance to the welfare of the small traders are enormous. Whatever said or done, the implementation of the GST will benefit the taxpayers of the nation to a certain extent

Key: Central goods and service tax (CGST), State goods and service tax (SGST)

Introduction

Goods and Services Tax (GST) is an indirect tax which was introduced in India on 1 July 2017 and was applicable throughout India which replaced multiple cascading taxes levied by the central and state governments. It was introduced as The Constitution (One Hundred and First Amendment) Act 2017, following the passage of Constitution 122nd Amendment Act Bill. The GST is governed by a GST Council and its Chairman is the Finance Minister of India.GST the biggest tax reform in India founded on the notion of "one nation, one market, one tax" is finally here. The moment that the Indian government was waiting for a decade has finally arrived. The single biggest indirect tax regime has kicked into force, dismantling all the inter-state barriers with respect to trade. The GST rollout, with a single stroke, has converted India into a unified market of 1.3 billion citizens. Fundamentally, the $2.4-trillion economy is attempting to transform itself by doing away with the internal tariff barriers and subsuming central, state and local taxes into a unified GST. The hopes over uncertainty would be determined by how our government works towards making GST a "good and simple tax". The idea behind implementing GST across the country in 29 states and 7 Union Territories is that it would offer a win-win situation for everyone. Manufacturers and traders would benefit from fewer tax filings, transparent rules, and easy bookkeeping; consumers would be paying less for the goods and services, and the government would generate more revenues, as revenue leaks would be plugged. GST is a comprehensive tax levy on manufacture, sale and consumption of goods and services at a national level. GST is a part of proposed tax reforms in India. It has an extensive base that adds fuel to the applicability of an efficient and harmonized consumption tax system. GST has been commonly accepted by world and more than 140 countries have acknowledged the same. Generally the GST ranges between 15%- 20% in most of the countries. A unified GST is an economically efficient solution even for the multinationals, which have to

compete with the companies in unorganized sector, as it simplifies the indirect tax structure to one general rate that can be paid by all companies.

The various taxes to be subsumed under GST are:

Central Taxes	**State Taxes**
Central Excise Duty including additional excise duties, excise duty under the Medicinal and Toilet Preparations (Excise Duties) Act, 1955	Value Added Tax
Service tax	Octroi and Entry Tax
Additional Customs Duty (CVD)	Purchase Tax
Special Additional Duty of Customs (SAD)	Luxury Tax
Central surcharges and cesses	Taxes on lottery, betting & gambling
	State cesses and surcharges
	Entertainment tax (other than the tax levied by the local bodies)

GST on Small Entrepreneurs

Many entrepreneurs across India were eagerly waiting for the announcements about GST during the annual budget. The VAT tax structure is largely considered to be unfair leaving companies and small business owners at the mercy of strict adherence to official formalities and under a constant threat. The present VAT system has made competition unfair as it forces the manufacturers to charge different prices for the same goods across states due to different tax rates. GST will put in place state-of-art tax system replacing the current VAT system allowing companies to grow evenly while helping the government to fill in leakages and loopholes. GST would be one of the most significant fiscal reforms of independent India. GST will result in major rationalization and simplification of the consumption tax structure at both Centre and State levels.

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

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

GST on Traders

GST is expected to help build a transparent and corruption-free tax administration. GST will be levied only at the destination point, and not at various points (from manufacturing to retail outlets). With the implementation of GST, exports will be promoted, raising employment and boosting growth. In the GST system, both central and state taxes will be collected at the point of sale. Both components (the central and state GST) will be charged on the manufacturing cost. This will benefit individuals as prices are likely to come down. Lower prices will lead to more consumption, thereby helping small companies through increase in demand for their goods and services. Though

there are common benefits in certain aspects to every trader from the GST, there are also a few different benefits in other aspects

Advantages for Manufacturers and Traders

- Common Market
- One Tax
- Distinction between Goods and Services will be abolished
- Invoicing will become simple
- Common exemptions between Centre and States
- Abolishment of Central Excise
- Classification difficulties will be met
- Problem of identification is solved

Protect Interest of Small Vendors

Under the VAT scheme, the threshold of state VAT varies from state to state. Presently it is Rs5 lakhs for a majority of states and a lower sum for north eastern states and special category states on goods. GST that will be introduced will be helpful in achieving uniformity. The state GST threshold to be adopted will be an annual income of Rs10 lakhs on both goods and services for all the states and union territories, providing adequate compensation for certain states especially the states of the north-eastern region and the special category states which had a provision for a lower threshold under the VAT regime. At the same time, the threshold for central GST for goods will be Rs1.5 crores and a similar slab on sales. This is mainly to protect the interest of small traders who will otherwise be exposed to dual taxes or dual control. A composition scheme has been contemplated for the small traders under the GST in order to protect the interest of small traders and small scale industries. The compounding scheme will have an upper ceiling or limit on the gross annual turnover and a floor rate of tax with respect to gross annual turnover. The compounding cut off rate is said to be Rs50lakhs of annual turnover and floor rate is said to be 0.5% across the states.

GST on SMEs (Small and Medium Enterprises)

Ease of Starting Business

A business having operations across different state needs VAT registration. Different tax rules in different states only add to the complications and incur a high procedural fees. GST enables a centralized registration that will make starting a business easier and the consequent expansion an added advantage for SMEs.

Reduction of Tax Burden on New Business

As per the current tax structure, businesses with a turnover of more than rupees 5 lakh need to pay a VAT registration fee. The government mulls the exemption limit under GST to twenty five lakh giving relief to over 60% of small dealers and traders.

Improved Logistics and Faster Delivery of Services

Under the GST bill, no entry tax will be charged for goods manufactured or sold in any part of India. As a result, delivery of goods at interstate points and toll check posts will be expedited. According to an estimate by CRISIL, the logistics cost for manufacturers of bulk goods will get reduced significantly—by about 20%. This is expected to boost ecommerce across the nation.

Elimination of Distinction between Goods and Services

GST ensures that there is no ambiguity between goods and services. This will simplify various legal proceedings related to the packaged products. As a result, there will no longer be a distinction between the material and the service component, which will greatly reduce tax evasion.

General Benefits of GST

(i) Understanding and Maintaining easily
(ii) Competitive Development
(iii) Optimization of GST Rate and Infrastructure
(iv) Implementation of one and only Sparkling Tax System
(v) Reduction of overall Tax Burden

GST on Small and Medium Businesses in India.

Compliance Procedure	**Positives**	**Negatives**
Registration	Online registration will ensure timely receipt of certificate of registration and minimal bureaucracy interface	Not all the SMEs have technical expertise to deal with online systems, thus most of them will need intermediaries to obtain registration for them. This will add to their registration cost.
Payment	Electronic compliance will bring transparency and will also reduce the compliance cost.	Since funds are required to be maintained in the form of electronic credit ledger with the tax department, it may result in liquidity crunch.
Refund	Electronic refund procedures will fast track the process and enhance liquidity for SMEs	Refunds can be claimed only after filing of relevant returns. Also it depends on the compliances done by the supplier and his rating.
Returns	All returns are required to be filed electronically and input tax credit and tax liability adjustment will happen automatically on the basis of these return	Minimum of thirty-seven returns are required to be filed by every registered taxpayer during a financial year. Thus SMEs will have to deploy additional resources and eventual cost of compliance will increase

GST as the Game Changer

- It will help to create a common Indian market
- It will reduce the descending effect of tax on the goods and services. Its impact on various aspects likes tax structure, tax incidence, tax computation, credit utilization and reporting, which will lead to a complete fixation or modernization of the current indirect tax system.
- GST will have a far-reaching impact on almost all aspects of business operations in a country, including pricing of products and services; supply chain optimization; IT, accounting and tax compliance systems

Conclusion

The country has been awaiting the introduction of GST since long and the wait has been a rigorous one. The fact that GST proposes to derive tremendous benefits and opportunities to business has assured continuing enthusiasm for GST. However, the anticipated benefits and opportunities can

only be derived from a flawless GST model. If an efficient GST is to be implemented in an effective manner by both Centre and State Government need to show their state of readiness in meeting the challenges. There is no doubt that GST is aimed to increase the base of taxpayer, mainly in small business into its scope and will put the burden of rules and regulations and cost on them. Indian small scale enterprises will be able to complete with foreign companies. Thus the above pointers do indicate that GST could be a game changer for the trading business with potential reduction in operating expenses and better margins.

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GOODS AND SERIVES TAX ON PHARMACEUTICAL INDUSTRY

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ABSTRACT

Indian Pharmaceutical Industry. Indian Pharmaceutical Industry is highly fragmented, with more than 20,000 registered companies, with top 25 companies controlling 70% approx. of the Indian market. The major hubs of Indian Pharmaceutical companies are well established in Maharashtra, Gujarat, Andhra Pradesh, Himachal Pradesh (Baddi). 45% of the total number of manufacturing companies is in Maharashtra and Gujarat. 70% of India's demand is met by Indian Pharmaceutical Industry in the form of Bulk Drugs, Intermediates, Formulations, chemicals, tablets, capsules, orals, injections, powders, vaccines etc. This growth was spearheaded by the Indian companies. Slowly but surely, MNCs started losing their domination and a market share. The environment was much favorable to Indian industries, which attracted many new entrepreneurs. Dr.Reddys was set up in 1984, Sun pharma in 1983, Shasun in 1976, Aurobindo in 1986, Divis Laboratories in 1990, Orchid Chemicals in 1992, Hetero Drugs in 1993. Most of the Pharma companies operating in India, even MNCs, employ Indians almost exclusively from the lowest ranks to the high level management. Like any other industry, homegrown Pharma industry, is a mix of public and private enterprise.

INTRODUCTION

The **Goods and Services tax (GST)** is one of the India's biggest indirect tax renovations. It is expected to be beneficial for Indian pharmaceutical industry in a long run as its objective is to simplify tax structure and bring operational efficiency. However, GST is welcomed as it creates a level playing field for pharmaceutical companies and will eventually benefit the consumers. Considering the health care and pharma industry, it is expected that the new GST regulation would benefit the consumers by making affordable health care in reality.It is believed that information technology will play a crucial role in its effective execution and hence it is necessary to have a durable infrastructure to ensure seamless compliance and tax administration but analysts warned that there will be very less effect on the inflationary impact of GST on prices of medicines in the short run of one or two years. Also, the impact on pricing of drugs will be neutral up to **12%** tax rate and beyond that, there will be inflationary effect to some extent.

The main concern is the rate of GST must be kept at a competitive level in order to have no increase in prices of drugs and medicines. GST may also have the impact on companies to clean up

their supply chain in order to save taxes. It is seen that despite the initial issues of tax rate and compliance, in the long run, GST will be a win-win situation for both pharmaceutical companies and consumers.It was stated by Sujay Shetty, the leader of the pharma and life sciences at PWC India that the simplification of supply chain and improved operating environment will alone add **2%** to the size of the pharma market and even a **2%** reduction in production or distribution cost of medicines will add the profits up to **20%**. It is the single biggest benefit in the arm for the pharmaceutical industry and it creates a competitive advantage for those who move early. The Indian pharmaceutical industry has the domestic turnover of over **$15 billion** and has been witnessing high growth in the past decade but it is still facing problems like heavy competition and increasing price controls and the new GST regulation will overcome such problems

What is GST?

GST stands for Goods and Service Tax is the biggest Tax reform in the era of Indian Indirect Taxation industry which will subsume various taxes like VAT, CST, Service tax, excise duty, additional excise duty, Luxury Tax, Entertainment Tax and many more. GST is the single taxation system in India which will help in eliminating time, cost and effort.Now let us understand the impact of GST on Pharmaceutical industry. An enactment of the most awaited Goods and Services Tax (GST) Bill caught the attention throughout all industries in India. It will benefit most of the sectors and make the taxation easier as compared to the current taxation system.

BENEFITS FROM GST

A join up of all the taxes into one consistent tax will have simplicity in doing business in India. GST would also advance the operational competence by rationalising the overall supply chain that could alone add **benefits** to the healthcare industry.One more support likely to accrue due to GST is the lessening in the cost of technology. At present, the technical devices and equipments which are imported into India by the medical industry are too much expensive. The duty which is levied is not sanctioned as a tax credit under the tax regulations before GST. However, with GST this situation has changed.With GST, the duties being charged on the overall imports of medical devices and the healthcare machinery would be authoritative as a credit

What will be Its Effects on India's Pharmaceutical Industry?

Goods and Service Tax is expecting to have a positive impact on the Indian Pharmaceutical Industries as it will decrease the manufacturing cost since eight different taxes are levied in the pharmaceutical industries helps in easy going business. It will eliminate the cascading effect of multiple taxes applied on One Product. The **Biggest advantages for the Industries**, Traditional Cost and Distribution Model will get replaced by supply chain efficiencies due to discontinuance of the Central Sales tax and interstate transactions between two dealers will become tax neutral. This will lead to a decrease in cost which can be added to margins and even customers will get benefit from it. This will provide complete freedom to the companies to explore strategic supply chain and distribution channel. Additionally, it is uncertain till now that the healthcare services and lifesaving drugs will continue to be exempted or not under GST Regime. Under Current Indirect Taxation, these are exempted from Excise Duty and Custom Duty and some states charge 5% taxes on Medicines.The rate of GST should be kept at a comparative level in the lowest slab for the pharmaceutical industries. Analysts specify the GST rate up to 12% to be neutral tax rate whereas anything above will have an inflationary effect on pricing. GST Council has finalized the tax rates of the products in Nil, 5 percent, and 12 percent category.

Beside some positive impact, there are some negative impacts also. As GST is applicable on phases of the supply chain, it will have a negative impact on Free-drugs samples, Bonus/Discount Schemes, Inter-state stock transfer, etc. Pharmaceutical companies will experience improved operational efficiency, reduced manufacturing & transaction costs as well as improved compliance. It will also benefit warehousing strategy. As of now, companies kept their warehouses in different States to avoid Central Sales tax of different States. Now, they can consolidate warehouses at strategic locations as they will only have to pa

Effect on medicines

While there may not be a huge impact of GST on medicines, but a tax rate of **5%** on life-saving drugs that treat diseases like malaria, HIV-AIDS, tuberculosis, and diabetes is expected to marginally increase prices of these drugs.Until now, these drugs were exempted from excise and customs duties. However, a few states were charging 5% on these drugs which will now be subsumed under GST. Under GST, there will be a 12% on formulations and 18% on APIs (active pharmaceutical ingredients) – the bulk drugs that go into the making of final pills and tablets.

India's Pharmaceutical Industry Restores From GST Impacts

The Pharmaceutical Industry of India now has restored from GST impacts with correction in drug inventory of stockists. The validation is done based on a small increase seen in domestic market sales of major pharmaceutical companies which are Torrent Pharmaceuticals Limited, Alembic Pharmaceuticals Limited, and Cadila Healthcare Limited.The in-house drafting business of Torrent Pharmaceuticals Limited marked revenue of Rs. 607 crore in the July-September 2017 quarter, a hike of 30% above Rs 464 crore revenues recorded in Q1 in 2017-2018 financial year. Accordingly, Alembic Pharmaceuticals Limited's sales scale went up by 63.3% to Rs. 385 crore in domestic business specifically in Q2 comparing the Rs 236 crore in Q1. Besides, Cadila Healthcare also observed the surge in domestic business sales to Rs 895 crore in Q2 for 2017-2018 fiscal year.

As per the consideration of Pharma industries, the April-June domestic market sales declined due to stockists diminished drug inventories before GST roll out to load off dual taxation on stocked goods. The stocks further reduced in July as inventory days diminished to 17 in the meantime of GST roll out. As per the All India Organization of Chemists and Druggists (AIOCD), the inventory days period used to be 40 days previously.Viranchi Shah, the chairman of the Gujarat State Board-Indian Drug Manufacturers Association (IDMA) said, "The Indian pharmaceutical market's growth had eased to around 3%, which has again picked up to 9% for the month of October."

GST increased Pharma Industry's worries:

The Indian pharmaceutical industry ranks third largest in the world by volume of production and 14th in terms of value, thereby accounting for around 10% of world's production by volume and 1.5% by value. The industry has witnessed a robust growth over the past few years moving on from a turnover of approx. USD 1 billion in 1990 to over USD 30 billion in 2015. Indian pharma industry is mainly operated as well as controlled by dominant foreign companies having subsidiaries in India due to availability of labor in India at low cost of production.Through the introduction of a system of product patents since 2005, Indian industry has today become very a worldwide exporter of high quality generic drugs. Indian exported drugs worth USD 15 billion to more than 200 countries including the highly regulated markets of US, Europe, Japan and Australia. Indian companies are also making their presence felt in the emerging markets around the world, particularly with a strong portfolio in anti-infective and antiretroviral.The industry now produces bulk drugs belonging to all major therapeutic groups requiring complicated manufacturing technologies, the formulations produced are in various dosage forms. Based on projections by a McKinsey report on Pharma 2020, India's pharmaceutical sector is to grow to USD 55 billion by 2020.The industry has been certainly grown yet the pharma sector is in trouble according to a HDFC Securities Institutional Research report.

Trump thunderous affect on Pharmacy

Early during the year in Jan'17, President Donald Trump, told US drug makers to bring back manufacturing to the United States. This "Buy American" move could largely affect the Indian pharmaceutical companies. India exported USD 6billion worth of drugs to US in 2015 and restrictions on pharmaceutical imports and manufacturing abroad could impact the industry in India. Trump also promised to relax the regulations required by the United States Food and Drug Administration (USFDA) and told companies to lower down the prices keeping trade should be the purpose for prices control.How much will be the impact of Trump's push on the Indian pharma sector is a matter of time. Yet, can see the results for the fourth quarter of fiscal 2017, the pharma sector's performance was impacted by sudden decrease in US sales.

GST adds to pain

Back home in Indian market, the industry's performance during the first quarter of financial year 2018 is likely to be affected by GST-led de-stocking of inventory. The implementation of the Goods and Service Tax (GST) has impacted the primary sales and profitability of pharma companies in the domestic market and aggravated their overall performance.

Performance Metrics

The top-line of the industry is expected a single-digit decline on year to year basis for the companies covered under the umbrella. The profitability will decline due to both lower sales of exclusive products such as gGleevec, gGlumetza and gAbilify, and compensation for lost tax credits offered to dealers in the face of GST implementation.During the fourth quarter of 2017, the operating performance had decreased and now during the fiscal 2018, companies such Cadila Healthcare Ltd (CDH), Glenmark Pharmaceuticals Ltd (GNP), Aurobindo Pharma (ARBP) and Lupin (LPC) are receiving higher number of product approvals, leading to stronger base businesses in the US.

The Giants Fall

The Indian giants of the pharmaceutical industry occupying 70 to 80 percent of the market, includes Sun Pharma, Lupin, Dr. Reddy's Labs and Cipla. The quarter doesn't look any rosy for these companies either.

Sun Pharma (SUNP)

During the first quarter of fiscal'17, SUNP will report decline in its top-line item to 15 percent on a high base mainly owing to high gGleevec sales. However, even excluding gGleevec, sales will decline 9 percent year on year basis, owing to no product launches and eroding sales of Taro. Taro is a U.S based subsidiary of Sun Pharma.Given the domestic market scenario leading to GST implementation, the domestic business of Sun Pharma is also likely to decline. Although, sequential improvement in operating margins at 25 percent is expected owing to the absence of the one-off costs of 4QFY17.

Lupin

On a high base and considering the domestic market disruption will lead to a modest top-line decline of 4 percent for Lupin. The pharma major is expected to report better EBITDA margins sequentially, with the absence of several one-off cost, on account of increased R&D spend and the decreasing contribution of gGlumetza and gFortamet. Lupin's key measurable will be visibility of significant product launches in the US market in fiscal'18.

Dr Reddy's Labs

Dr Reddy's (DRRD) first quarter is expected to increase its revenue by 4 percent on year to year basis and improve its margin by 7 percent over the first quarter of fiscal'17, which included significant remediation cost related to US Food and Drug Administration (USFDA) plants.The aspect to look out for the drug-maker is the update on the regulatory matters concerning its manufacturing facility at Duvvada, Visakhapatnam. The USFDA has made 13 observations relating to deviation from good manufacturing practices (GMP) at the company's cancer formulations facility.

Cipla

During the first quarter of 2018, Cipla's will likely post negligible revenue growth given its heavy domestic heavy portfolio. Also, owing to an unfavourable business mix during the quarter, its operating margins will decline as well. Key measures to look out for Cipla is its domestic business recovery during second quarter of financial year'18 and visibility on the US product launches.

Cadila Healthcare

CadilaHelathcare's US business to grow quickly with receiving 18 approvals during the first quarter of 2018. This will also compensate for any domestic business disruption due to GST. Growth is expected to increase by 7 percent on year to year basis.

Glenmark Pharmaceuticals Ltd

Despite a 5 percent decline in its domestic business, Glenmark is likely to report overall better revenue at 20 percent growth on year to year basis with margins improved at 23 percent. After a tepid last quarter of 2017, gZetia sales is likely to improve in this quarter. Key monitorables for the company are updates on further balance sheet clean-up plans, write-offs and progress of its novel pipeline products

Positive and Negative Impact of GST on Pharma Industry

GST means Goods and Service Tax. It is an important step to control and reform the indirect taxes system in India.India is one of the largest producer of pharma products and 3rd largest pharmaceutical industry in World. Health Ministry tries for the development of new technologies to end the year for treating diseases, such as tuberculosis and cancer.

Drawbacks

The main drawback of the **GST** is that it is still not clear that whether the healthcare sector, as well as life-saving drugs and medical devices, will continue to be exempted from the taxes after the implementation of the Act or not.In case you are confused about GST as a business owner, feel free to consult the GST experts at LegalRaasta. You can get comprehensive assistance on **GST Registration** and **GST Return Filing**. You can also use our **GST software** for doing end-to-end GST compliance.

Conclusion:

The move of launching GST is a good initiative taken by our government. Though the government looks forward to providing a good services to its people, it may take some time for the consumers and market to settle around it. GST seems to solve the problem of dealing with many taxes on various services. The changes are somewhat new for the consumers to understand but will surely benefit the wellness industry by all means.

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IMPACT OF GST ON SERVICE SECTOR: TOURISM

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ABSTRACT

GST the Goods and Service Tax was levied on 1st July 2017 to remove the complexities in the taxing system. Since, then GST began to make changes in all industries. Tourism which comes under the service sector has been facing both its advantages and disadvantages. As tourism makes quite a big impact on India's Gross Domestic Product it is necessary to study its results. Tourism is also inter-related to other industries like hoteling, transportation etc. So, the taxation on these industries clearly affects the tourism. The Government have to take this into consideration because, foreign tourists would skip our country if the fares here are high. But luckily, our tourist agents are quite happy with the GST. Here, in this presentation let us have a look at the impact on tourism caused by GST.

KEYWORDS: Tourism, Goods and Service Tax, impact.

INTRODUCTION

The Indian tourism industry has emerged as one of the key drivers of growth among the service sectors 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 large employment generator besides being a significant source of foreign exchange

for the country. India has moved up 13 positions from 65th to 52nd rank in Tourism and Travel competitive index. The tourism industry in India recently got updated with a new set of Goods and Services Tax (GST) rates that got rolled out from 1st July 2017. From that day the tourism industry have begun to see its impacts.

WHAT IS GST?

The Goods and Services Tax (GST) is a value-added tax levied on most goods and services sold for domestic consumption. It has replaced many Indirect Taxes in India. The Goods and Service Tax Act was passed in the Parliament on 29th March 2017. But, it came into effect only on 1st July 2017.It creates a single comprehensive indirect tax structure for the whole nation, which will subsume all the other smaller indirect taxes on consumption like service tax, etc., making India a unified common market. GST will ensure a comprehensive tax base with minimum exemptions, in helping the industry, which will be able to reap benefits of common procedures and claim credit for taxes paid. GST, as per government estimates, will boost India's GDP by around 2%.

TOURISM INDUTRY AROUND THE WORLD

According to a representative from the UN World Tourism Organization (UNWTO), tourism is the world's 3rd largest export avenue in terms of global earnings, only after fuel and chemicals. Tourism is responsible for one out of 11 jobs and also for 10% of the world's economic output.

TOURISM INDUSTRY IN INDIA

- Tourism in India accounts for 7.5% of the GDP and it is the third largest foreign exchange earner for the country.
- The tourism industry's contribution to India's GDP have nearly increased to US$ 136 billion by the end of 2016 and it is expected to further grow to US$ 280.5 billion by 2026.
- Tourism is also among the highest employment generating sectors and among the top 10 sectors in the country with the highest volume of foreign direct investment. The industry is expected to generate 13.45 million jobs across sub-segments such as Restaurants (10.49 million jobs), Hotels (2.3 million jobs) and Travel Agents/ Tour Operators (0.66 million).
- Tourism is also among the highest tax generating sectors in the country.

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.

SIGNIFICANCE OF TOURISM INDUSTRY IN INDIA

- India is ranked 3rd among 184 countries in terms of travel and tourism's total contribution to GDP in 2016. In India, the sector's direct contribution to GDP is expected to grow by 7.9% per annum during 2016 to 2026.
- 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 annum to 46.42 million jobs by 2026.
- Travel & tourism's contribution to capital investment is projected to grow at 6.3% annum during 2016 to 2026, higher than the global average of 4.5%.
- Contribution of visitor exports to total exports is estimated to increase at 7.2% per annum during 2016 to 2026 compared to the world average of 4.3%.
- 100% FDI is allowed under the automatic route in tourism, 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.
- Foreign exchange earnings from tourism accounted for US$21.1 billion in 2015, witnessing growth at a CAGR of 10.5% during 2006 to 2015.

IMPACT AND CHALLENGES OF GST ON TOURISM INDUSTRY

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

- The multiple taxes would be replaced by one single tax, the rate of which is likely to be between 16% to 18%. The sector may benefit in the form of lower tax rates which should help in attracting more tourists in India.
- There are likely to be concerns in valuation of restaurant services in view of the industry practice of discounts/offers/policies in the form of incentives. The proposed valuation rules are different from the existing ones and as such this sector need to frame an appropriate policy for such discounts in advance making it a part of documentation. Any discount which is not known at the time of entering transaction with customer shall not get the benefit of reduction in corresponding taxes under the GST regime.
- 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. Anyone providing services from multiple states is already enjoying "One Nation One Tax". However now that the states also have been constitutionally granted right to collect GST on services, each state would start behaving like a separate country. And if that is so a service provider catering to customers from different states, will have to opt for registration in each such State or Union Territory.
- Service providers will have an option to take different registration for separate business verticals which needs to be examined on case to case basis. Normally a service provider may opt for a single registration which would enable it to set off GST Input Tax Credits of all the verticals against the GST Output Liability of all the verticals put together. As per the latest CGST Act as assented by President on 12th April 2017, "business vertical" means a distinguishable component of an enterprise that is engaged in supply of individual goods or services or a group of related goods or services which is subject to risks and returns that are different from those of the other business verticals. A service provider may opt for multiple

registrations if the verticals are actually operating as independent decentralised branches with a difficulty in coordination of related compliances.

- 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 creditmatching under GST would be very difficult to handle and would lead to increase in workingcapital 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 GST returns that are three in numbers - One for Outward Supply, One for Inward Supply and One final consolidated return. In addition, an annual return will also be required to be filed.
- There is a provision for GST audit like service tax audit under old regime.
- The e-commerce companies may have to revamp the current models, as the VAT rate arbitrageavailable in the current law may not be available in GST. Tax Collection at Source (TCS) provisions have been introduced on ecommerce operators in the Model GST Law though thereare no provisions relating to collection of tax at source under the old regime.
- Alcohol and electricity are out of the preview of GST net. The taxation on alcohol would be different than the single GST rate. The hotel industry consumes a lot of electricity as a prime consumable and the levy of electricity duty would also not be covered in GST. Thus, the hotel industry would not be able to avail the input credit on the two items which will have a negative impact on this sector.
- The hotel industry spends a lot of money on construction and renovation. They have to move with the times in order to remain competitive and attract customers. The money paid as taxes on the works contract services when supplied for construction of an immovable property is notallowed for this sector when such services are not used for further supply of works contractservice. This would have a negative cascading effect despite strong promises being made bythe government in this regard.
- The definition of Export of Services does not include the tourism sector. Therefore, the definition needs to be updated in order to boost tourism sector.
- Aviation Turbine Fuel is currently treated separately from other petroleum products for claiming mod vat credits and since ATF is not being brought under the GST regime there would be substantial cost impact on ATF used in aircraft due to cascading duties leading to price increases. It would be interesting to note what the government does to regularise this anomaly.
- Lot of services in this sector comes in the form of a bundle. It would thus have to be seen whether the services being provided are composite in nature or a mixed supply. Both composite and mixed supplies have been defined separately under the GST Law.
- There will be ease of doing business for small service providers because of threshold exemption limit of Rs. 20 lakhs in place of existing 10 lakhs.
- Liberal availability of credit and compliance of anti-profiteering measures may benefit consumers by way of reduced price but fear of litigations and demands on account of anti-profiteering measures could be a cause of concern for service providers.

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

HOW THINGS WERE BEFORE GST IN TOURISM INDUSTRY

Before GST was rolled out, the tourism industry was liable to pay multiple taxes (VAT, luxury tax, and service tax). Let us take the example of a hotel whose room tariff is greater than INR 1000, this hotel was liable to charge a service tax of 15%. However, the effective rate of service tax was dragged down to 9% as the Laws under VAT regime gave an abatement of 40% on the tariff value. Next, the Value Added Tax (12 to14.5%) and luxury tax were added on top of this.An abatement of 60% for Restaurants brought the effective rate of interest to 6% on F&B bills, apart from VAT (12 to 14.5%).In case of Social functions like seminars, marriages etc. the bills were taxed with an abatement of 30% under bundled services.This VAT tax regime increased the final cost as an end user/customer paid a tax on tax. This was termed as cascading tax for consumer or end user. Tourism businesses and hoteliers could not avail any input tax credit on the taxes they paid, as state taxes like VAT could not be set off against central taxes like service tax and vice versa.

HOW THINGS ARE AFTER GST IN TOURISM INDUSTRY

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.However, 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 travellers.

As stated by GST Council, hotels with tariffs less than Rs 1,000 are GST free. Hotel Rooms for Rs 1,000 to 2,500 are taxed at 12% while those with a tariff of Rs 2,500 to 7,500 are liable for 18% tax and those above Rs 7,500 are taxed at 28%.However, tax experts suggest that hotels depend on tourist seasons for good business, hence the invoice value should be considered for calculating the GST rate in hotels. The tax slabs appear to create confusion among customers and the solution ahead as suggested by experts is to charge taxes on invoice or transaction value rather than the declared tariffs.

THE PROS OF GST

Administrative Ease

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

Clarity for Consumers

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

Improved Quality of Services

How many times have you had to wait in the hotel hallway 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.

Availability of Input Tax

The tourism 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

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.

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.

Lack of Parity with Asian Counterparts

As India becomes an even bigger player in the global tourism industry, we need services to be at par with global rates. Our Asian neighbour 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 wish lists. India is a global tourism hotspot, but it still loses out on the backpacker crowd due to these high rates.

TOUR OPERATORS GETTING RELIEF UNDER GST

The government is likely to provide tax credits to tour operators which will reduce the cost of tour packages or those booking the holidays. As per the tax experts, the council has 2 options available.

- The first one is being levied 12% GST along with tax credit paid on all inputs.
- The second one those operate in similar nature of business will get credit for input service, GST is levied at 5%. Currently, tour operators are being levied 5% tax on tours without input tax credit.

A tour package generally comprises of hotel accommodation, local sight-seeing, and entry to monuments. In the last GST Council Meeting, the government is not levying any taxes in an entry of monuments and most of the guides are not registered under GST. Industry operators said that still tour operators are being levied 15 to 20% GST and it depends on the cost of room of hotel selected. The total tax is levied nearly to 25% under GST, enhancing the cost of the tour package if in case the package has been sold- out to another operator due to the embedding of taxes.Initially, the impact of GST is sure to affect the hospitality industry, which is an important part of the tourism industry. However, it may prove to be beneficial for the industry in the long run. The benefits are expected to seek under GST regime, R&D cess to be payable on technical know-how and franchise fees will be

reduced as one. This would result in the elimination of compliance procedures and multiple taxes.For consumers, the GST will bring about a hike in prices when it comes to traveling and paying for hotels. But the same is likely to change and benefit in the long run. As the duplication of taxes will be avoided on airlines and hotels, the set-off amount through such taxes would fall back in the laps of customers; hence the customers would be likely to pay less than in the short run.The taxes over the hotel and restaurant supplies which form the major component of tourism costs will likely be subjected to single tax thus reducing the burden of cascading taxes, initiating flexibility and cost effectiveness to benefit travellers.

CONCLUSION

If properly implemented the GST can prove to be a major benefit for the tourism industry. The process to claim and avail ITC (input tax credit) is simple and clear. Earlier, adjusting the tax paid on inputs against the output was complex and error-prone. This is believed to have become easy with GST. Also, under GST, tourists have a clearer idea about the tax they are paying.

RECENT IMPACT OF GST IN INDIA

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ABSTRACT

This paper is an analysis of what the impact of GST (Goods and Services Tax) will be on Indian Tax Scenario. Here stated with a brief description of the historical scenario of Indian taxation and its tax structure. 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. Several countries implemented this tax system followed by France, the first country introduced GST. The GST implementation is not yet declared by government and the drafting of GST law is still under process and democratic and therefore the GST will be implemented parallel by the central and state governments as CGST and SGST respectively. 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, l have discussed the possible challenges and threats; and then, opportunities that GST brings before us to strengthen our free market economy.

Key Words: GST, CGST, SGST, VAT, INPUT CREDIT

I. HISTORY OF TAXATION

The word tax is derived from the Latin word 'taxare' meaning to estimate. A tax is not a voluntary payment or donation, but an enforced contribution, exacted pursuant to legislative authority and is any contribution imposed by government whether under the name of toll, tribute, impost, duty, custom, excise, subsidy, aid, supply, or other name. The first known system of taxation was in Ancient Egypt around 3000 BC- 2800 BC in the first dynasty of the Old Kingdom. Records from that time show that the pharaoh would conduct a biennial tour of the Kingdom, collecting tax revenues from the people. In India, the tradition of taxation has been in force from ancient times. It finds its references in many ancient books like 'Manu Smriti' and 'Arthasastra'. The period of British rule in India witnessed some remarkable change in the whole taxation system of India. Although, it was highly in favour of the British government and its exchequer but it incorporated modern and scientific method of taxation tools and system. In 1922, the country witnessed a paradigm shift in the overall Indian taxation systems. Setting up of administrative system and taxation system was first done by the Britishers. Broadly, there are two types of taxes viz. Direct and Indirect taxes. Taxes in India are levied by the Central Governments. Some minor taxes are also levied by the local authorities such as Municipality or Local Council. The authority to levy tax is derived from the constitution of India which allocated the power to levy various taxes between centre and state.

II. INTRODUCTION OF GST

Introduction of the Value Added Tax (VAT) at the Central and the State level has been considered to be a major step – an important step forward – in the globe of indirect tax reforms in India. If the VAT is a major improvement over the pre-existing Central excise duty at the national level and the sales tax system at the State level, then the Goods and Services Tax (GST) will indeed be an additional important perfection – the next logical step – towards a widespread indirect tax reforms in the country. Initially, it was conceptualized that there would be a national level goods and services tax, however, with the release of First Discussion Paper by the Empowered Committee of the State Finance Ministers on 10.11.2009, it has been made clear that there would be a "Dual GST" in India, taxation power – both by the Centre and the State to levy the taxes on the Goods and Services. Almost 150 countries have introduced GST in some form. While countries such as Singapore and New Zealand tax virtually everything at a single rate, Indonesia has five positive rates, a zero rate and over 30 categories of exemptions. In China, GST applies only to goods and the provision of repairs, replacement and processing services. GST rates of some countries are given below. Country Australia France Canada Germany Japan Singapore Sweden New Zealand Rate of GST 10% 19.6% 5% 19% 5% 7% 25% 15% World over in almost 150 countries there is GST or VAT, which means tax on goods and services.

III. 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.

IV. CHALLENGES

a) WITH RESPECT TO TAX THRESHOLD:

The threshold limit for turnover above which GST would be levied will be one area which would have to be strictly looked at. First of all, the threshold limit should not be so low to bother small scale traders and service providers. It also increases the allocation of government resources for such a petty amount of revenue which may be much more costly than the amount of revenue collected.

b) WITH RESPECT TO NATURE OF TAXES:

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

c) WITH RESPECT TO NUMBER OF ENACTMENTS OF STATUTES:

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

d) WITH RESPECT TO RATES OF TAXATION:

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

e) WITH RESPECT TO TAX MANAGEMENT AND INFRASTRUCTURE:

It depends on the states and the union how they are going to make GST a simple one. Success of any tax reform policy or managerial measures depends on the inherent simplifications of the system, which leads to the high conformity with the administrative measures and policies.

V. SALIENT FEATURES OF THE GST MODEL:

Salient features of the proposed model are as follows:

(i) The GST shall have two components: one levied by the Centre (referred to as Central GST), and the other levied by the States (referred to as State GST). Rates for Central GST and State GST would be approved appropriately, reflecting revenue considerations and acceptability.

(ii) The Central GST and the State GST would be applicable to all transactions of goods and services made for a consideration except the exempted goods and services.

(iii) The Central GST and State GST are to be paid to the accounts of the Centre and the States individually.

(iv) Since the Central GST and State GST are to be treated individually, taxes paid against the Central GST shall be allowed to be taken as input tax credit (ITC) for the Central GST and could be utilized only against the payment of Central GST.

(v) Ideally, the problem related to credit accumulation on account of refund of GST should be avoided by both the Centre and the States except in the cases such as exports, purchase of capital goods, input tax at higher rate than output tax etc.

(vi) The taxpayer would need to submit periodical returns, in common format as far as possible, to both the Central GST authority and to the concerned State GST authorities.

(vii) Each taxpayer would be allotted a PAN-linked taxpayer identification number with a total of 14/15 digits. This would bring the GST PAN-linked system in line with the prevailing PAN-based system for Income tax, facilitating data exchange and taxpayer compliance.

VI. 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.

7. Prices of goods are expected to reduce in the long run as the benefits of less tax burden would be passed on to the consumer.

VII. APPLICABILITY OF CGST AND SGST

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

XIII. IMPACT OF GOODS AND SERVICE TAX

a) **FOOD INDUSTRY:**

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

b) **HOUSING AND CONSTRUCTION INDUSTRY:**

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

c) **RAIL SECTOR:**

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

d) **FINANCIAL SERVICES:**

In most of the countries GST is not charged on the financial services. Example, In New Zealand most of the services covered except financial services as GST. Under the service tax, India has followed the approach of bringing virtually all financial services within

the ambit of tax where consideration for them is in the form of an explicit fee. GST also include financial services on the above grounds only.

e) INFORMATION TECHNOLOGY ENABLED SERVICES:

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

f) IMPACT ON SMALL ENTERPRISES:

There will be three categories of Small Enterprises in the GST regime. Those below threshold need not register for the GST Those between the threshold and composition turnovers will have the option to pay a turnover based tax or opt to join the GST regime. Those above threshold limit will need to be within framework of GST Possible downward changes in the threshold in some States consequent to the introduction of GST may result in obligation being created for some dealers. In this case considerable assistance is desired. In respect of Central GST, the position is slightly more complex. Small scale units manufacturing specified goods are allowed exemptions of excise up to Rs. 1.5 Crores. These units may be required to register for payment of GST, may see this as an additional cost.

VIII. CONCLUSION

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

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A STUDY ON IMPACT OF GOODS AND SERVICES TAX ON SHARE TRADING IN VARIOUS SECTORS

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Abstract

GST also known as the Goods and Services Tax is defined as the giant indirect tax structure designed to support and enhances the economic growth of a country. More than 150 countries have implemented GST so far. However, there is a huge hue and cry against its implementation. It would be interesting to understand why this proposed GST regime may hamper the growth and development of the country. To know more about how it will effect on the stock market, traders can get suggestions from stock tips experts, they have better knowledge about market conditions and they can provide interested in share market.

Introduction

The introduction of Goods and Services Tax (GST) would be a verysignificant step in the field of indirect tax reforms in India. By amalgamating alarge number of Central and State taxes into a single tax, it would mitigatecascading 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 wouldbe in terms of a reduction in the overall tax burden on goods, which is currently estimated to be around 25%-30%. Introduction of GST would also make Indianproducts competitive in the domestic and international markets. Studies showthat this would have a boosting impact on economic growth. Last but not theleast, this tax, because of its transparent and self-policing character, would beeasier to administer.Goods and Services Tax (GST) has been launched from the 1st July 2017. But, the rumors' and speculations related to the **GST effect on stock market, stock transfer & Share trading** seem to be endless. Many intellectuals including top business analyst are very positive about the GST, while, some are very sceptical.

Impact of GST Bill on Different Sector Shares in India

As seen from very long, the GST Debate is going well with enormous talks going again and again in parliament, LokSabha, RajyaSabha and where is needed to reform the taxation scheme currently prevailing in India. Till today, Indian business units are running with basic indirect tax scheme which includes various steps and channel gates by which a tax payer has to undergo.Currently, the overall tax collection in India (direct and indirect) has a figure of Rs. 14.6 lakh crore within this Rs. 2.8 lakh crore comes from excise and Rs. 2.1 lakh crore from service tax making a 34 per cent of indirect tax. After the implementation of GST, the share of indirect taxes could significantly increase.

There are some common objective which are aimed by GST

- Making the Value chain more strong to ensure availability of input credit.
- To put control over extra taxation schemes.
- Making easy process of tax administration and compliance.
- Putting administration procedures, tax base, laws into a line.
- Cutting extra numbers of tax slabs for avoiding classification complexity.
- Putting all the states into an equality proportion.
- Increasing the tax base for strictly adherence

There are still challenges in front of the implementation of GST

- It is very hard to assume what will be the exact impact of GST in the coming future.
- No proper channel gates for controlling the tax evading parties.
- Mistakenly double registration could increase compliance and cost.
- Shortage of skilled staff
- Lack of adapting the changes.

Special Issues/Impact on Stock Transfers

➢The current system stock transfer are exempted under section 6A of the CST Act

➢ Input Tax reversal

➢ Depots and Go down have been created for non business reasons

➢ Excise Duty is payable on stock transfer

➢ Interstate stock transfers would attract IGST

➢Currently manufacturers pay excise duty and not traders

➢Huge cash flows on stock transfer

➢ Depots can avail IGST Credit subject to that sale happens

➢ Dealers willingness to hold stock

➢ Relevance of depots/godown/C&F

Short Term and Long Term Impact of GST on Indian Stock Market

It's a common belief that short-term impact of GST could be neutral to negative, but, in long run, it will further boost the economy and share markets of the country. Affirming this, the Finance Minister ArunJaitley said that there could be some difficulty initially after the goods and services tax (GST). Moreover, it is also expected that the GST will boost India's GDP growth by 150-200 basis points in the coming years.

It must be noted that the chaos and confusion related to GST regime is definitely going to impact negatively in the first quarter. Many companies, especially micro and small enterprises still require some time to completely accept this new taxation framework, so as to make proper adjustment for the input tax credit system. We must know by now that the input credit allows a seller to reduce the tax burden being paid by claiming offset for the taxes already paid on inputs.

The renowned brokerage firm, Kotak Institutional Equities, is of the similar opinion that the Indian market could be neutral to negative in the short run. The brokerage said, "We would be cautious on economic growth over the next one to two-quarters. The GST rate structure will be neutral to marginally disinflationary for CPI inflation. We estimate CPI inflation to be lower by around 20 basis points on an average due to GST rates".

The Dalal Street of the nation is already acting very carefully, due to which the BSE Sensex traded below the psychological level of 31,000 on June 27, for the first time after a month. "Stock valuations have moved up, if we compare from December 2016 levels. One has to be selective in choosing companies and sectors going forward, because it is not going to be a broad-based rally from here on, and not all stocks are going to deliver.

With high valuations, one has to be all the more selective," said KarthikrajLakshmanan, Senior Fund Manager- Equities, BNP Paribas Mutual Fund. Most of the tax experts are of the opinion that the manufacturing sector will have to face the most of the disruption. The producers now have a much higher compliance in the value chain, so that they can make the most of the new taxation system.

Some of Sector Wise Impacts of GST:

IT and Ites

Currently IT &Ites industry is paying 14 percent of tax to the authority and subjected to 18-20 per cent after the imposition of GST. Also an important point to notice here, that the long disputed issue of canned software taxation will also come to end as their will no difference arise between goods and services after the GST. Overall impact could be suggested here is neutral or slightly negative.

Telecommunication

In the current stage, the Telecom sector is paying 14 percent of tax to the governing body, but the scenario will take the shift after the imposition of GST. The expected rate of tax will arise to 18

percent and the companies would expect to pass the burden on the postpaid customers. There will also a lower input tax credit in this sector's cost. Overall, it seems that this regime will be negative to the industry and the sector will also be in state where they can't pass all the tax burden to the consumers especially their prepaid segment with lower.

Automobiles

Currently, automobile sector pays around 30 to 47 per cent of tax to the Indian government which is now expected to range between 20-22 per cent, after the implementation of GST. And the overall cost cutting can be expected for the end user by around 10 per cent. Transportation time should also be reduced as the check points and is cleared hands before. Overall GST will bring a smile into the automobile sector.

Consumer Durables

This sector will typically be neutral or negative for the companies who were enjoying tax exemptions before and falling under any concessional tax bracket. On the other hand, it will be somehow beneficial for the companies who were not exempted fromany tax scheme before. The 7th pay commission will also give demand to the sector and the warehousing will see certain boost in their profitability by 300-400 bps.

FMCG

The FMCG sector is also taking big steps in consolidation with the upcoming GST and has been working round clock to meet the deadline of GST. Although some rough ideas came after the prime ministers gave a speech and asked the states to clear the remaining bills as soon as possible. All the related Central, Integrated, Union Territory GST and GST Compensation to States Bills were cleared by the parliament but still have pending status with the states.

Furnishing and Decor

In current, the sector pays above 20 per cent of his share to the tax authority, and the organized sector composes of 65-70 of the total. The main agenda is to minimize the tax liability of both organized and unorganized sectors and to give more opportunities to the organized sector for being more loyal to the tax authority.

Logistics

By understanding the sector, the findings are into the pocket of organized players as there are many unorganized players who evade tax therefore creating a cost gap. After the implementation of the GST, the organized players get the cost effectiveness and would be enjoying the benefits of large set-up. Also, the interstate flow of goods would accelerate demanding for more services of logistics.

Cement

In the current scenario, cement sector is presenting 27 to 32 per cent of their share to the tax authority. After the rolling out of GST, this will improve the sector growth in various terms, like transportation by 20-25 per cent and in the warehouse scheme as the rationalization would be easy in terms of state wise fragmentation and also in the transportation cost as reduced transit time.

Textiles/Garments

Currently, the range is 6 to 7 per cent which the sector is paying. Somehow there is no idea about the impact of GST on this sector but the output tax rate high reason will be negatively impacted. Therefore, various export companies, will get some extra benefit from the duty drawback from the new GST implementation.

Pharmacy

Here, the impact could be neutral as the sector only shares 6 per cent of his share to the tax authority. The sector also avails the incentives in tax benefits of location wise. There are various concessional benefits and exemptions held for this sector and will extend till the expiry of the period. The implications of GST would also try to reduce the logistics cost and would also try to see in to the matter of inverted duty structure.

Metal

This sector is totally unknown from the imposition of GST tax regime on to him. But, the sector is currently paying 19-21 per cent of tax to the tax body, with 4 to 5 percent of VAT in particular state, Excise duty of 12.5 percent and CST 2 percent with variable entry taxes in particular state.

Gold

Finance Ministry is in keen observation of the gold market and its upcoming moderations which can affect the whole line of trading after the goods and service tax implication in India. The ministry is under stressed situation while feasting of a direct cut in the import duty imposed on the gold could send its effects on the gold bond schemes and can value down its necessity along with its viability.The ministry has gone through a deep research and survey to acknowledge the solution for this upcoming issue while ascertaining all the facts and responsibilities, it has been confirmed that the GST could be fixed at 3 percent on gold rate. This has clearly shown the intentions of the ministry that currently the authorities will not be cutting down import duties on gold.

Jewellery Export

According to the recent stats, the gold jewellery exports increased by only 1.92% while the Silver recorded an increase of 35.83% and the exports of cut and polished diamonds increased by 10.24 percent.

Banking and Financial Institutions

The sector is paying 14 percent right now, but not on the interest part of transaction. After the GST implied, the tax horizon can expand up to 18 to 20 percent on the fee based transactions. Overall input expense of operations will likely to increase and also hike in the transactions of financial in nature such as loan processing fees, debit/credit charges, insurance premiums etc.

Conclusion

The proposed GST regime is a half-hearted attempt to rationalize indirect tax structure. More than 150 countrieshave implemented GST. The government of India should study the GST regime set up by various countries andalso their fallouts before implementing it. At the same time, the government should make an attempt to insulatethe vast poor population of India against the likely inflation due to implementation of GST. No doubt, GST willsimplify existing indirect tax system and will help to remove inefficiencies created by the existing currentheterogeneous taxation system only if there is a clear consensus over issues of threshold limit, revenue rate, andinclusion of petroleum products, electricity, liquor and real estate. Until the consensus is reached, thegovernment should resist from implementing such regime. Efficient formulation of GST will lead to resourceand revenue gain for both Centre and States majorly through widening of tax base and improvement in taxcompliance. It can be further concluded that GST have a positive impact on various sectors and industry.Although implementation of GST requires concentrated efforts of all stake holders namely,

Central and StateGovernment, trade and industry. Thus, necessary steps should be taken.GST will improve the way of trading in stock market; it will simplify tax structure and make the supply chain more efficient and convenient. If GST bill passed in India successfully, it will be beneficial for stock market as it will send a positive message to the foreign investor. Our country will represent as a better policy maker in front of the foreign market, and then it will lead foreign investor to make an investment in the Indian stock market. It will boost our country economy as well as the reputation of the Indian country.

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CRITICAL IMPLICATIONS OF GST ON THE BANKING SECTOR

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ABSTRACT

Goods and service tax is an indirect tax levied in India on the sale of goods and services. The tax is come into effect from July 1 2017 through the implementation of one hundred and first amendments by the Government of India. The Banking sector in is one of the largest service sector in India..The implementation of GST will likely prove to be a challenge for the sector. The GST will be making higher turn towards the financial services of India, as previously followed 15 percent service tax is now converted into 18 percent GST. All the services like ATM withdrawing, bank account maintenance charges, loan processing charges everything has been hiked up to 3 percent from now. In addition to that there are more accounts and administration crises also there to implement GST in the banking sector. It is mentioned that the financial companies with both large and small status will

be equally profitable to the financial technology companies providing assistance in the management data and software tools.

Keywords: GST-Critical Impact-Tax-Financial Services-Technology-Accounts and Administration

INTRODUCTION

The banks provide different types of services to like Debit Card, Credit Card, and Internet banking, Cheque Clearance, NEFT, RTGS, IMPS, Funds Transfer, Demand draft, Demat Account, Wealth Management services, Home loans, Savings account, Personal loan etc. Some services by banks to a customer are centralized while some are localized to branches. All banking services such as ATM withdrawals, cheque book issuance, demand drafts and cash deposits will get costlier from July 1 with the implementation of GST

The banking sector is one of the largest services 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.

With the GST coming close on the heels of demonetization, the banking sector needs to ensure that they are ready for this new tax regime.

What is GST?

Goods and service tax (GST) is a single rate of indirect tax to be applied in the country. It subsumes all the central and state taxes levied presently in the country into one single tax rate. In India, GST Bill was first introduced in 2014 as The Constitution (122nd Amendment) Bill. This got an approval in 2016 and was renumbered in the statute by Rajya Sabha as The Constitution (101st Amendment) Bill, 2016.

India being a federal republic, GST will be concurrently levied at Central (CGST) and state (SGST) level. The Union will prepare and implement a common base for both the levels. Destination principle will be considered as a basis for the levy for CGST and SGST. Hence, exports will become zero-rated and import taxes will equalise with domestic goods and services taxes. An Integrated Goods and Service Tax (IGST) will be imposed on inter-state supplies in the country. IGST will be a sum of CGST and SGST of the relevant state. GST council will be formed for solving all the issues and recommendations relating to GST.

Also, an additional tax of 1% will be levied by the Centre for the supply of goods over and above IGST, assigning the income earned to the origin states. For an efficient and fruitful implementation of GST, the government will bear the losses incurred by the states and provide with compensations for five years. GST will reduce the administrative complications and simplify the indirect tax system in India. It will result in a significant change, creating a single national market under one tax procedure.

The following are the 4 critical implications of GST on the banking sector to help banks plan their GST implementation strategy.

1. Substantial Increase in Compliance:

GST is a parallel tax regime where the States and the Center, tax the payer in one go. Hence, banks may need to obtain State-wise registration in every State where they have a branch. In case a bank has multiple branches in one State, only one registration is required for all the branches in that State.However, most banks have a multi-state presence. State-wise registration will therefore lead to a substantial increase in compliance levels, especially because most banks have obtained a

centralized registration under service tax. So, currently, a bank may be filing only two returns on an annual basis as a service tax assesse, but with GST, the bank might be required to file as many as 61 returns per year for every State they are present in (five returns per month plus one annual return).

2. Determining Place of Supply Could be Critical

GST is a place of supply based tax regime. Hence, for every transaction in GST, the bank will need to determine the place of consumption where GST will be paid. With bank branches conducting several transactions, both within and outside States, determining the place of supply will not be very easy.The Model GST Law casts the onus of determining whether a transaction is intra-state or inter-state on the assesse. So, banks will need to decide whether the payment is against Central GST (CGST) and State GST (SGST) or Integrated GST (IGST), based on the type of transaction.Moreover, inter-state supplies of goods or services (or both) between two branches of the same bank, located in two States, will also attract IGST. The GST charged will be available as credit to the receiving branch; however, tracking such transactions could prove to be a cumbersome task.

Services being intangible in nature, proxy rules/ provisions are prescribed in the GST framework to help the assessee determine the place of consumption. Though, typically, the place of consumption for banking services (as per revised draft IGST Act) is the location of the recipient of services on the records of the supplier. But there is ample scope for wrong determination for a pan-India bank as there could be a dispute on who the service recipient is. Ideally, instead of putting the onus on the taxpayer to determine whether the transaction is intra-state or inter-state, the GST law should provide for a simpler redressal mechanism.

3. Taxability of Interest

In the current tax regime, the service tax legislation does not tax, interest. But with GST, the term service is defined in a wide manner to cover anything other than goods which may cover interest as well.Governments across the world do not levy GST on interest given the fact that there is always a debate on whether interest is the time value of money or a consideration for lending money. The GST Law in India too should clarify if interest is outside the ambit of GST. If interest is not expected to attract GST, it will have implications on input tax credits claimed by banks.

4. Paying GST at Applicable Rate

With GST, services are expected to attract 18% GST. This rate is higher by 3% from the current service tax rate of 15%. This may make banking services such as issue of cheque books and demand drafts more expensive, particularly for retail customers.Another point to note is that these days banks also deal in commodities such as gold / silver where a concessional GST rate is expected to be applicable. Therefore banks need to be careful in paying GST with the appropriate applicable rate on different products.

WAY FORWARD

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 must provide clarity on GST for the banking sector and shed light on several open ended issues that are plaguing them currently.IRIS has been in the compliance space for over 2 decades having worked with regulators and filing entities alike. On one hand, our solutions power the likes of the Reserve Bank of

India and Bank of Mauritius on the regulatory side, and on the other, we support banks in meeting their compliance filing requirements (FATCA, XBRL, FIU Reporting) and offer solutions for CRILC analytics.

BENEFITS 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.

DIFFICULTIES TO BANKING INDUSTRY:

- All the bank need to register for their all office location.
- They have to maintain separate books of account to have a control for all input tax credit and utilized and unutilized credit.
- 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.
- Complying with the requirements of reverse charge and partial reverse charge mechanism would add to further compliance costs.

TRANSACTIONS SUBJECT TO GST

There are certain services provided by banks that are impacted by the implementation of GST. Some of the services include

1. **Loan:** Loan being money to money transaction, is not subject to GST. Moreover, the interest that is to be charged on loans is also exempted from GST.
2. **Lease:** Lease, in financial sectors, can either be a supply of services (transfer of the right to use goods for cash, deferred payment, etc.) or supply of goods (transfer of title in goods), which will attract GST at the rate similar to assets that are leased out.
3. **Hire Purchase**: Hire purchase transaction includes a hirer providing an asset for use on hire rental basis and a right to acquire that asset at the end of the hiring tenure at a nominal rate. This transaction will, therefore, be charged at the same rate at which a hired asset is charged under GST.

In the current tax regime, the service tax legislation does not tax interest. But with GST the term service is defined in a wide manner to cover anything other than goods which may cover interests as well. Government across the world does not levy GST on interest given the fact that there is always a debate on whether interest is the time value of money or a consideration for lending

money. The GST Law in India too should clarify if interest is outside the ambit of GST. If interest is not expected to attract GST, it will have implications on input tax credits claimed by banks.

CONCLUSION

Like anything new, GST will have teething troubles. But on overcoming these troubles, the other countries saw the advantages of having a unified tax system, easy input credit, reduced compliances. 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. The key is to be GST ready. We at Clear Tax have understood the challenges Indian businesses and professionals are facing with the implementation of GST. Thus we are also keeping everyone up to date with GST articles, webinars, forums, discussions. We also have experts to help you with GST. 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. The impact of GST on banks will be such that operations, transactions, accounting and compliance will need to be reconsidered in its entirety.

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QUALITY OF WORK LIFE AMONG THE WORKERS IN SIPCOT UNIT IN PUDUKKOTTAI DISTRICT

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Abstract

Quality of work life (QWL) is an important concept for employee in an organisation. It shows the balance between work life and personal life of the employees. If an employee is satisfied with quality of work life, it automatically leads to improvement in the organisation productivity and satisfaction of the employees. Among all the elements of quality work life, four elements are taken into consideration. On the basis of these dimensions QWL is judged in sipcot industries. The result shows that employees of sipcot industries are satisfied with almost all the factors expect bonus & Incentive as well as training.

Introduction

These days' people spend most of their time in job and of course they expect the best from that working environment. Quality of work life actually a term introduced in the late 1960's. From that period till now this term is gaining more and more importance and have become more wide everywhere and at every workplace. Quality of Work life includes all the necessary components which an employee desire in an organisation. Every organisation should provide good physical environment, monetary and non monetary benefits, proper supervision, communication, resources and all the extra benefits necessary for employees for smooth functioning in the organisation. The concept of quality of work life is based on the statement that a job is more than just a job. In a simple way, quality of work life means giving work quality to the employees for their satisfaction and organisation's growth.As people spend most of their time at work place so it becomes more important and essential for an organisation to improve quality of work life to retain their employees in the organisation.A good quality of work life creates a healthy working environment employee in an organisation and this enables employees to actively participate in the organisation. Elements for a good quality of work life are safe work environment, equitable wages, rewards and benefits, appropriate job design, work life balance, good leadership and employee empowerment, equal employment opportunities and opportunities for advancement.Quality of work life can create positive and negative impact on the working environment of the organisation.

Review of Literature

Various studies have already been conducted showing different components of quality of work life in different organisations.

Balachandar G, Dr.pamchanatham N, Dr.subramanian k.(2013), have concluded that there are some of the components that affects quality of work life are income of officers, type of family and their education. They have also given the statements that existence of quality of work life in the insurance company improves the job of officers.

GoyalRita, aimed to explore the link between the quality of work life and employee's productivity. On the basis of this study it is concluded that employee's of insurance companies are happy with the working conditions in the organisations. The only dissatisfaction among them is due to less growth opportunities and it is considered that sound work life balance will definitely have a positive impact on employee's productivity.

Ahmad sameershalla, Dr.Faziliasifiqbal (2014), intend to find out the relationship between job satisfaction and QWL dimensions. The study concluded that the dimensions like work life balance and working conditions are more positively associated with job satisfaction.

Mohammed Raibul, BasherRubel and Daisy Mui Hung kee (2014), examine the relationship between the quality of work and employee performance. There are many factors that have positive significant influence on job satisfaction are supervisor behaviour, work life balance, compensations and benefits that have the highest impact. Lastly job satisfaction was considered most significantly and positively related with employee performance.

Indumathy.R ,Kamaraj.s (2012), took an attempt to look into the quality of work life among workers with special reference to textile industry. The investigation pointed out some factors that majorly influence and decide the quality of work life are nature job, people, attitude, working environment, stress level, opportunities, career prospects, challenges, growth and development, reward and benefits and risk involved in the work. It also concluded that workers are satisfied with work environment, relationship with co-workers and job security and they are least satisfied with salary.

Many other similar studies have been done on QWL by other researches also. However, this study is restricted to employees of sipcot industries in Tamilnadu.

Statement of the problem

The research and theorizing in the quality of work life areas has been based primarily on the assumption that is the individual's personal satisfaction or dissatisfaction that defines the defines the quality of his/her work rather than any objective criteria. Lansbury (1974), pointed out that poor working conditions lead to low quality of work life.wadud (1996) observed that younger and more experienced women employees had significantly higher perception on quality of work life than their counterparts. It is evident from facts that, when a work compels individuals to work more with negative values, the employee will frustrated with unfavourableness and quality of work life deteriorates. If this is so,then,is the level of perception on Quality of Work Life similar among the employees in units who are working in the SIPCOT,whichis located in pudukkottai.

Objective

1. To find out the satisfaction of employees working in sipcot industries from various QWL dimensions.
2. To identify the practices followed for improving the quality of work life in sipcot industries.
3. To measure the employee's perception on quality of work life.

Research Methodology

This study conceptualizes to find out the factors that affect and influence the quality of work life of workers working in sipcot industries. Among all the elements of quality of work life, only four elements are taken into consideration i.e. i) adequate & fair compensation and rewards, ii) work environment and facilities, iii) work life balance and iv) learning and development. On the basis of these four elements the quality of work life is judged for the sipcot industries' workers.

Sampling

Five hundred and nine employees randomly chosen from the list of SIPCOT units obtained from the inspector of factories, Pudukkottai and employees Trade union form the sample of the study.

Framework of analysis

The statistical tools used to analyse the data include (i) Chi-square Test (ii) Analysis of Variance (ANOVA) (iii) Simple correlation (iv) Multiple Regression (v) Step-wise Regression and (vi) Path Analysis.

(i)Chi-square test

Chi-square test has been used to examine whether there exists any associated variables and employee perception on Quality of Work Life.

In this chapter thirty six variables termed as attributes have been identified in order to test their association with employee perception on quality of work life. They are (i) Sex (ii)Age (iii) Marital Status (iv)Educational Qualification (v) Status of employment (vi)Status of Residence (vii) Area of Residence (viii) Local/ Migrated (ix) Mobility of Labour (x) Number of Earning Members (xi) Monthly Salary (xii) Monthly Family income (xiii)Monthly Family Expenses (xiv) Assets Possessed (xv) Loan Taken (xvi) Distance Travelled (xvii)Mode of Transport (xviii) Additional Remuneration (xix) Reading Habit (xx) Media Viewing (xxi) Membership in Trade union

(xxii)Awareness on labour laws (xxiii)Nature of job (xxiv)Type of labour (xxv) Nature of shift (xxvi) Experience in the Present job (xxvii) total Experience (xviii) Nature of problem Faced (xxix) Industrial Accidents (xxx) Type of Ownership (xxxi) Year of Establishment (xxxii) Size of the Unit (xxxiii) Type of Activity (xxxiv)Marketing area (xxxv) Quality Certification and (xxxvi) Periodicity of Inspection.

The levels of confidence chosen for the chi-square test are five and one percent

(ii) Analysis of Variance (ANOVA)

Analysis of Variance (ANOVA) has been used to test whether the mean perception on quality of work life index among different employees who are classified on the Basis of socio-economic factors, information seeking behaviour and awareness on labour laws, occupational and organizational factors and among the employees of various segments of employees significantly differed or not.

(iii)Simple correlation

Factors that are significantly associated with employee perception on quality of work life have further been tested for their nature and strength of relationship through correlation analysis under sipcot industry as a whole and four segments which consist of (i) Fabrication, Compacting and Calendaring Segment (ii) Dyeing, Bleaching and Printing Segments (iii) Cutting,Sweing,Embroidering and Packing Segment and (iv) Composite Unit Segments.Only those variables are (i)Age (ii) Educational Qualification (iii) Experience in the Present Job (iv) Total Experience (v) Mobility of Labour (vi) Monthly Salary (vii) Monthly Family Income (viii) Monthly Family Expenses (ix) Reading Habit (x) Awareness on Labour Laws (xi) Type of Ownership (xii) Year of Establishment (xiii) Size of the Unit (xiv) Nature of problems Faced (xv) Marketing Area and (xvi) Quality Certification.

The levels of confidence chosen are five and one present.

(iv) Multiple Regressions

The technique of Multiple Regressions has been employed to ascertain the combined influence of the sixteen variables-included for correlation analysis for the sipcot industry as s whole and for the four segments on employee perception on QWL.The following regression equation is framed and tested.

(v) Step wise Regression

The most prominent factors that influence employee perception on QWL are ascertained through step-wise regression analysis for the employees of sipcot industry as a whole and for the four segments namely (i) Fabrication Compacting and Calendaring (ii) Dyeing, Bleaching and Printing,(iii) Cutting,Sewing,Embroidering and printing and (iv) Composite Unit.

(vi) Path Analysis

Path Analysis has been carried out to find out the direct and indirect effect of the variables, included for correlation and regression analysis on employee perception on quality of work life for the Sipcot industry as a whole and for the employees of four segments.

Need and significance of study

The aim of this study is to identify the dynamics of quality of work life of employees working in sipcot industries. It is an attempt to explore a better understanding of the concept quality of work life. People can deliver their best potential if the QWL us improved and satisfactory. The findings of the

research will help the management and also employees of sipcot industries to understand the significance of quality of work life for sustainable growth of their business.

Limitations of the Study

The study has some limitations need to be acknowledged and addressed regarding the present study.

- The study has been limited only to the Pudukkottai district .Which employees only partially the Indian Scenario.
- Sometimes employees were unwilling to answer and it was difficult to convince them to answer all the questions.
- It was a herculean task to make them answer the questions in the schedule.
- The main limitation is that the scope of this study was limited only to Pudukkottai district. The information given by the employees regarding their income and other personal details were subject to personal biased. Hence the findings of the study may not be generalized. However, all these limitations have not affected the purpose of this study and its logical presentations.

Suggestions to Employer

1. In the SIPCOT industry 'Quality Enhancement Centre, can be formed as they exist in many firms in foreign countries. Employees may be given an equal opportunity to participate in the decision-making process which is connected with the overall enhancement of product, production and the personnel.
2. In order to create an awareness about the duties ,rights as an employee they should be given with an orientations programme at least of short duration as and when the need arise.

Suggestions to Employees and Trade Union

1. Workers should whole heartedly take part in the quality enhancement activities as and when they are suggested or implemented by their employer.
2. In order to enrich the knowledge of the working of the working community regarding the rights and duties, trade unions should take steps to translate important provisions of worker related laws in vernacular language so that employees may be able to understand them.

Suggestions to NGOs

The NGOs are also bound to render the required helps to elevate the level of the quality of work life of the sipcot employees.

1. NGOs should circulate information about the components of quality of work life among the working community thought regular news-letters.
2. NGOs may play the role of an intermediator to solve problems that may arise between employers and employees.
3. NGOs should develop a model sipcot unit which incorporates all facilities to workers so as to ensure better quality of work life.

Suggestions to Government

1. The Government should organise orientation programmes at least for the promoters of the sipcot units so that they may have a chance to know the duties of the employer and the rights of the employees.

2. The Government has to develop a special scheme to reward employers who are doing excellently well in maintaining quality of work life in their units.

3. The Government should insist all the sipcot units to register with the Inspector of Factories irrespective of their nature and number of workers in their units so that the Government can take steps to ensure better quality of work life to all employees.

Conclusion

Quality of work life (QWL) is one of the major factors that drive an employee to deliver his/her best potential. It indicates how regarding or satisfying the time spent in the workplace is. On the basis of the study it can be concluded that employees of sipcot industries in Tamilnadu are majorly satisfied with QWL dimensions under study. On an average they are satisfied with pay scale and promotion policy in their organisation. They feel that organisation provide them adequate payment and medical and other allowances. They are also satisfied with working environment and social & management support of the organisation. This reduces absenteeism in the organisation motivates them to improve their productivity. They are also happy with work life balance of the organisation as they can easily manage their work and personal life, which removes work pressure of employees and they can easily spend time with their family. However, some of the employees are not fully satisfied with the fair payment for performance and training facilities. They are not provided with the appropriate payment for their performance. They are also not satisfied with the training because organisation provides them basic training which is not helpful in improving performance level of the employees.

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GST-ITS IMPACT ON ENTREPRENEURS

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ABSTRACT

India is the fast growing economy and entrepreneurs play a significant role in promoting the Indian economy .Entrepreneurs have a favorable climate in India as we have abundant natural resources and human resources. The judicious mix of them solves the economic backwardness and unemployment of India. There lies the importance of entrepreneurship. One of the barriers of entrepreneurship is lack of support from various control agencies that impose various complex

procedures and rules. As a single tax on the supply of goods and services, right from the manufacturer to consumer GST influences the small scale units and entrepreneurs. This paper focus on how the newly launched GST affects the entrepreneurs positively and negatively for a better understanding on them for the promotion and growth of entrepreneurship.

Objectives

1. To provide an understanding on the key GST Concepts
2. To provide an understanding on the significance of entrepreneurship
3. To analyze the impact of GST on entrepreneurs engaging in MSME

Introduction

Goods Service Tax(GST) is an indirect tax which was introduced in India on July 1 2017 and was applicable throughout the country which replaced multiple cascading taxes levied by the central and state governments. It was introduces in the constitution as 101 amendment. The GST is governed by a GST Council and its chairman is the Finance minister of India. Under the GST, goods and services are taxed at 0%,5%,12%,18%,28% tax rate. There is a special rate of 0.25% on rough precious and semi precious stones and 3%on gol. In addition a cess on 22% to 28% on few items like aerated drinks luxury cars and tobacco products. GST replace a slew of indirect taxes with a unified tax and is therefore set to dramatically reshape the country's economy. Before implementing GST following taxes imposed by central and state governments on goods and services

1. Central Taxes:

Excise duty
Service tax
Customs duty
Surcharge and cess

2. State taxes

Value added tax
Sales tax
Entertainment tax
Luxury tax
Tax on lottery
Entry tax etc

GST in India and rest of the world

160 countries have adopted destination based consumption tax in the name of GST or VAT. The earliest adopter is Canada and the recent adopter is Malaysia. Tax rate of those countries are 5% to 25%. If India adopts 28% India will be the highest adopter of GST in the world. India will be the third country after Brazil and Canada to have a duel GST system instead of single unified GST system.

Road Map of GST in India

First proposal in 2006-07

Budget for implementation in April 2010

CST reduced from 4 to 3%

Study paper on GST released

Dual GST system decided in 2008. CST reduced to 2%

First discussion paper of empowered committee released in December 2009

Election prevented implementation in 2010

Constitution amendment bill tabled in 2011

Report on GST standing committee on Finance tabled in 2013

Revised constitution amendment bill tabled in 19/12/14 passed by parliament on 6/5/15

Draft formats of return refund etc released by empowered committee on October 15

Constitution amendment bill passed by Rajya Sabha on 14/8/16.

Draft formats released in March 2017

The GST bill 2017, IGST Bill 2017, GST state compensation bill 2017 and GST Union territory bill 2017 passed by parliament in 29th March 2017

Federal system of India necessitates separate central and state GST Acts. Accordingly Central Government passed 4 acts and each state has to pass its own state GST Acts.

Role of Entrepreneurs

Entrepreneurs play a significant role in India. Entrepreneurship is the only panacea to solve the unemployment problems of India. As the population increases in an exponential phase the rate of unemployment also increase which result poverty underdevelopment and so many social and economic problems. India is living in villages, unfortunately villages are the most affected area of unemployment. Entrepreneurship has a favourable climate in India because our entire geography is highly suitable for self employment or entrepreneurship. We have vast environmental resources majority them are either unutilized or underutilized. At the same time we have enough human resources also unutilized and underutilized. If we judiciously mix both our natural resources and human resources we can create wonders. We can overcome all the social evils like unemployment, poverty and underdevelopment. As you know the future is ours by 2030 out of the total population majority will be youth. Giving white collar job is not a remedy to solve the problem of unemployment. so more focus should be given for entrepreneurship. As per the data industry and commerce an average person consume every day directly or indirectly 30 to 40 consumables. The producers of these items are only 10 or 15. That means for the 120 plus people they manufacture the items and market in different brands and different names. They are growing rich and rich by multiplying their income. By realizing all the above facts more attention should be given for self employment which is otherwise called entrepreneurship.Government of India now adays introducing various programmes for encouraging entrepreneurship. MSME Act provides various schemes subsidies and assistance to small enterprises. As a result small business is growing in India.

Being the primary growth driving force, now we have 3 million MSMEs in India contributing 50 % of total industrial output, which is around42% of India's total export. They create more employment opportunities and balanced development.

The impact of GST in small business/Entrepreneurs

Though GST not mentioning the word small business MSME etc it give direct and indirect benefits to entrepreneurs. The small business will witness a complete transformation of the taxation system once the GST came in to effect.One of the barriers of entrepreneurs in India is lack of support

from control agencies through the imposition of various rules regulations for formation and transaction including marketing and record keeping and taxation. As we know most of the entrepreneurs are coming from poor or village back ground with small financial investment cannot afford the formalities and strict rules imposed by authorities. So many people are not coming to take up entrepreneurship due to the fear of not getting support from officers and fear of payment of taxes. Tax burden is one of the important barriers for entrepreneurship. Different types of taxes like Sales tax, VAT, Customs duty, Import duty, excise duty etc creates so many burdens to entrepreneurs which are different from state to state and not uniform in all places.

Introduction of GST removes so many burdens and give a lot of benefits to enrpreneurs

1.Exemption of Micro entrepreneurs and startups

Since GST use no words on small taxable persons but there are exemptions to samall income groups. Those whose total income not exceeding 20 lakhs are fully exempted from paying GST. There are slabs or ceiling of persons whose turnover of less than50 lakhs in the preceding financial year.For example those whose turnover up to 20 lakhs covered under basic exemption limit. Those whose turnover up to 50 lakhs there are remedies available in the form of composition levy. Every supplier shall not be liable to GST if their aggregate turnover does not exceed 20 lakhs aggregate turnover means aggregate value of all taxable supplies including exports but non taxable supplies.The supplier whose turnover up to 50 lakhs is eligible for composition levy as 2.5% of the total revenue in case of manufacture and 1% in any other case.Composition levy is not applicable to Interstate outward supplies of goods.

2. **Transparency**

Openness and transparency in transaction are the key factor help the entrepreneurs after implementing GST. There are clear cut procedures, rules and payment system mention in GST which makes the business more transparent and open.

3. Paper less transaction and recording

Entrepreneurs may not be educated accountants or financial experts and analyst. Earlier entrepreneurs have to depend the chartered accountants or certified accounting practitioners' foe recording and payment of their taxes. They have t o keep so many accounts for audit and other purpose. GST brought paper less accounts and insists online transaction which are easier, flexible and error free. It saves time and cost.

4. More competitive

Entrepreneurs become more competitive after GST because GST help them by giving more tax exemption and relaxation which may lead small enterprises to compete with large enter prices

5. Avoid barriers like VAT, Different TAXES and rules

Earlier we had somany types of taxes each one is different from one other which were complex and unscientific. Now all taxes centralized in to one and entrepreneurs especially startups are free from all barriers

6. Ease of starting business

After the implementation of GST entrepreneurs can follow online record keeping paper less transaction and payment system which help them to start variety of units very easily

Comparison of small business before and after GST

Items	Before GST	After GST
Starting business	Different state needs VAT registration Different state has different Tax rules Complication to lead business High procedural fee	Unified Tax Centralized system Starting business easy
Market expansion	Limited in states Burden of inter state sales tax	Sales tax nullified Tax credit transfer Expand interstate market
Reduction tax burden	Above 5 lakh pay various taxes including VAT	Above 20 lakhs exemption to all Up to50 lakhs composite levy
Goods and services	Different criteria for manufacturing goods and service sectors	Same rule for goods and services
Improved logistics and faster delivery	Entry tax Check posts Corruption	No entry tax No check post Contain corruption Logistic cost for manufacture of bulk goods will get reduced by 20%
Removal of multiple taxation	Different taxes	Unified in to one

Disadvantages

Apart from the advantages, some demerits also seen in GST

All units more than 20 lakhs must be registered in GST

Interstate suppliers to be registered

Casual tax payment cannot lag after 3 months

GST on each purchase

Technical knowhow of startup and entrepreneurs

Working capital block

Service provider to be given tax

The burden of lower threshold: The GST council has insisted the threshold limit to 20 lakhs,that is any service provider will be subject to tax levy. In the currernt central excise duty the threshold limit is 5 crorers. it may affect the working capital

For example, a manufacturer who trade today at 25 lakhs without any tax levy will be expected to pay GST post implementation

No tax difference for luxury items and service items. All goods have tax whether normal or luxury.ie, rich become rich and poor becomes poor

Selective tax levying

GST is not applicable to alcoholic liquor for human and petroleum based business which create further gap does not support the unified market ideology of GST. The burden of higher tax for the service providerPresently service tax rate is 15%. GST rate will be around 18%. The

scenario in the service sector will further be impacted as a concept of centralized registration has been done away with and each unit in different states will have to take separate registration. Thus even if services are supplied by company in one unit in state A to another unit in state B, then also taxes will be payable

Excess working capital requirement

Taxation of stock transfer will primarily impact the working capital requirements. The quantum of impact will vary depending on stock turnaround time at warehouse, credit cycle to customer, quantum of stock transfer etc . Higher amount of capital requirement will increase interest cost which ultimately increases the price of finished goods.Realignment purchase and supply chain under GST credit will not be available to a compliant company if the vendor from whom MSME is purchasing goods does not show the same in his return, thus sourcing strategies will change on account of GST credit mechanism. Also there will be reconsideration of supply chain on account of taxation of stock transfers.

Conclusion

Every Act, rule and law it its initial phase there may be various loopholes which should be monitored and evaluated and rectified. GST council has to study, analyze and review the impact of GST on entrepreneurs by understanding the significance and role of entrepreneurs in promoting rural and urban development of India.

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IMPACT OF GST ON TOURISM SECTOR

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ABSTRACT

Tourism marketing is a process of creating a product or providing a service. Tourism marketing comprises fact finding, data gathering, analyzing, communication to inform and promote, ensuring and facilitating sales, and selection of marketing planning, Coordination, control and evaluation, development professionally sound personnel. Tourism marketing is an integral effort to satisfy tourists and more so, it is a device to transform the potential tourists into the actual tourists. Tourism marketing is the safest way to generate demand, expand market and increase the market share. Tourism marketing is a managerial process to promote business. Tourism sector shall be impacted both positively and negatively under the **GST regime**

Keywords: Impact of **GST** onTourism sector,GST rate, impact on consumers

INTRODUCTION

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. 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 among st the highest in the country, and this is one of the major reasons for India losing Foreign Tourists to competing South East Asian Countries.

HIGHLIGHTS OF NEW GST RATES:

- 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

BIRD EYE VIEW OF GST RATE IN TOURISM INDUSTRY

S.No.	Services	Rate of Tax under GST
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	28%

	per room.	
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%

GST IMPACT

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

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.

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 Registration

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 assessee.

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.

CONCLUSION:

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

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IMPACT OF GOODS AND SERVICE TAX (GST) ON INDIAN ECONOMY

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ABSTRACT

GST also known as the Goods and Services Tax is defined as the giant indirect tax structure designed to support and enhance the economic growth of a country. More than 150 countries have implemented GST so far. However, the idea of GST in India was mooted by Vajpayee government in 2000 and the constitutional amendment for the same was passed by the Loksabha on 6th May 2015 but is yet to be ratified by the Rajyasabha. However, there is a huge hue and cry against its

implementation. It would be interesting to understand why this proposed GST regime may hamper the growth and development of the country.

Keywords:Goods and **service tax**; Indian economy.

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. GST is a comprehensive tax levy on manufacturing, sale and consumption of goods and services at a national level. The Goods and Services **Tax** Bill or GST Bill, also referred to as The Constitution (One Hundred and Twenty-Second Amendment) Bill, 2014, initiates a Value added Tax to be implemented on a national level in India. GST will be an indirect tax at all the stages of production to bring about uniformity in the system.On bringing GST into practice, there would be **amalgamation** of Central and State taxes into a single tax payment. It would also enhance the position of India in both, domestic as well as **international market**. At the consumer level, GST would reduce the overall tax burden, which is currently estimated at 25-30%.Under this system, the consumer pays the final tax but an efficient input tax credit system ensures that there is no cascading of taxes- tax on tax paid on inputs that go into manufacture of goods. In order to avoid the payment of multiple taxes such as excise duty and service tax at Central level and VAT at the State level, GST would unify these taxes and create a uniform market throughout the country. Integration of various taxes into a GST system will bring about an effective cross-utilization of **credits**. The current system taxes production, whereas the GST will aim to tax consumption.

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.

• It would enhance the ease of doing business in India.

Why no to GST?

However, the question is: is the picture as rosy as it is portrayed?

Wall Street firm Goldman Sachs, in a note 'India: Q and A on GST — Growth Impact Could Be Muted', has put out estimates that show that the Modi Government's model for the Goods and Services Tax (GST) will not raise growth, will push up consumer prices inflation and may not result in increased tax revenue collections.There appears to be certain loopholes in the proposed GST tax regime which may be detrimental in delivering the desired results. They are:

India has adopted dual GST instead of national GST. It has made the entire structure of GST fairly complicated in India. The centre will have to coordinate with 29 states and 7 union **territories** to implement such tax regime. Such regime is likely to create economic as well as

political issues. The states are likely to lose the say in determining rates once GST is implemented. The sharing of **revenues** between the states and the centre is still a matter of contention with no consensus arrived regarding revenue neutral rate.

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

The proposed GST structure is likely to succeed only if the country has a strong IT network. It is a well-known fact that India is still in the budding state as far as internet connectivity is concerned. Moreover, the proposed regime seems to ignore the emerging sector of **e-commerce**. E-commerce does not leave signs of the transaction outside the internet and has anonymity associated with it. As a result, it becomes almost impossible to track the business transaction taking place through internet which can be **business** to business, business to customer or customer to customer. Again, there appears to be no clarity as to whether a product should be considered a service or a product under the concept of E-commerce. New techniques can be developed to track such transactions but until such technologies become readily accessible, generation of tax revenue from this sector would continue to be uncertain and much below the expectation. Again E-commerce has been insulated against taxation under custom duty moratorium on electronic transmissions by the WTO Bali Ministerial Conference held in 2014.

Communication is considered to be necessity and one cannot do without communication. In modern times, communication has assumed the dimension of telecommunication.

The proposed GST regime appears to be unfavorable for telecommunication sector as well

"One of the major drawbacks of the GST regime could be the direct spike in the service tax rate from 14% to 20-22%" (GST: Impact on the Telecommunications Sector in India). The proposed GST appears to be silent on whether telecommunication can be considered under the category of goods or services. The entire issue of telecommunication sector assumes a serious proportion when India's rural teledensity is not even 50% [5].

The proposed GST regime intends to keep petroleum products, electricity, real estate and liquor for human consumption out of the purview of GST

It is a well-known fact that petroleum products have been a major contributor to inflation in India. Inflation in India depends on how the government intends to include petroleum products under GST in future.Electricity is essential for the growth and development of India. If electricity is included under standard or luxury goods in future then it would badly affect the development of India. It is said that GST would impact negatively on the real estate market. It would add up to 8% to the cost of new homes and reduce demand by about 12%.

The proposed GST regime "would be capable of being levied on sale of newspapers and advertisements therein"

This would give the governments the access to substantial incremental revenues since this industry has historically been tax free in its entirety" [6]. It sounds ridiculous but the provision of GST is likely to make the supervision of operations by its Board/senior managers across the company's offices in different parts of the country a taxable service by allowing each state to raise a GST demand on the company.Again there appears to be lack of consensus over fixing the revenue rate as well as threshold limit. One thing is for sure, services in India are going to be steeply costly if GST is fixed above the present service tax rate of 14% which in turn will spiral up inflation in India.

"Asian countries which implemented GST all had witnessed retail inflation in the year of implementation.

Conclusion

The proposed GST regime is a half-hearted attempt to rationalize indirect tax structure. More than 150 countries have implemented GST. The government of India should study the GST regime set up by various countries and also their fallouts before implementing it. At the same time, the government should make an attempt to insulate the vast poor population of India against the likely inflation due to implementation of GST. No doubt, GST will simplify existing indirect tax system and will help to remove inefficiencies created by the existing current heterogeneous taxation system only if there is a clear consensus over issues of threshold limit, revenue rate, and inclusion of petroleum products, electricity, liquor and real estate. Until the consensus is reached, the government should resist from implementing such regime.

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IMPACT OF GST ON EDUCATION SECTOR

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ABSTRACT

EDUCATION: For every benefit received, there is a cost which could be in form of tax also. Perhaps this seemed never so real than today in the Indian context. The much thoughtful leaders of India have spared the education sector all along from levy of taxes considering the importance of the

same for the country. If a country wants to grow manifold than building infrastructure for education and educated infrastructure (people of the country) is a pre-requisite. The more knowledgeable the human capital of a country is, more are its chances of development. While 'education' continues to be of utmost importance for the country's economic growth, it also has been a priority for the Government in extending tax benefits and other concessions to boost education (both primary and professional / technical) in the country.

Keywords: Impact of **GST** on education Sector,**Present Scenario,GST Regime**

Introduction

Education in its broadest, general sense is the means through which the aims and habits of a group of people lives on from one generation to the next. Generally, it occurs through any experience that has a formative effect on the way one thinks, feels, or acts. In its narrow, technical sense, education is the formal process by which society deliberately transmits its accumulated knowledge, skills, customs and values from one generation to another, e.g., instruction in schools.A right to education has been created and recognized by some jurisdictions: Since 1952, Article 2 of the first Protocol to the European Convention on Human Rights obliges all signatory parties to guarantee the right to education. At the global level, the United Nations' International Covenant on Economic, Social and Cultural Rights of 1966 guarantees this right .

Goods and Services Tax (GST) as a tax reform

Migrating to Goods and Services Tax (GST) is a time to revinict the taxation and remove the anomalies. Almost 4% of the GDP is spent for educating India’s hidden talent out of which 50% of the amount is spent for primary education alone. Goods and Service Tax (GST) is a destination based consumption tax which is a levy of tax on all goods and services with the objective of expanding the tax base through wide coverage of economic activities , mitigating the cascading effect, Reduction of exemptions , enable better compliances etc. thereby resulting into formation of common national market for goods and services .

Present Scenario

Education in India is presently covered as one of the priorities of the Government and as such is allowed tax relief both in direct and indirect taxes. So far as indirect taxes are concerned, education is considered as a service and as such it is subject to levy of service tax. No other indirect tax is levied. For the purpose of service tax, education has been distinguished from coaching or training which facilitates the education. Presently, educational services are excluded from the levy of Service Tax and are in 'Negative List' under section 66D(i) which are related to delivery of education as ‘a part’ of the curriculum that has been prescribed for obtaining a qualification prescribed by law. Conduct of degree courses by colleges, universities or institutions which lead to grant of qualifications recognized by law are also in negative list. Similarly , vocational training is also out of tax net. However, training or coaching imparted by coaching institutes would, however, not be covered in this exclusion as such training does not lead to grant of a recognized qualification. Such services are liable to service tax but subject to exemption under Notification No. 25/2012-ST dated 20.06.2012 vide entry no. 9 and 9A in relation to following services:

9. Services provided,—

(a) by an educational institution to its students, faculty and staff;
(b) to an educational institution, by way of,—
(i) transportation of students, faculty and staff;

(ii) catering, including any mid-day meals scheme sponsored by the Government;
(iii) security or cleaning or house-keeping services performed in such educational institution;
(iv) services relating to admission to, or conduct of examination by, such institution

9A. Any services provided by,—

(i) the National Skill Development Corporation set up by the Government of India;
(ii) a Sector Skill Council approved by the National Skill Development Corporation;
(iii) an assessment agency approved by the Sector Skill Council or the National Skill Development Corporation;
(iv) a training partner approved by the National Skill Development Corporation or the Sector Skill Council in relation to —
(a) the National Skill Development Programme implemented by the National Skill Development Corporation; or
(b) a vocational skill development course under the National Skill Certification and Monetary Reward Scheme; or
(c) any other Scheme implemented by the National Skill Development Corporation.

The present rate of service tax is 15% including cesses viz Swachh Bharat Cess (SBC) and Krishi Kalyan Cess (KKC).

In GST Regime:

According to the Model law on GST which neither contains the exemptions nor therates of taxation , it appears that all services in relation to coaching and training would be subject to levy of GST as the scope of 'service' is very wide. However, the rates are expected to be in the range of 18-20%. In the proposed GST regime, GST shall be payable by taxable persons on the supply of goods and services. Taxable person is defined in Section 9 of Model GST law which stipulates that the Central Government , a State Government or any local authority shall be regarded as a taxable person in respect of activities or transactions in which they are engaged as public authorities other than the activities or transactions as specified in Schdeule IV to the Act. Clause 3 of Schedule IV specifically provides that services provided by a Government or local authority or a governmental authority by way of education shall not be regarded as a taxable person.

Further, 'education services' have been defined in the said Schedule IV which means services by way of –

(i) Pre-school education and education up to higher secondary school or equivalent;

(ii) Education as a part of a curriculum for obtaining a qualification recognized by any law for the time being in force; or

(iii) Education as a part of an approved vocational education course.

Hence, the exemption may be restricted to activities or transactions done by Central Government, State Government or any Local Authority. It, therefore, appears that education services provided by Government will not be taxable. There is no specific provisions for inclusions or exclusions of coaching and training services or any other activity related to education elsewhere in the proposed law.

Likely Impact in GST regime:

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

(i) The rate of tax is likely to go up by 3-5% as it is expected that GST may be levied @18-20%. If coaching is considered as an essential service, a lower GST rate is not ruled out.
(ii) There are likely to be concerns in valuation of coaching services in view of the industry practice of discounts / concessions / scholarship. The proposed valuation rules are different from the existing ones and as such coaching institutes need to frame an appropriate policy for such discounts in advance making it a part of documentation.
(iii) Service providers having centralized registration will have to get registered in each state whether providing coaching on own account or through agent (franchise).
(iv) Service providers will have an option to take different registration or separate business verticals which needs to be examined on case to case basis.
(v) 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.
(vi) The frequency and number of returns to be filed will go up.
(vii) There is a provision for GST audit if the turnover is more than Rs. 1crore.
(viii) The procedure for taking credit of input taxes will become simple and seamless which will have a positive impact.

Conclusion :

In the present scenario, while Cenvat Credit on all inputs / input services is not available, once the GST would be implemented, tax component will also increase by 3-5% resulting in an increase of cost of services to the end user i.e., students. In fact, undeniably, education / coaching institutions play an important role in fulfilling the objectives of various students as well as parents, thus should be zero-rated and be exempted from Goods and Services Tax to lessen the financial burden on parents as well as students. Doing so will not only help improve the quality of education, students and life but also facilitate India to leap frog in the trajectory of top economic powers of the world as India is poised to be so by 2030, given its demographic strength.Therefore, in order to provide real benefit to the education sector, seamless credit should be allowed across the supply chain so that even if GST comes into force, the total cost of education will be lower that what it is today. The idea of zero-rated tax on inputs must be, thus, explored. 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 consumption or destination based tax system and will remove the problems faced by the sector leading to cost optimization and free flow of transactions.

IMPACT OF GST ONINSURANCE SECTOR

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ABSTRACT

Globalization is a growing economic phenomenon and a process to set up new economic order that has increased the interdependence of manufacturing and service sectors. in simple words globalization can be described as the geographical expansion of industry business and service. the

products and service go international. because of globalization economic growth increases, capital, technology and financial liberation take place. insurance sector is one of the major service sectors which is globalized in the early 90s and has attained its peak now. this is an attempt to view the process, benefits, problems and solutions in the insurance sector.with the implementation of the **GST**, the service tax will also become the part of **GST**. this will **affect** the premium rates of the **insurance** policies as they are largely affected by the service tax rate. therefore, both life and general **insurance** policies will have tax levied as per **GST** at 18%.

Keywords:Impact of GST onInsurance Sector,financial globalization,problems of insurance

INTRODUCTION:

Globalization is a growing economic phenomenon and a process to set up new economic order that has increased the interdependence of manufacturing and service sectors. In simple words globalization can be described as the geographical expansion of industry business and service. The products and service go international. Because of globalization economic growth increases, capital, technology and financial liberation take place.Insurance is a pooling of risks. In a contract of insurance, the insurer undertakes/agrees, in consideration of a sum of money, (premium) to make good the loss suffered by the insured (policy holder) against a specified risk.

FINANCIAL GLOBALISATION

Increase in trade and services provided boost to the cross border flow of capital.

- The process of globalization is supported by financial globalization
- It leads to boost up capital investment through foreign direct investment.
- Insurance has started financing to corporate, development funds and stock market.
- It provides liquidity in the market
- Improves saving decisions

GST AND INSURANCE

Primarily, there are three major kinds of life insurance products – Term insurance plans, Ulips and Endowments (including money back). The applicability of service tax (in the current format) on their premium is not similar in all three of them. The premium paid in life insurance policies represents two portions – risk coverage and savings. The service tax is only on the risk portion of the premium and not on savings portion. As per the GST rules, the value of services (on which GST is to be imposed) in relation to life insurance business shall be:

(a) The gross premium reduced by the amount allocated for investment, or savings on behalf of the policy holder.

(b) In case of single premium annuity policies, ten per cent of single premium charged from the policy holder.

(c) In all other cases, 25 per cent of the premium in the first year and 12.5 cent of the premium in subsequent years. So, if the premium of an endowment plan is Rs 100, the GST of 18 percent will be applicable on the 25 percent of the premium i.e. on Rs 25, so, Rs 4.5 will be the GST amount.
(d) If the entire premium paid by the policy holder is only towards the risk cover in life insurance such as in term insurance plans, the GST of 18 percent will be on the entire premium.

Therefore, the immediate impact of GST would be the higher outgo (premium plus GST) in term and endowment plans, due to the increase in rate of tax on insurance following implementation of the GST.

"In theory, this could mean an increase of 3% in premium from the existing applicable premium effective from 1st July 2017, across life, health and general insurance, however, some of this should be offset if tax on services availed by the industry are allowed to be taken into account to decrease insurers' tax paid," says Mathieu Verillaud, Chief Financial Officer, Bharti AXA General Insurance. The policyholders may stand to benefit only if the insurance companies are allowed the benefit of input tax credit. "This unfortunately is not clear as of yet given the complexity of the state/centre structure of GST, this might drive some confusion as well as higher compliance and administrative costs for insurers. If these are not passed on to customers, prices might either go up, or stay low but will affect the market's solvency and financial health," says Verillaud.

GST rates : Now and Then : New rates under GST for insurance policies			
Insurance product	**Now**	**GST**	**Applicability**
Term insurance premium	15	18	On entire premium
ULIP (on charges)	15	18	On premium minus investment amount
Health insurance premium	15	18	On entire premium
Rider Premium	15	18	On entire premium
Annuity: Single Premium	1.5	1.8*	On 10% of premium
Endowment: 1st Year premium	3.75	4.50*	On 25% of premium
Endowment: Renewal premium	1.875	2.25*	On 12.5% of premium
Car insurance	15	18	On entire premium
Health insurance premium	15	18	On entire premium
Service tax includes Krishi Kalyan Cess (KKC) and Swacch Bharat Cess (SBC) * Effective rate			

Similar will be the impact on general insurance such as car, health and other non-life policies i.e. service tax (when replaced by GST) will increase by 3 percent of the premium amount. This would increase total outgo (premium plus tax). Because of globalization, the following companies have started their expansion on an international basis

Name of the Insurance Company	**Shareholding**
Agricultural Insurance Co	Bank and public ins co
Bajaj Allianz General Insurance Co. Ltd	Privately held
Cholamandalam MS General Insurance Co. Ltd	Privately held
Export Credit Guarantee Company	Public sector
HDFC Chubb General Insurance Co. Ltd	Privately held
ICICI Lombard General Insurance Co. Ltd	Privately held
IFFCO- Tokyo General Insurance Co. Ltd	Privately held
MAX NEW YORK	Privately held
MET LIFE	Privately held
OM KOTAK MAHINDRA	Privately held
SBI LIFE INSURANCE	Privately held
TATA AIG	Privately held

I.R.D.A:

The (IRDA) Insurance regulatory and development Authority was incorporated in April 2000 and it pointed out a comprehensive framework of reform in the insurance sector.

Functions of IRDA:

- ☞ Protection of consumers' interest.
- ☞ Ensuring financial soundness and solvency of the Insurance industry.
- ☞ Ensuring healthy growth of the insurance market.

Because of globalization insurance sector has allowed the foreign players to enter the market. Most of the foreign insurers have joined with the local market.Indian market offers immense possibilities to foreign insurers since it is the second most populous country in the world with over a billion people.

Benefits of globalization

- ✓ The functional network has increased in the insurance sector.
- ✓ New products innovation, better customer services and wider insurance coverage are available.

Insurance has become an integral part of life and it is needed in almost all walks of life, may it be a child education plan, a marriage plan or a pension plan. A lot of benefits are pouring into their life like compensation for loss of life, permanent disability, waiver of premium and increase in the returns for their investments in the financial markets, acting as a tax saving consultant

BENEFITS TO THE ECONOMY:

- Not only the individuals but also the economy has benefited because of the increase in the inflow of foreign capital which has resulted in the increase of capital investment in medium scale and small scale industries by this process.
- Investors who want quick returns and high returns may opt investments in blue chip companies
- Investors who want steady returns prefer to invest in medium scale industries

The management of the assets of insurance companies makes them to invest in various sectors like industries, share capital of foreign companies. The infrastructures of local economy etc.

PROBLEMS OF INSURANCE:

- ❖ People are not fully educated about the risk.
- ❖ Even the agents don't know what is what about the schemes.
- ❖ First few premiums are paid and later discontinued.
- ❖ In case of ULIPS the policy holders don't know which fund they have to choose.
- ❖ If the premium is unpaid and discontinued what happens to the money paid so far?
- ❖ How many people know that it is transferred to discontinuance fund
- ❖ Do they know when they will get it back?
- ❖ Will they know whether they get it with interest?
- ❖ The agents and development officers mislead them in order to get more commission.
- ❖ It is told that insurance is the foremost adopter of latest technology. But how many policy holders know to download the information they need.

SOLUTIONS:

- ✓ All insurance companies do not provide the type of policies where the people can decide their minimum premium.
- ✓ The insurance companies should be able to give the policy holder to pay the premium they like. The sum assured can be decided based on this.
- ✓ The allocation charges should be low as much as possible, depending on the premium.
- ✓ The people should be educated not to say "yes" simply because their friends are persuading them to take a policy.
- ✓ The customers must understand instead of taking two new policies, continuing the old policy is better.
- ✓ The income, source, stability, medical check ups should be authentical.
- ✓ An awareness should be created periodically among the agents about the policies
- ✓ Lok adalats must be compulsorily by insurance companies once-in-a month.
- ✓ Redressal of grievances should be the motto of insurance companies.

CONCLUSION:

Over the next few decades insurance will be the booming sector in India if properly planned. Even though the hike will be nominal, taken together for all the insurance covers, the increase in the outflow could be something to account for by many policyholders. For someone paying annual premium for car, household, health, term plan, personal accident cover, a total of say Rs 50,000 a year could see a jump in premium outflow by Rs. 1,500 a year, with no additional risk coverage or benefits. The actual impact of **GST** on financial services including banking, insurance will however, be known only once it gets implemented. As a policyholder and an investor, no change, as of now, is required to be made in advance when it comes to **GST**.

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IMPACT OF TRANSPORT SERVICE

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ABSTRACT

Transport infrastructure consists of the fixed installations necessary for transport, and may be roads, railways, airways, waterways, canals and pipelines, and terminals such as airports, railway stations, bus stations, warehouses, trucking terminals, refueling depots (including fueling docks and

fuel stations), and seaports. Terminals may be used both for interchange of passengers and cargo and for maintenance. Vehicles traveling on these networks may include automobiles, bicycles, buses, trains, trucks, people, helicopters, and aircraft. Operations deal with the way the vehicles are operated, and the procedures set for this purpose including financing, legalities and policies. In the transport industry, operations and ownership of infrastructure can be either public or private, depending on the country and mode.Passenger transport may be public, where operators provide scheduled services, or private. Freight transport has become focused on containerization, although bulk transport is used for large volumes of durable items. Transport plays an important part in economic growth and globalization, but most types cause air pollution and use large amounts of land. While it is heavily subsidized by governments, good planning of transport is essential to make traffic flow, and restrain urban sprawl. Transport sector shall be impacted both positively and negatively under the **GST regime**

Keywords: Impact of **GST** onTransport Sector,Elements

IMPACT OF TRANSPORT SERVICE

Introduction of Transport

Transport or transportation is the movement of people, animals and goods from one location to another. Modes of transport include air, rail, road, water, cable, pipeline, and space. The field can be divided into infrastructure, vehicles, and operations. Transport is important since it enables trade between peoples, which in turn establishes civilizations.

Mode

A mode of transport is a solution that makes use of a particular type of vehicle, infrastructure and operation. The transport of a person or of cargo may involve one mode or several modes, with the latter case being called intermodal or multimodal transport. Each mode has its advantages and disadvantages, and will be chosen for a trip on the basis of cost, capability, route, and speed.

Human-powered

Human-powered transport remains common in developing countries.Human powered transport is the transport of people and/or goods using human muscle-power, in the form of walking, running and swimming. Modern technology has allowed machines to enhance human-power. Human-powered transport remains popular for reasons of cost-saving, leisure, physical exercise and environmentalism. Human-powered transport is sometimes the only type available, especially in underdeveloped or inaccessible regions. It is considered an ideal form of sustainable transportation.Although humans are able to walk without infrastructure, the transport can be enhanced through the use of roads, especially when using the human power with vehicles, such as bicycles and inline skates. Human-powered vehicles have also been developed for difficult environments, such as snow and water, by watercraft rowing and skiing; even the air can be entered with human-powered aircraft.

Animal-powered

Animal-powered transport is the use of working animals for the movement of people and goods. Humans may ride some of the animals directly, use them as pack animals for carrying goods, or harness them, alone or in teams, to pull sleds or wheeled vehicles. Animals are superior to people in their speed, endurance and carrying capacity; prior to the Industrial Revolution they were used for all land transport impracticable for people, and they remain an important mode of transport in less developed areas of the world.

Air

A fixed-wing aircraft, commonly called airplane, is a heavier-than-air craft where movement of the air in relation to the wings is used to generate lift. The term is used to distinguish from rotary-wing aircraft, where the movement of the lift surfaces relative to the air generates lift. A gyroplane is both fixed-wing and rotary-wing. Fixed-wing aircraft range from small trainers and recreational aircraft to large airliners and military cargo aircraft.Two things necessary for aircraft are air flow over the wings for lift and an area for landing. The majority of aircraft also need an airport with the infrastructure to receive maintenance, restocking, refueling and for the loading and unloading of crew, cargo and passengers. While the vast majority of aircraft land and take off on land, some are capable of take-off and landing on ice, snow and calm water.The aircraft is the second fastest method of transport, after the rocket. Commercial jets can reach up to 955 kilometers per hour (593 mph), single-engine aircraft 555 kilometers per hour (345 mph).

Rail

Intercity Express, a German high-speed passenger train. Rail transport is where a train runs along a set of two parallel steelrails, known as a railway or railroad. The rails are anchored perpendicular to ties (or sleepers) of timber, concrete or steel, to maintain a consistent distance apart, or gauge. The rails and perpendicular beams are placed on a foundation made of concrete, or compressed earth and gravel in a bed of ballast. Alternative methods include monorail and maglev.A train consists of one or more connected vehicles that run on the rails. Propulsion is commonly provided by a locomotive, that hauls a series of unpowered cars, that can carry passengers or freight. The locomotive can be powered by steam, diesel or by electricity supplied by trackside systems. Alternatively, some or all the cars can be powered, known as a multiple unit. Also, a train can be powered by horses, cables, gravity, pneumatics and gas turbines. Railed vehicles move with much less friction than rubber tires on paved roads, making trains more energy efficient, though not as efficient as ships.Intercity trains are long-haul services connecting cities; modern high-speed rail is capable of speeds up to 350 km/h (220 mph), but this requires specially built track.

Road

A road is an identifiable route, way or path between two or more places. Roads are typically smoothed, paved, or otherwise prepared to allow easy travel; though they need not be, and historically many roads were simply recognizable routes without any formal construction or maintenance. In urban areas, roads may pass through a city or village and be named as streets, serving a dual function as urban space easement and route. The most common road vehicle is the automobile; a wheeled passenger vehicle that carries its own motor. Other users of roads include buses, trucks, motorcycles, bicycles and pedestrians. As of 2002, there were 590 million automobiles worldwide.Automobiles offer high flexibility and with low capacity, but are deemed with high energy and area use, and the main source of noise and air pollution in cities; buses allow for more efficient travel at the cost of reduced flexibility. Road transport by truck is often the initial and final stage of freight transport.

Water

Water transport is the process of transport a watercraft, such as a barge, boat, ship or sailboat, makes over a body of water, such as a sea, ocean, lake, canal or river. The need for buoyancy unites watercraft, and makes the hull a dominant aspect of its construction, maintenance and appearance.In the 19th century the first steam ships were developed, using a steam engine to drive a paddle wheel or propeller to move the ship. The steam was produced in a boiler using wood or coal and fed through a steam external combustion engine. Although slow, modern sea transport is a highly

efficient method of transporting large quantities of goods. Commercial vessels, nearly 35,000 in number, carried 7.4 billion tons of cargo in 2007. Transport by water is significantly less costly than air transport for transcontinental shipping; short sea shipping and ferries remain viable in coastal areas.

Elements:

Infrastructure

Infrastructure is the fixed installations that allow a vehicle to operate. It consists of both a way, terminal and facilities for parking and maintenance. For rail, pipeline, road and cable transport, the entire way the vehicle travels must be built up. Air and water craft are able to avoid this, since the airway and seaway do not need to be built up. However, they require fixed infrastructure at terminals.Terminals such as airports, ports and stations, are locations where passengers and freight can be transferred from one vehicle or mode to another. For passenger transport, terminals are integrating different modes to allow riders to interchange to take advantage of each mode's advantages. For instance, airport rail links connect airports to the city centers and suburbs. The terminals for automobiles are parking lots, while buses and coaches can operates from simple stops. For freight, terminals act as transshipment points, though some cargo is transported directly from the point of production to the point of use.The financing of infrastructure can either be public or private. Transport is often a natural monopoly and a necessity for the public; roads, and in some countries railways and airports are funded through taxation.

Vehicles

A vehicle is any non-living device that is used to move people and goods. Unlike the infrastructure, the vehicle moves along with the cargo and riders. Vehicles that do not operate on land, are usually called crafts. Unless being pulled by a cable or muscle-power, the vehicle must provide its own propulsion; this is most commonly done through a steam engine, combustion engine, electric motor, a jet engine or a rocket, though other means of propulsion also exist. Vehicles also need a system of converting the energy into movement; this is most commonly done through wheels, propellers and pressure.

Operation

Private transport is only subject to the owner of the vehicle, who operates the vehicle themselves. For public transport and freight transport, operations are done through private enterprise or by governments. The infrastructure and vehicles may be owned and operated by the same company, or they may be operated by different entities. Traditionally, many countries have had a national airline and national railway. Since the 1980s, many of these have been privatized. International shipping remains a highly competitive industry with little regulation, but ports can be public owned.

Function

Relocation of travelers and cargo are the most common uses of transport. However, other uses exist, such as the strategic and tactical relocation of armed forces during warfare, or the civilian mobility construction or emergency equipment.

Passenger

Passenger transport, or travel, is divided into public and private transport. Public are scheduled services on fixed routes, while private is vehicles that provide ad hoc services at the riders desire. The latter offers better flexibility, but have lower capacity, and a higher environmental impact. Travel may be as part of daily commuting, for business, leisure or migration.Taxis and Buses

can be found on both ends of Public Transport spectrum, whereas Buses remain the cheaper mode of transport but are not necessarily flexible, and Taxis being very flexible but more expensive. In the middle is Demand responsive transport offering flexibility whilst remaining affordable.International travel may be restricted for some individuals due to legislation and visa requirements.

Freight

Freight transport, or shipping, is a key in the value chain in manufacturing. With increased specialization and globalization, production is being located further away from consumption, rapidly increasing the demand for transport. While all modes of transport are used for cargo transport, there is high differentiation between the nature of the cargo transport, in which mode is chosen. Logistics refers to the entire process of transferring products from producer to consumer, including storage, transport, transshipment, warehousing, material-handling and packaging, with associated exchange of information. Incoterm deals with the handling of payment and responsibility of risk during transport.Bulk transport is common with cargo that can be handled roughly without deterioration; typical examples are ore, coal, cereals and petroleum. Because of the uniformity of the product, mechanical handling can allow enormous quantities to be handled quickly and efficiently. The low value of the cargo combined with high volume also means that economies of scale become essential in transport, and gigantic ships and whole trains are commonly used to transport bulk. Liquid products with sufficient volume may also be transported by pipeline.Air freight has become more common for products of high value; while less than one percent of world transport by volume is by airline, it amounts to forty percent of the value. Time has become especially important in regards to principles such as postponement and just-in-time within the value chain, resulting in a high willingness to pay for quick delivery of key components or items of high value-to-weight ratio. In addition to mail, common items sent by air include electronics and fashion clothing.

Impact:

Economic

Transport is a key component of growth and globalization, such as in Seattle, Washington, United States. Transport is a key necessity for specialization—allowing production and consumption of products to occur at different locations. Transport has throughout history been a spur to expansion; better transport allows more trade and a greater spread of people. Economic growth has always been dependent on increasing the capacity and rationality of transport. But the infrastructure and operation of transport has a great impact on the land and is the largest drainer of energy, making transport sustainability a major issue.

GST IMPACT

1. In Service Tax there were six categories of businesses who had to clear service tax under RCM. The seventh category of proprietors and individuals had to pay service tax to transport to transporters who in turn had to deposit the same with Government. In GST even the 7th category is under RCM.
2. In GST there are only two divisions
    - the registered ones who will pay GST @ 5% on freight and
    - the unregistered ones that include
        - businessmen whose turnover is below 20 lakhs and
        - Products which are exempted from GST on their sales. In such items, a transporter has to register and clear the payment of GST in RMC.

However, still, there is a catch I A person whose turnover is less than 20 lakh is exempted from GST only till his business is intrastate. The moment he decides to sell his product interstate, he needs to register under GST.

3. In GST there are two divisions of transport companies also- provider of service – B2B and 82C. A GTA proving services B2B (business to business) enjoys the exemption being in RCM; however, a transporter providing services 82C (Business to Consumer) will have to work in FCM with the same rate of 5% and no ITC: because the consumer is the termination point of a tax trail. A consumer is not expected to register for availing a different kind of services.
4. The transporters got rid of the menace of OCTROI and Entry tax barriers. These were the time killers for transporters. The corruption had made the agents at such barriers the king; who in connivance with OCTROI officer could make money from hapless transporters sitting faraway. What could not be removed in a continuous agitation and protest in the city of Mumbai; that was removed by the strike of midnight between June 30 and July 1, 2017.
5. Lorry owners in the transport business is the most important yet most weak link of the freight cycle. He is extremely vulnerable to complex procedures and officer-dom. Lorry owner is the happiest person today that GST has not touched him in the slightest manner.

The transit time will reduce, as lots of time taking barriers will be

Planning

Transport planning allows for high utilization and less impact regarding new infrastructure. Using models of transport forecasting, planners are able to predict future transport patterns. On the operative level, logistics allows owners of cargo to plan transport as part of the supply chain. Transport as a field is studied through transport economics, the backbone for the creation of regulation policy by authorities. Transport engineering, a sub-discipline of civil engineering, and must take into account trip generation, trip distribution, mode choice and route assignment, while the operative level is handled through traffic engineering.

Environment

Transport is a major use of energy and burns most of the world's petroleum. This creates air pollution, including nitrous oxides and particulates, and is a significant contributor to global warming through emission of carbon dioxide, for which transport is the fastest-growing emission sector. By subsector, road transport is the largest contributor to global warming. Environmental regulations in developed countries have reduced individual vehicles' emissions; however, this has been offset by increases in the numbers of vehicles and in the use of each vehicle. Some pathways to reduce the carbon emissions of road vehicles considerably have been studied. Energy use and emissions vary largely between modes, causing environmentalists to call for a transition from air and road to rail and human-powered transport, as well as increased transport electrification and energy efficiency.Other environmental impacts of transport systems include traffic congestion and automobile-oriented urban sprawl, which can consume natural habitat and agricultural lands. By reducing transportation emissions globally, it is predicted that there will be significant positive effects on Earth's air quality, acid rain, smog and climate change

Causes of global change

For global climate change during Earth's history, see Climate change.In the past, the main drivers of global change have been solar variation, plate tectonics, volcanism, proliferation and abatement of life, meteorite impact, resource depletion, changes in Earth’s orbit around the sun and changes in the tilt of Earth on its axis. There is overwhelming evidence that now the main driver of

planetary-scale change, or global change, is the growing human population's demand for energy, food, goods, services and information, and its disposal of its waste products. In the last 250 years, global change has caused climate change, widespread species extinctions, fish-stock collapse, desertification, ocean acidification, ozone depletion, pollution, and other large-scale shifts.Scientists working on the International Geosphere-Biosphere Programme have said that Earth is now operating in a "no analogue" state. Measurements of Earth system processes, past and present, have led to the conclusion that the planet has moved well outside the range of natural variability in the last half million years at least. Homo sapiens have been around for about 200,000 years.

What this means for the planet and society remains unclear. But, in the last 20 years there has been an enormous international research effort to understand global change and the Earth system. An aim of this research is to work out if there are planetary boundaries and are we approaching them. Scientists, international governmental organizations and lobbying organizations like World Wide Fund for Nature argue that current consumption levels, particularly in developed countries, are not sustainable because there is a very real danger they will push the planet into a new state. What this new state might look like is still being debated, but sea levels are likely to rise several meters, the pH of the oceans, a measure of its acidity, is likely to drop farther than it has in 20 million years, and global atmospheric and ocean circulations may shift markedly. The major cycles – carbon, nitrogen, sulfur, phosphorus, water – and other important parameters would alter, bringing drought to some places, floods to others.

Planetary response

Global change refers to planetary-scale changes in the Earth system. The system consists of the land, oceans, atmosphere, poles, life, the planet's natural cycles and deep Earth processes. These constituent parts influence one another. The Earth system now includes human society, so global change also refers to large-scale changes in society.More completely, the term "global change" encompasses: population, climate, the economy, resource use, energy development, transport, communication, land use and land cover, urbanization, globalization, atmospheric circulation, ocean circulation, the carbon cycle, the nitrogen cycle, the water cycle and other cycles, sea ice loss, sea-level rise, food webs, biological diversity, pollution, health, over fishing, and more.

Conclusion

Governments will no longer be able to take for granted the relative environmental stability that has allowed human society to flourish and led to rapid globalization. Most of the population of the planet will be affected. The re-insurance industry is already taking measures to protect its interests and maximize profits as turbulent times approach.

IMPACT OF GST ON TOURISM SERVICES

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Abstract

A clear perception of tourism marketing requires a brief analysis of marketing. We are well aware of the fact that there have been fundamental changes in the traditional concept of marketing which has been influenced by the multidimensional changes in the business environment. A transformation in the attitudes, lifestyles, and expectations is the result of a number of developments. Professionalism paves the ways for excellence which opens doors for quality generation vis-à-vis

competition. Almost all the organizations producing goods or generating services have no option but to assign an overriding priority to quality up gradation that requires innovations. This necessitates a change in the concept of marketing which determines its functional boundaries. We find satisfaction of users the focal point around which all the functional areas of marketing cluster. While clarifying the perception of tourism marketing, it is essential that we as sign due weightage to the three important considerations, the first generation of profits by the tourist organizations, second world class services to the tourists which help in satisfying them and the third positive contributions of tourist organizations to the process of social transformation and ecological balance.We consider marketing a human activity directed at satisfying the needs and wants through exchange processes. The American Marketing Association defines marketing's as the performance of business activities that direct the flow of goods and services from producer to consumer or users. Kolter finds marketing a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others.

Keywords: Impact of **GST** onTourism Sector,importance

INTRODUCTION

ESCAP member countries have recognized the significant role of tourism in the Asian and Pacific region as well as the various wide-ranging issues arising from the impact of tourism on socio-economic development. Since the first Plan of Action for Sustainable Tourism Development in Asia and the Pacific covering 1999 to 2005 was adopted by the Commission, Asian and Pacific countries and areas have devised strategies and plans designed to promote tourism by strengthening national capabilities and promoting regional cooperation in sustainable tourism development. PASTA Phase I set general requirements for sustainable tourism development and proposed actions at the national and regional levels. Implementation of PASTA Phase I was supported by the secretariat through regional, sub regional and national activities that have assisted countries in the region and enhanced regional cooperation. Most countries in the region have adopted the concept of sustainable tourism development and encouraged all concerned stakeholders to participate actively. Many countries began to develop tourism master plans and many countries developed programs for human resources development in the tourism sector. The Network of Asia-Pacific Education and Training Institutions in Tourism (APETIT) was established in 1997 to promote regional cooperation, strengthen institutional links among tourism training institutes and serve as a platform to exchange information and expertise on human resources development for the tourism sector.

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.

I. THE IMPORTANCE OF TOURISM

A. International tourism development

1. Tourist arrivals

Tourism is a leading industry in the service sector at the global level as well as a major provider of jobs and a significant generator of foreign exchange at the national level. Tourism has become one of the largest and fastest growing industries in the global economy. During the period

between 1996 and 2006, international tourist arrivals worldwide grew at an average annual rate of about 4.0 per cent. In 1996, there were 575 million tourists and in 2006, there were 846 million tourists, as shown in table 1. During the ten-year period from 1996 to 2006, the Asian and Pacific region was second only to the Middle East in outperforming the rest of the world, with growth in tourist arrivals averaging 6.7 per cent a year. The global market share of the Asian and Pacific region increased from 15.7 per cent in 1996 to 19.8 per cent in 2006. Europe remained the top regional tourist destination, while the Americas -5-moved from second to third place behind Asia and the Pacific. The global market shares declined slightly from 57.8 per cent to 54.4 per cent for Europe and 19.9 per cent to 16.1 per cent for the Americas over the decade from 1996 to 2006.

2. Tourism receipts

The contribution of tourism to socio-economic development has been most closely related to receipts and spending in the national economy. Table 3 presents the international tourism receipts by regions of the world as well as Asian and Pacific sub regions. UNWTO has estimated that worldwide receipts from international tourism reached US$ 733 billion in 2006, which was increase of 8.3 per cent over 2005 in current prices. The tourism receipts in Asia and the Pacific made up 20.8 per cent of all international tourism receipts in 2006 compared with arrivals of 19.8 percent, suggesting that the Asian and Pacific region does slightly better on receipts from international tourism than it does on international arrivals.

B. Intra-regional travel

Growth of the tourism industry means that the Asian and Pacific region serves as both an origin and a destination for international tourist arrivals. More people in the region are able to travel due to easier access, rising levels of prosperity and increased leisure time. Figure 1 shows that intraregional arrivals in Asia and the Pacific in 2003 accounted for 78 per cent of international travel in the region, amounting to 94 million visitors. Among the sub regions, intraregional travel accounted for 85 percent of arrivals in North-East Asia and 77 percent of arrivals in South-East Asia in 2003. In Oceania, intraregional tourism represented 65 percent of total arrivals and in South Asia, it accounted for about 36 percent. The average annual growth rate for intraregional tourism from 1995 to 2000 was 6.2 percent, which compared to a rate of 5.9 percent in the growth of total outbound tourism in Asia and the Pacific.

C. Importance of domestic tourism

As developing countries of the region have become more prosperous, domestic tourists have emerged as a significant market, often using the same facilities as international tourists. Table 4 provides relevant statistics for selected countries in the region. In India, it has been estimated that there were more than 100 domestic tourists for every international tourist in 2003. In China the ratio was 26:1, while in Thailand it was 7:1, in Indonesia it was 7:1 and in Viet Nam it was 5:1. This type of tourism is often overlooked, although it brings wealthier urban dwellers to rural areas. This provides opportunities for wealth redistribution and economic development, as well as contributing to greater awareness about the culture and environment in one's own country.

D. Tourism in least developed and island developing countries

Tourism has become a significant source of foreign exchange revenues for many countries of the region, including some least developed countries (LDCs) and island developing countries. Table 5 presents information about international tourism for 12 LDCs and island developing countries in Asia and the Pacific. In most cases, the data show that average annual growth in receipts has been somewhat faster than growth in international tourist arrivals, particularly during the period from 1990

to 2000. This would tend to reinforce the attractiveness of the tourism industry as an immediate source of foreign exchange earnings.

E. Summary observations

Tourism continues to be important at the global level and the regional level of Asia and the Pacific as tourism arrivals and receipts maintain or exceed growth expectations. This indicates that the tourism industry is a major factor in globalization as well as resilient in the face of natural disasters, health crises, oil price rises, exchange rate fluctuations and other uncertainties.

II. THE ECONOMIC IMPACT OF TOURISM

The purpose of this chapter is to focus on the economic aspects of tourism in order to highlight the impact at the macroeconomic level. Trends for countries of Asia and the Pacific are assessed by using several approaches to measuring impact, including data based on tourism satellite account methodology as developed by the World Travel and Tourism Council. Tourism is considered according to its contribution in the form of receipts; share of gross domestic product (GDP) and exports; and growth rate patterns for the tourism industry, tourism economy, government expenditures and capital investment.

III. THE SOCIAL IMPACT OF TOURISM

This chapter considers some of the social aspects of tourism in order to measure and understand the social impact. The main macro-level indicator is employment created by the tourism economy for sub regions and selected nations in Asia and the Pacific. The discussions cover the gender aspects of employment patterns in the tourism industry. There are various definitions of social development, and most of them converge around the concepts of improving the well-being of a country's citizens, promoting higher standards of living, increasing employment and creating conditions of economic and social progress. Employment is one of the most readily available indicators to begin measuring the social impact of tourism, since job creation generally helps create the opportunities for better standards of living and related conditions of socio-economic progress.

IV. ASSESSING THE SOCIO-ECONOMIC IMPACTS OF TOURISM

This chapter addresses the ways in which the socio-economic impact of tourism can be assessed at the macro-level and the micro-level. Various techniques, such as TSA, social accounting matrix, project level approaches, and value chain analysis, are reviewed. The discussion also covers the assessment of linkages, leakages and multiplier effects. The overall aim of the discussion is to emphasize the importance of the knowledge base to clearly show the socio-economic importance of tourism.

A. General approaches and methods

A full assessment of the socio-economic impacts of tourism requires that the linkages between tourism and socio-economic development need to be clearly identified. Having established the linkages, policymakers are then in a better position to consider specific interventions that can raise standards of living and reduce poverty. Techniques to assess such impacts fall into two broad categories: "top-down", aggregate or macro level approaches; and "bottom-up", project or micro level approaches.

1. Macro-level approaches

Aggregate approaches include tourism satellite accounts (TSAs), input-output tables, social accounting matrices and computable general equilibrium models, as well as econometric, correlation and regression analysis. As an aggregate approach, data from TSAs were used in chapters II and III of this document to show the importance and describe some features of the tourism sector. The World Travel & Tourism Council (WTTC) is the leading organization, which produces annual data and time series data on tourism's contribution to GDP, employment, exports, imports, and taxes, among others. Since 1998, the Council has developed tourism satellite accounts for 176 countries. At present, 33 are members or associate members of ESCAP.

2. Project-level approaches

Among the project-level approaches used to assess the impact of tourism are traditional cost-benefit analyses, including their extensions to social impact analysis and environmental impact analysis, livelihood analysis, accountancy-based lodging and enterprise assessments, local economic mapping, tourism value chain analyses and ex-post documentation of specific case studies. It is often easier to hypothesize and test linkages between particular interventions and improved standards of living at this level, because these types of analyses are done at the micro level.

3. Value chain analysis

One technique that has become increasingly popular in the current era of globalization is value chain analysis (VCA). This type of analysis enables policymakers to consider each element of a tourist's experience to see how the product or service is produced, distributed and sold -- that is, the value added by each element. This can help to identify where to make interventions that will increase linkages with the local economy and create more opportunities for local people to gain the benefits from tourism. In 2006, the technique was used in the city of Lang Probing, Lao People's Democratic Republic, where opportunities to increase earnings were identified by assessing value chains for accommodations, handicrafts, excursions and food. Key aspects included in any form of local assessment are local employment, the earnings of sole traders, micro-enterprises and SMEs, ownership by the poor of tourism-related enterprises, the significance of tourism income at the household and community level and linkages with other sectors.

B. Assessing linkages, leakages and multiplier effects

As the global tourism industry has grown and spread to more developing country destinations, crucial issues about assessing the impact of tourism at the national level concern how benefits are created and how they are distributed in the host developing country. The concepts of linkages and leakages provide one way for assessing whether tourism is having a positive or negative impact in terms of whether tourism expenditures generate income, employment and government revenues within the national economy or whether the expenditures are for imported goods, thus creating leakages via imports.

C. Strengthening the knowledge base

A variety of techniques using data at the macro level can clearly show policymakers the importance of tourism for national economic development. The time-series data available from TSA can show some of the complex interrelationships and patterns involving the tourism economy and the tourism industry. When these patterns are assessed, their relationship to important social indicators can be the subject of in-depth research and analysis. In this way, the scope and extent of tourism's socio-economic contribution and impact will provide a stronger knowledge base for policy formulation and related decisions, plans and programs involving tourism.

V. TOURISM AND TRANSPORTATION INFRASTRUCTURE

As part of the growing impact of globalization in Asia and the Pacific, international tourism is dependent on efficient, reliable and cost-effective transport infrastructure and services to support continued growth and development. At the same time, transport policies and infrastructure development influence the quality, capacity, extensiveness and efficiency of transport, which contributes to the competitiveness of national tourism industries. Transport infrastructure provides the backbone of transport systems, both within and between countries through networks of airports, highways, railways and ports. Tourism will benefit from the work being done by countries and areas of the region at the national and regional level to provide a framework for internationally agreed routes and infrastructure standards. The various forms of transportation and related infrastructure play a vital role in economic growth by providing fast, reliable connections between population centers for business, tourism, ordinary citizens and government. In countries where the infrastructure policy environment is forward-looking in support of growth and safety, social and economic needs can be met along with the demands of the tourism industry.

According to data gathered by the World Bank for 118 airport projects with private sector participation worldwide between 1991 and 2006, a total of 25 airport infrastructure projects were carried out in low and middle income countries of East Asia and the Pacific and 8 projects in South Asia. The total value of private investment was US$ 4,281 million in East Asia and the Pacific, of which US$ 3,130 was for projects involving runway and terminal construction, US$ 881 million for terminal construction only and US$ 270 million for runway construction only. The total value of private investment in South Asia was US$ 3,426 million for projects that involved runway and terminal construction. The total value for 33 projects that meet private sector participation criteria in both Asian sub regions (US$ 7,707 million) accounted for 30 per cent of total investment of US$ 25,552 million in low and middle income countries worldwide.

VI. TOURISM AND THE MILLENNIUM DEVELOPMENT GOALS

The Millennium Development Goals (MDGs) represent a global partnership aimed at responding to the world's main development challenges, including poverty reduction, opportunities for education, better maternal health, gender equality, and reducing child mortality, AIDS and other diseases. The MDGs are an agreed set of goals to be achieved by 2015 based on all actors working together at global, regional and national levels. Strategies based on working with a wide range of partners can help create coalitions for change that support the MDGs at all levels; benchmark progress; and help countries build the institutional capacity, policies and programs needed to achieve the MDGs. It is generally assumed that international tourism can generate benefits for poor people and poor communities in the context of sustainable tourism development, usually without specifically targeting the poor. However, greater attention has been given to the argument that tourism could be more effectively harnessed to address poverty reduction in ways that are more direct. For example, according to UNWTO, tourism can contribute to development and poverty reduction in a number of ways. Although the focus is usually on economic benefits, there can also be social, environmental and cultural benefits. Poverty can be reduced when tourism provides employment and diversified livelihood opportunities, which provides additional income. This can contribute to reducing the vulnerability by increasing the range of economic opportunities available to individuals and households living in conditions of poverty. Tourism can also contribute through direct taxation and by generating taxable economic growth since taxes can then be used to alleviate poverty through education, health and infrastructure development.These points refer to the general contribution of tourism at the macro level. When considering targeted interventions aimed at achieving specific MDGs, then actions to make tourism contribute to poverty alleviation at local and community levels needs to be considered. At the same time, however, it is equally important to consider how such

targeted interventions can be replicated in other communities or scaled up to have a wider impact. Targeted interventions to address the issues raised in the millennium Development Goals require that the linkages between tourism and poverty be identified.

VII. THE ROLE OF GOVERNMENT

Government intervention may be necessary to enhance the contribution of tourism to socio-economic development and poverty reduction. One of the principal roles of Governments is to set policy and legislative frameworks for tourism. Two main reasons why governments should formulate tourism development strategy are:

(1) the tourist industry has many negative externalities, in particular negative social and environmental impacts that need to be regulated and managed at national or local levels, and

(2) Tourism can offer major opportunities for local economic development, which can enhance the positive effects of tourism on local socio-economic development and poverty reduction. In India, the Planning Commission has identified tourism as one of the major vehicles for generating employment and promoting sustainable livelihoods. Real progress can be facilitated by using a wide range of instruments. A number of these have been identified by the World Tourism Organization and the United Nations Environment Programs and are categorized into measurement instruments (sustainability indicators and monitoring; identification of limits), command and control instruments (legislation, regulation, rules and licensing; land use planning and development control), economic instruments (pricing, charges and taxation; property rights and trading; financial incentives; and voluntary contributions), voluntary instruments (guidelines and codes of conduct, reporting and auditing, and voluntary certification), and supporting instruments (infrastructure provision and management, capacity-building, and marketing and information services). The precise mix of policies and instruments will vary depending on the situation, objectives and government structures.

A. Tourism ministries

As tourism moves up the national agenda, the government departments dealing with tourism may need to be upgraded and strengthened. In order to achieve sustainable management of tourism, tourism ministry staff needs coordination, networking and support of colleagues in other ministries and in a range of sub national administrations. These needs emerge because the administration and governance of tourism takes places in localities where tourists and host communities interact, while regulations and incentives are applied within a framework laid down at the national level.

B. Tourism plans

Tourism master plans are useful tools for identifying areas with tourism potential, determining tourism strategy and structuring the provision of infrastructure, investment promotion and financial and other incentives. Governments need to ensure that master plans and tourism development strategies address local economic development goals, the geographic distribution of tourism activities and poverty reduction.

C. Empowerment of poor communities, property rights and development control

Government agencies can promote the empowerment of communities in planning and managing tourism assets by initiating partnership approaches that include poor people. Engaging the poor is particularly important in order to identify opportunities that fit their livelihood strategies and overcome barriers to employment and enterprise. Policy makers need to consider the appropriate mix between promoting the formal and informal sector as this is a key variable for maximizing local economic development and poverty reduction.

D. Legislation and regulations

Several areas of legislation have an impact on the capacity of small-scale producers to develop tourism-related enterprises. These include access to credit, business licensing, employment legislation, environmental health, and health and safety regulations as well as the regulation of micro, small and medium-sized enterprises. Governments need to ensure that people engaged in tourism are remunerated fairly and receive adequate social protection in areas such as the minimum wage, policies on equal opportunities, holiday entitlement and security of employment.

E. Training, capacity-building and certification

The needs and existing capacity of local people have to be assessed to ascertain where training interventions would be most useful. There is a need to strengthen informal learning methods and in-place on-the-job training. The certification of guides has been used in several places to control quality and supply, and to ensure minimum standards of service and knowledge. In Viet Nam, a new category of "narrator" has been introduced, which enables people without a formal education to work as local guides. At Keoladeo National Park, in India, local rickshaw drivers are registered with the park to take tourists around the site.

F. Taxes and levies

Taxes on goods, services and transactions, which provide funds for government at the local or national level, can be used specifically to support either poor communities or the environments that provide their livelihood. For instance, Bhutan levies a high daily royalty on tourists, which is used to fund education and health programs in remote rural areas. Government policies on tourism taxation must be evaluated and designed in ways that are comprehensive and integrated in order that the necessary revenues are balanced against the affect on tourism markets and the profits of tourism businesses.

G. Micro financing and facilitating market access and linkages

The poor have limited access to the tourism market for several reasons, including lack of business skills, low educational levels, demanding regulations, inability to escape severe poverty, poor health and social exclusion. Governments can reduce the bureaucracy that small enterprises face, and create advisory services on business development, provide seed-funding for entrepreneurs, develop business linkages with established operators, assist micro, small and medium-sized enterprises to form production or marketing cooperatives and provide educational, technical and professional training programs to improve quality and business standards.

H. Marketing

Destination marketing is increasingly the remit of the private sector, private public sector partnerships or clusters. This means that micro, small and medium-sized enterprises and poorer producers may be excluded from the formal marketing processes and distribution channels. To address this problem, Governments can encourage discussions between national and regional tourist boards and the institutions involved in local economic development and resource conservation. They can also encourage the organization of marketing campaigns to promote responsible tourism practices and suppliers, and give preferential marketing terms to suppliers that adopt sustainable, responsible, poverty alleviation practices.

VIII. IMPLEMENTATION AND MONITORING OF THE PLAN OF ACTION FOR SUSTAINABLE TOURISM DEVELOPMENT IN ASIA AND THE PACIFIC, PHASE II (2006-2012)

The Commission at its sixty-second session requested that a common approach to the monitoring of the implementation of the Plan of Action for Sustainable Tourism Development in the

Asia and the Pacific Region be prepared. In response, the secretariat developed a draft analytical framework as a common approach for the purpose of monitoring implementation of the Plan.Before developing the framework, the secretariat examined alternative approaches to monitoring the implementation of a plan at the strategic level that can assess complex situations involving multiple criteria. The proposed analytical framework is based on a widely applied analytic hierarchy process that allows consideration of both qualitative and quantitative assessment of the extent to which an element of a plan is completed.

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;

CONCLUSION

Tourism is the systematic and coordinated execution of business policy of tourist undertakings. Tourist are the person traveling the pleasure .there are different categories of user's of tourism services such as domestic, foreign kinds .teens, youth, students, executive, artist, politicians. cine artists, men, women,rural,urban,literete,illiterate,rich,poor,exective.academic,sportman,white collar,bluecollaremployees ,etc.GST is going to be an efficient and harmonized destination-based tax system and will remove the problems faced by the sector leading to cost optimization and a free flow of transactions.GST is a 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.

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THE IMPACT OF GST ON TOURISM

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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 hospitality and tourism industry are 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. From this paper we are going to see about all the impacts which are made on tourism on the account of Goods and Services Tax (GST).

KEYWORDS: GST, Tourism, Sector

Introduction of Tourism Industry

According to United Nations world tourism organisation tourism entails the movement of people to countries or places outside their usual environment for personal or business/professional purposes these people are called visitors. Generally speaking, a visitor is classified as a (same -) day visitor if their trip does not include on overnight stay and a tourist if it does include an overnight stay. The purpose of their trip can be for business leisure or personal reasons other than to be employed by a resident entity in the country or place visited.

Significance of Tourism Industry in India

According to the world travel and tourism council, Indian tourism revenue grew 6.9 percent to almost $42 billion in 2010 despite a global recession this compares to a worldwide tourism industry that remained flat during the same time period. Domestic tourism fuelled much of the growth as Indians increasingly visited other areas of their country, but international tourists arrive in India annually (2009), and while that represents less than 1 percent of total worldwide international travel, tourists to India spend almost twice as much as the average international tourist.

Key Issues Facing Tourism Industry

Key issues covered in the report include:

- Increases in taxation and its impact on global travel
- Increased demand from emerging markets outside of the BRIC countries, such as Sri Lanka, Mexico and Thailand and
- Increases in the number of U.K. holidaymakers who expressed an intent to travel abroad.

TAXABLITY UNDER GST

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.

GST IMPACT

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

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 from 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.

3. Saving in Food and Beverage Operations

Companies specializing in food and beverages operation 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 over bill

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. 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 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 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 pricing goes. Further, staying in a good hotel is going to be very costlier as the rate of tax has been double 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.

SUGGESTION

It is quite a challenging task for student in universities to figure out good travel and tourism dissertation topics. It is because the topic should be thought provoking and also must represent the concept of dissertation. To find out good topics one must identify their area of interest and efficiency in conducting research in germane area. This area refers to jobs in the industry of hospitality, like catering, hotels, resorts, restaurants and casinos including all that deals with tourists. It deals with the relationship process between a guest and the hotel. Hospitality can also be called as the act of compassionately offering care and affection to those in need same dissertation topics on hospitality can help you bring out a well written tourism dissertation.

CONCLUSION

Tourism is not all bad. The education that can about when travelling and interacting can be greater than that gained from any textbook. Travelling does have its downfalls which need to be made known so a solution can be found. Tourism commodities cultures and their associated business and goods it effect the environment in many harmful ways, including the habitats of many endangered animals tourism can also overshadow or in the opposite direction drastically change the

indigenous cultures of place. Tourists need to make sure they do everything in their power to prevent these negative effects of tourism. They should get vaccines, stay in designated areas and respect and preserve the culture put before them. With these simply measure travellers of all ages can help reduce the footprints left behind by tourism.

IMPACT OF GST ON TELECOMMUNICATION SECTOR

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ABSTRACT

GST the Goods and Service Tax was levied on 1st July 2017 to remove the complexities in the taxation system. Since then it have been creating many changes in each and every sector, and even the general public. The impact that GST created on telecommunication have left both advantages and disadvantages. These changes in telecommunication have further resulted on visible changes in industries and sectors that which are related with the telecommunication sector. Above all these the customers of telecommunication have also been affected. To get the adopted to the various changes in the sector, the telecommunication itself have to make changes within them to continue receiving profit. Over all the telecommunication sector is not happy with the changes that GST have brought. Here, in the presentation let us see all about the impact that GST created on the telecommunication sector.

Keywords: Goods and Service Tax, telecommunication sector, impact, taxation system.

GST

India is a federal country where both the Centre and the State government have been assigned the power to levy and collect taxes. GST is called Goods and Service Tax. It is an indirect tax applicable, which replaced multiple cascading taxes levied by the Central and State Governments in India. Under GST, goods and services are taxed at four rates namely 5%, 12%, 18%, 28%. In other words GST is a destination based consumption tax to be levied on supply of goods and services, taxable event being supply that is value added tax levied on manufacture, sale and consumption of goods and services. The term GST is defined in Article 366(12A) to mean "any tax on supply of goods or services or both except taxes on supply of the alcoholic for human consumption".India's Finance Minister Mr. Arun jaitley has introduced GST in India on 1st July 2017 as 1 Nation, 1 Tax, 1 Market.

FUNCTIONS OF GST

When Goods and Services Tax is implemented, there would be 3 types of taxes applicable which are,

- CGST: Revenue will be selected by the Central Government.
- SGST: Revenue will be collected by the State Government for intra-state sales (inside the state itself).
- IGST: Revenue will be collected by the Central Government for inter-state sales (outside the state itself).

OBJECTIVES OF GST

- ✓ Ensuring that the cascading effect of tax on tax will be eliminated.
- ✓ Improving the competitiveness of the original goods and services, thereby improving GDP rate too.
- ✓ Ensuring the availability of the input credit across the value chain.
- ✓ Reducing the complications in tax administration and compliance.
- ✓ Making a unified law involving all the tax bases, laws and administration procedures across the country.
- ✓ Decrease in the Unhealthy competition among the states due to taxes and revenues.
- ✓ Reducing the tax slab rates to avoid further clarification issues.
- ✓ To introduce Principle of 'consumption-based taxation'.

TELECOMMUNICATION:

Telecommunication is the transmission of signs, signals, messages, words, writings, images, sounds or information of any nature by wire, radio, optical or any other electromagnetic systems. Telecommunication occurs when the exchange of information between communication participants includes the use of technology. It is transmitted either electrically through physical media, such as cables, or through electromagnetic radiation. Such transmission paths are often divided into communication channels which afford the advantages of multiplexing. Since the Latin term communication is considered the social process of information exchange, the term, **telecommunications**, is often used in its plural form because it involves many different technologies.

Early means of communicating over a distance included visual signals, such as beacons, smoke signals, semaphore telegraphs, signal flags, and optical heliographs. Other examples of pre-modern long-distance communication included audio messages such as coded drumbeats, lung-blown horns, and loud whistles. 20th and 21st century technologies for long-distance communication usually include electrical and electromagnetic technologies, such as telegraph, telephone, and teleprinter, networks, radio, microwave transmission, fiber optics, and communications satellites.

IMPACT OF GST ON TELECOM SECTOR

From the conventional belief of being a communication service provider to providing multiple streams of value-added services, the telecommunications (telecom) sector has become one of India's core economic drivers. India is second only to China in terms of the number of connections and subscribers. The sector is also among the top five employment generators in India. In the present scenario, this sector could be broadly divided into three segments: 1) telecom service providers, 2) infrastructure providers, 3) and equipment manufacturers. Although the emergence of the latter two is thanks to the former, their importance in terms of the telecom sector as a whole is crucial. Given the mammoth volume of subscriber connections and the revenue generated from this sector, it is evident that the telecom industry is due for a serious overhaul with the evolving indirect tax scenario i.e. the introduction of Goods and Services Tax

IMPACT OF GST ON CELLULAR TELECOM

The GST council, a committee headed by Finance Minister Arun Jaitley and comprising representatives of all states which is tasked to fix tax rates on various goods and services, has decided that telecom services will attract tax rate of 18 per cent, three percentage points higher than the current 15 per cent services tax.The industry has expressed its apprehension over the higher tax rate saying that it will further stress the already bleeding sector. "Telecom industry hails GST as an iconic reform but we are disappointed with announced rate of 18 per cent....It will augment the existing burden of the industry further. This is also likely slowdown the planned rollout of infrastructure across the country....," said Rajan Mathews, director general of industry body COAI.The industry's hue and cry over a meager 3 per cent hike seems to be out of place. Since the entry of Reliance Jio last September, the sector has undergone a complete transformation. The tariffs for data usage have fallen to rock-bottom levels for all operators whereas voice calls are now free for not just Reliance Jio customers but also most post paid customers of Airtel, Vodafone India and Idea Cellular.

In the case of post paid customers, most of them have cut down on their mobile expenses by shifting to lower-priced plans. For instance, in August last year, market leader Airtel introduced new 'Infinity' plan for Rs 1,199 which offered unlimited voice calling (local, STD, and national roaming) along with 1 gigabyte (GB) of 3G/4G data along with 100 SMS per day.In response to Jio, the company is offering 3 GB of 3G/4G data, unlimited voice calling (local, STD, and incoming roaming) and 100 national and local SMS per day for just Rs 499. For customers who's currently

paying 15 per cent service tax on Rs 499, that is Rs 74.85 tax, will not mind paying Rs 15 extra because in the larger context, they are now paying substantially less for their post paid plan - Rs 700.For prepaid customers, the telcos might have to offer customers a lower talk-time as a slightly higher component of the prepaid packs will go into GST. For instance, customers recharging with Rs 100 pack will get about Rs 82.20 talk time as against Rs 83.96 now. The telcos will be slightly hit in the case of full talk time prepaid plans where they will have to shell out higher tax component from their pockets.

ADVANTAGES OF THE GST ON TELECOM SECTOR:

First, the Central Value Added Tax (CENVAT) credit which is currently not available or is under litigation, specifically on the expenses on the tower or the infrastructure that the telecom industry is using, that credit should be available under the GST regime being a seamless tax regime.The second point would be on the classification issue which is the classic issue under the current IDT regime wherein classification of any activity into a provision of service or a supply of good such as sale of SIM card should also be put to rest under the GST regime subject to the fact that the standard rate of goods and services are constant.Third, major benefit that the industry will foresee is the taxes, the local taxes that they are paying on the diesel which is the primary input used by the tower. Currently they are not available to credit for the entire sector but once GST is applicable on petroleum sector, the said credit will be available.

DISADVANTAGES OF GST ON TELECOM SECTOR:

The hike of the rate of taxes from 14.5 percent of service tax currently to 18-20 percent as reported by Chief Economic Advisor (CEA) would be a heavy burden on the consumers because ultimately on the bills that the consumers are paying, they would have to pay higher taxes. The second major issue that we foresee is exemption which is currently being enjoyed by the distributors who are distributing the services of various telecom operators maybe bought under GST regime because GST is ultimately a no or a less exemption regime. In such a scenario the services which are provided by distributers will also be under the GST net ultimately leading to higher tax burden to the end consumers.The third major issue is a place of supply rules specifically in the telecom sector this is a major issue because the services which are in the sector like roaming services which is consumed in various states at the same point of time and also interlinking services where towers are being used by the same operator between branches so which state is actually the consuming state and where the taxes will have to be accrued will be determined with the place of supply rules.

IMPACT ON CONSUMERS

Without adequate capital, the sector cannot invest in and develop in new technologies like 4G and 5G or augment existing services to fullfil increasing demand.There is not only demand for better connectivity for voice services, but also for faster speeds and better capacity for data services.Development of new services based on emerging technologies like machine to machine(M@M), communication and internet of things(iot) will get severely delayed in the country.Prime Minister’s ambititous Digital India plan is almost completely depends on the country’s telecom sector. It is estimated that the sector has to invest as much as INR 2lakh crore in the next 3-5 years of spectrum, technology, equipment and infrastructure to fullfil the increasing demand.

Telecom tariffs have thus far gone in the opposite direction of inflation while payments to government have increased exponentially. This is likely to change permanently in the near future.

IMPACT AND BENEFITs OF GST IN TELECOM SECTOR

Telecom faces several issues under the current indirect tax regime and, therefore, the sector has high hopes from the proposed GST regime.Touted as India's most transformative tax reform in decades, the goods and services Tax (GST) has the potential to add as many as 2 percentage points to the GDP, while also improving the ease of doing business. When implemented, GST is expected to usher in a harmonised national market of goods and services, and lead to a simplified, assessee-friendly tax administration system. However, there are sector-specific issues arising from aspects of the model GST law that are required to be addressed by the government before the introduction of the final law.Telecom is one of the most basic and critical infrastructure services and has a massive outreach to more than a billion subscribers across geographical boundaries. Telecom faces several issues under the current indirect tax regime and, therefore, the sector has high hopes from the proposed GST regime. However, the model GST law does not appear to bring an end to the issues being faced by the telecom sector.

COMPLAINCE

Under the GST regime, states get the power to levy tax on services also and, therefore, requiring a service provider to take state-wise GST registration instead of a centralised service tax registration under the current regime. The multiple state-wise registration would tremendously increase efforts and cost of compliance for telecom companies (telcos). In fact, telcos would be required to file at least three returns on a monthly basis per registration (i.e. state-wise registration) under GST, unlike single centralised registration on a pan-India basis and merely 2-3 returns per year under the current indirect tax regime.

EXCLUSION OF PETROLEUM PEODUCTS

Another major impact on the telecom sector is on account of deferment of applicability of GST on petroleum products. The telecom sector has to maintain round the clock uninterrupted supply of services, which necessitates the use of power generators. Given that the applicability of GST on petroleum products has been deferred, the same would continue to attract central excise duties and states sale taxes. This would result in massive cascading impact on the telecom sector.

NON-ALIGNMENT OF CIRCLES WITH STATES

The telecom sector is regulated by the Telecom Regulatory Authority of India (Trai) and various licences required to provide telecom services are granted by the Department of Telecommunications (DoT). Telcos are required to obtain circle-wise licences from DoT for providing some telecom services such as mobile telephony. Whereas for services like national long distance (NLD) services and international long distance (ILD) services, licences are obtained on a pan-India basis. Circle-wise licences are not aligned with the geographical boundaries of states and one circle may cover multiple states. For instance, the Delhi NCR circle covers the local areas served by Delhi, Ghaziabad, Faridabad, Noida and Gurgaon telephone exchanges, i.e., covers Delhi and parts of Haryana and Uttar Pradesh. Currently, telcos maintain circle-wise accounting to account for circle-wise revenue for payment of licence fee. Whereas, under the GST regime, the accounting would be required to be maintained state-wise.Further, there exist various disparities between telecom regulations (governed by Trai) and GST provisions. For instance, in case of roaming recharges for prepaid mobile telecommunication services, subscriber of one circle (i.e. home circle) buys recharge in the roaming circle. As per place of supply provisions under the model GST law, the place of supply would be the roaming circle. Whereas as per the regulatory requirement, such charges are required to be accounted in the home circle. Also, as mentioned earlier, certain circles comprise of multiple states (like Delhi NCR) and also certain cities of the same state fall under different circles (like Mumbai and Maharashtra and Goa). In such scenarios, certain intra-circle supplies as per regulatory requirement would be considered as inter-state supplies under GST and

vice-versa. These disparities between telecom regulations and GST provisions would lead to complexities in accounting and these complexities would further increase if GST rates across states vary.

Self-supplies such as intra-circle termination and intra-circle roaming services for the same operator, especially in case of multi-state circles, may become taxable under GST. Currently, telcos do not have any mechanism to track intra-circle termination and roaming supplies. Thus, this would also increase complexities for telcos under the GST regime, including the valuation of such self-supplies.So, due to variance in regulatory requirements and GST provisions including non-alignment of circle areas, undertaking compliance and reconciliation would be massive and complex task for telcos.The above mentioned issues and complexities would necessitate telcos to make massive technological changes in the IT and accounting systems to maintain state-wise accounting.The model GST law provided a specific place of supply for telecom services; however, the same entails various complexities.In case of B2B supplies of leased circuit services (NPLC, IPLC, etc.) and fixed line services (being the place where the leased circuit/telecommunication line is installed), it would be difficult to apportion the value of such services where lump-sum consideration is charged for multiple state locations.

For prepayment services where payment is made through recharge vouchers or e-top ups (other than e-payment), place of supply is the location where prepayment is received or recharge vouchers are sold. Prepaid vouchers, etc. are sold by telcos through a distribution channel consisting of a large number of distributors and retailers. Given the distribution chain involved in the sale of recharge vouchers, the location where prepayment is received for recharge vouchers could be different from the location where such recharge voucher is sold. For instance, the telco received R45 as a consideration (prepayment) at its head office in Delhi for a voucher having MRP R50 from a distributor located in Noida. In this case, it is not clear how to determine the place of supply as prepayment is received in Delhi, but the voucher is sold to a distributor in Noida. Accordingly, this could result in ambiguity with regard to value of supply and tax liability for the distribution chain.

In view of the above complexities in determination of place of supply of telecom services, it is recommended that the place of supply should be aligned to the general rule, i.e., the address of the service recipient as per records of the service provider. Having said that, the place of supply being the service recipient's address would burden telcos to keeping their database updated on a real-time basis. These issues for the telecom sector should be taken into consideration by the government while finalising the GST law, to ensure that the same are adequately addressed.

WHY THE TELECOM SECTOR IS NOT HAPPY WITH GST REGIME

India's telecommunication sector is a key contributor to the Indian Economy. It contributes 6.5% to India's Gross Domestic Product (GDP). Cumulative FDI inflows into the sector are around INR 92,700crores as March 2016.As essential service that employs 2lakh directly and 18lakh indirectly. Other benefits include communication and access to crucial information among many others.The sector has 4.5 lakh debt, 1% return on investment with some telcos are making negative returns. The sector pays as much 30% in taxes and levies in China this is around 11%.The GST council increased tax rate to 18% for the sector, a move bound to adversely impact the struggling sector. For telecom sector Singapore has a GST rate of 7%, Malaysia of 6% and Australia of 10%.

CONCLUSION

GST will bring in transparent and corruption-free tax administration, removing the current shortcomings in indirect tax structure. GST is business friendly as well as consumer friendly.GST in India is poised to drastically improve the positions of each of these stakeholders. We need a change

in the taxation system which is better than earlier taxation. This need for change leads us to ‘need for GST’.GST will allow India to better negotiate its terms in the international trade forums.GST aimed at increasing the taxpayer base by bringing SMEs and the unorganized sector under its compliance. This will make the Indian market more stable than before and Indian companies can compete with foreign companies.

ELECTRONIC COMMERCE AND GST

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ABSTRACT

The Goods and Services Tax (GST) is the single biggest reform in India's indirect tax structure since the liberalisation of the economy in 1991. Through this reform, the government has integrated the previously disparate segments of the Indian economy and has truly begun the process of creating one market for the entire nation. The idea of a single tax on the supply of goods and services, from manufacturing to delivery to the final consumer, has eliminated the need for sellers to register with multiple tax platforms and file multiple tax returns.

GST is going to have a major impact on e-commerce in the country. Apart from consumers, this trade segment has two key players: the e-commerce marketplaces and the sellers. While e-commerce marketplaces such as Flipkart and Amazon are required to make necessary adjustments to their operations, it is the impact on e-commerce sellers, represented by the thousands of retailers that sell through the marketplace that requires intense scrutiny. Through this blog, we assess the impact of GST on e-commerce sellers and the steps such businesses need to take to ensure regular compliance.

KEYWORDS: e-commerce, marketplace

INTRODUCTION:-

E- Commerce is also known as electronic commerce. The term E-commerce means the Supply of goods and services or transmitting of funds and data, over an electronic Network, primarily the internet like but not limited to E-mail, instant messaging, Shopping, carts, web services, universal description discovery and integration (UDDI)And electronic data interchange (EDI). Whether or not payment is conducted online.Whether or not the ultimate delivery of goods and services is done by operator. GST Stands for goods and services tax. It was initiated in 1986 by VISHWANTH PRATAP SING 7th prime minister of India. From This we can see the objectives, benefits of E-

Commerce and GST.

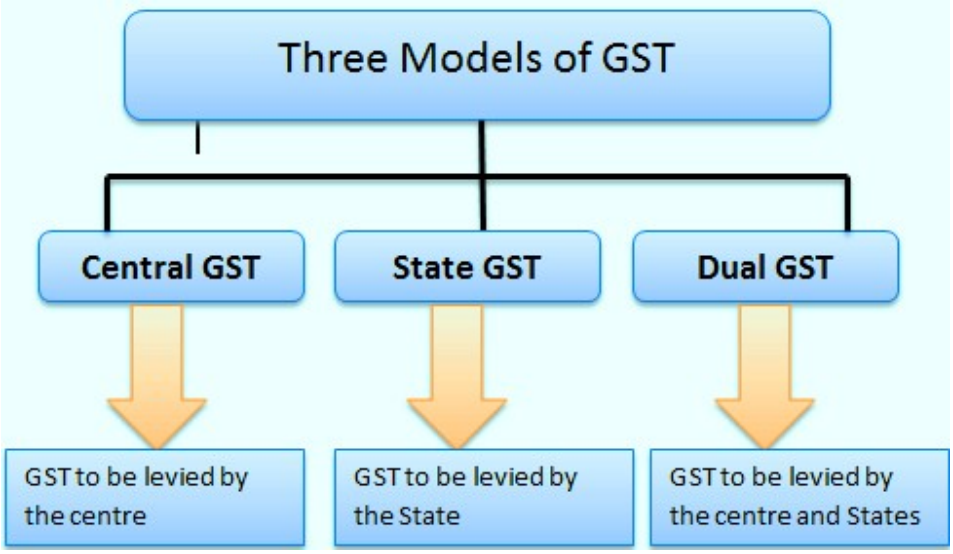
Meaning of GST:-

GST is a comprehensive value added tax on goods and services.GST is collected when the process of buying and selling of goods and services comes on under the supply chain at each and every stages. No differentiation between goods and services as it is levied at each stage in the supply chain. Seamless input tax credit throughout the supply chain. At all stages of production and distribution, taxes are passing through and tax is borne by the final consumer. All sectors are taxed with very few exceptions.

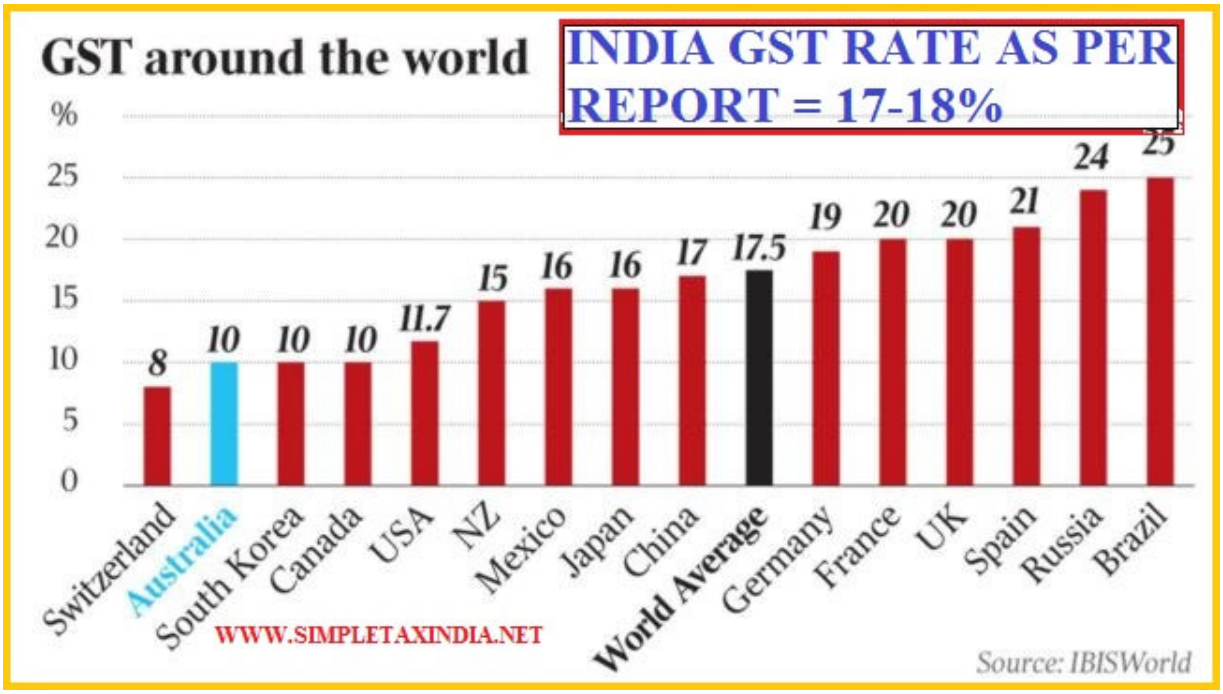
History of GST:-

In Feb 1, 2006, the concept of GST was introduced at the first time and announced the date of its implementation in 2010. In Jan 2007, first it was study by ASSOCHAM released by Dr.Shome. In Feb 2007, F.M. announced the introduction of this from 1st April 2010 in budget. The government came out with a first discussion paper on GST in November 2009. Introduced the 11th constitution amendment (GST) bill in the year 2011.

Model of GST:-



Proposed GST rate:-



Why does India need GST?

1. It is being introduced due to 2 reasons.
   - The current indirect tax structure is full of uncertainity due to multiple rates.
   - Due to multiple rates there are multiple forms.
2. GST is the tax complexity in the prevailing tax regime.

GST council:-

- ❖ It was levy will be administered by
    1. Union finance minister(chairmen)
    2. Union minister in charge of state revenue or finance.
    3. Minister in charge of finance or taxation.
    4. Any other minister (finance minister of the state) nominated by each state GST would constitute the council.

Benefits of GST:-

- ➢ Transparent tax system.
- ➢ Uniform tax rate system across India.
- ➢ Reduce tax evasion.
- ➢ Expert will be more competitive.

ADVANTAGES:-

GST will be good for online business transactions because it clarifies the tax areas. It will also open for electronic commerce because, now-a-days due to many complications of entry of tax and other processes, consumers in some other countries and states cannot order everything from online shopping destinations. But now, due to GST we will able to do. Over the last few years, electronic commerce has gained the most popularity of doing a business with the help of loyal and truthful customers. With GST, in INDIA they are shopping to be on par with over a 100 different countries with different tax in place .since GST is going to remove a complications arising out of multi- tier supply system.

DIS-ADVANTAGES:-

Though it has many advantages, but still it suffers from many dis – advantages. They are the GST law may also have a negative impact on the e-commerce sector. Increase in credits means it has extended the meaning of 'input tax' to cover by the company used the goods and services in the course of business, which has extended to the nearer GST credits. E-commerce helps the seller to sell their product through an online buy the operator needs to register under the law and order irrespective over the limit of RS 20 Lakh. It is not flexible for small trade business to maintain a record on each product they sold so there will be lack of tax payment.

GST global scenario:-

- ➢ More than 140 countries have already introduced GST / national VAT.
- ➢ France was the first country to introduce GST system in 1954.
- ➢ Typically it is a single rate system but two / three rate system is also prevalent. Canada and Brazil alone have e dual VAT.
- ➢ Most of the countries calculate their standard GST at the range between 15-20%.

GST , global perspective:-

- ❖ It has been a part of the tax landscape in Europe for the past 30 years.
- ❖ While countries such as Singapore and New Zealand tax virtually everything at single rate. Indonesia has five positive rates, a zero rate and over 30 categories of exceptions.
- ❖ In china, it applies only to goods and the provisions of repairs and replacement and processing services.
- ❖ It is recoverable on goods used in the production process, and yet on fixed assets is not recoverable.
- ❖ It is fast becoming the preferred form of indirect tax in the Asia - pacific region.

- There is a separate business tax in the form of VAT.

GST for online sellers:-

Most of the e commerce operators or e-commerce platforms such as myntra, Amazon , flip kart , pay tm , snap deal , shopping zone , voot, etc. are making loss on their operations, instead sellers who sell online using these platform services are profitable. They sell their products through online. It is fast catching business, as per various studies. Goods and services tax or GST is an indirect tax that is charged on any goods and services supplied whether online or offline. Most of the retailers and wholesalers have started to sell their products online through these portals. Major act under GST are CGST Act, 2017 and IGST Act, 2017. This will covers the various provisions applicable to online sellers or people willing to sell online using these platforms such as snap deal , flip kart, Amazon, myntra, and etc and many others.

Impact of GST under e-commerce:-

The Goods and services tax (GST) is the single biggest reform in India's indirect tax structure since the liberalization of the economy in 1991. The idea of a single tax on the supply of goods and services, from manufacturing to delivery to the final consumer, has eliminated the need for sellers to register with multiple tax returns. It is going to have a major impact on e-commerce in the country apart from consumers; this trade segment has two key players: the e- commerce marketplaces and sellers. The impact of GST on e-commerce sellers to finds the steps such businesses need to take to ensure regular compliance.

Conclusion:-

There is no doubt that e-commerce will be subject to increased tax compliance and subsequently increased costs. However, in the long run, it should level the playing field for e-commerce sellers, thereby streamlining their operations and setting the tone for increased business growth. So at last, it is one of the best decisions taken by the Indian government. For the same season, July 1 was celebrated as financial Independence Day in India when all the members of parliament house. The transition to this regime which is accepted by 159 countries wouldn't be easy. Until now India was a union of 29 small tax economics and 7 union territories with different levies unique to each state. If you are going to start a business then you should register for this GST and it's not only going to help Indian government but also for you also to track your business weekly as in GST you have to make your business activity statement each week.

MANAGING STRESS IN SERVICE SECTOR (WITH SPECIAL REFERENCE TO GOLDEN ROCK RAIL WORKSHOP)

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ABSTRACT

Stress is a naturally occurring reaction of our body to psychological or physical demands of the environment. Stress reaction increases blood pressure, heart rate and respiration as well as other changes to major body systems. These reactions prepare the body for "fight or flight" from physically dangerous or psychologically threatening situations. Stress reaction can be positive or negative.

—**Positive Stress reaction** leads to increased performance, feelings of success and confidence and allows the body to return to the normal, non-stress state.

—**Negative Stress or Mismanaged Stress** keeps the physical reaction of the body turned on and does not let the body completely recover to the non-stress state.

Stress can be and should be managed to enable survival. Modern working life creates tremendous personal and occupational pressures, which need immediate management and successful resolution. Stress management techniques are many and all of them try to control this fight-flight response.

INTRODUCTION

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Stress can be and should be managed to enable survival. Modern working life creates tremendous personal and occupational pressures, which need immediate management and successful resolution. Stress management techniques are many and all of them try to control this fight-flight response.The origins of stress may vary with the individual, but in general, stress arises from frustration, life changes, conflict, lack of control, and uncertainty.

Frustration: Frustration occurs when an individual is blocked or thwarted, whether by personal or environmental factors, in an attempt to reach a goal.

Life changes: Life changes, both those perceived as "good" such as marriage or the birth of a baby or as "bad" such as the death of a parent, a tragic accident, or being fired can produce stress and stress-related responses.

Conflict: Conflict occurs when two incompatible goals or possible behavioral responses are simultaneously present. When conflicts are unresolved, they cause stress.

Stress has to be managed with a rational, calm, controlled and socially sensitive approach.

Lack of control and uncertainty: In each person's life there are uncertainties that can cause stress. The change of a job may necessitate many other changes in the life of a person or family members. Logic and informed predictions have a place, but often stress piles up. Life is filled with uncertainty. It is discomforting not to know what is going to happen, particularly if control of the situation is impeded. Uncertainty may cause feelings of being out of control, which can cause stress.

REVIEW OF LITERATURE

Hans Selye (1936) first introduced the concept of stress in life sciences. On the basis of his personal experience stress differ from person to person. Some consider that it is a frustration or emotional tension; some suggest that it is a physical or mental pressure. These views restrict and act as a hindrance, in the performance of an individual. It is a pressure that people feel in life due to their reaction to situation. Hans Selye further defines stress as an "adaptive response to the external situation that results in physical, psychological or behavioural deviation for organisational participants". It is a condition arising from the interaction of people and characterized by change within people that forced them to deviate from their normal functioning. As there are two sides of a coin, there are two sides of stress, positive and negative. A positive side is called a buttress, which refers to healthy, positive, constructive outcome of stressful event. While, force that deviates from the normal functioning are distress, a negative side. It is an experience that motivates people to achieve goals and attain success in every field of their life.

Latha and Panchanatham (2010)discussed in their study that the Business Process Outsourcing (BPO) sector is one of the fastest growing sectors in the global scenario. The sector was showing a remarkable growth in the Indian context also.

Dhamodharan and Arumugasamy (2011) in their study have made an attempt to explore the influencing effect of occupational stress on the executive's leadership style.

Siddiqi Saima (2011)discussed to find out the occupational stress among managers and engineers working in small and medium enterprises of Aligarh district in U.P. The sample consisted of 75 managers and 75 engineers. Mean and SD were calculated and t-test was employed to find out the level of difference between the managers and engineers. The result shows that the significant difference between the managers and engineers was found on 6 out of 12 dimensions of occupational stress. These were role ambiguity, role conflict, unreasonable group and political pressure, under participation, intrinsic impoverishment and un profitability. On rest of the factors, both groups are found having insignificant difference.

NEED FOR THE STUDY

Early warning symptoms may include headache, sleep disturbance, difficulty in concentration, job dissatisfaction and low morale. Stressful working conditions are also associated with increased absenteeism, tardiness, disability claims, and other factors that reduce a company's productivity and competitiveness.In this context, organisations must recognize the financial impact of stress. An organisation can be significantly higher in its performance in the absence of stress among its employees. Under these circumstances a study on stress management to suggest measures to reduce the impact of stress is very much important.

STATEMENT OF THE PROBLEM

With the introduction of new high speed information technology, increased global competitiveness with reduced staff levels, employees face less job security. They are bound to carry out heavier workloads and longer working hours for the purpose of continuing in their jobs. A marked increase in the stress levels at work is being experienced on a universal scale.In this context,

it will be worthwhile to probe into the social relevance of the health of employees to undertake a study to identify the job stress and managing techniques of stress with reference to Golden Rock Rail Workshop in Tiruchirapalli.

SCOPE OF THE STUDY

The Organisations have now realized the importance of stress management. Stress may be due to work environment and family circumstances. However, the Organisations focus mainly on the reduction or management of the job-related stressors alone. But the impact of personal stressors like family and social commitments which have a bearing on the emotional stability and physical ability of the employees has not been taken care of by these Organisations. The scope of the study is extended to include the personal stressors also. It is just not enough to treat the causes but the consequences of stress on physical, emotional and behavioral areas also require due attention. This study focuses on the identification and consequences of stress with a view to enable the employees in the healthier management of their response to stress.

OBJECTIVES

The following are the various objectives of the study

1. To identify the major sources of stress prevailing among the employees.
2. To evaluate the level of job stress among the employees.
3. To find out the impact of job stress in different dimensions among the employees.
4. To suggest better ways and means to reduce stress among the employees.

RESEARCH DESIGN

A research design is the basic framework or plan for a study that guides the collection of data and analysis of the data. The present study is descriptive in nature. A descriptive research is one which is concerned with describing the characteristics of a particular individual or of a group. This study describes the characteristics and different behavioural pattern of employees influenced by stress.

TOOLS FOR ANALYSIS

Statistical tools are used to analyze the data with reference to the selected objectives of the study which include Reliability Statistics (Cronbach's Alpha), Descriptive Statistics (Mean and Standard Deviation), Percentage Analysis, Chi-square Test, One Way Anova, Independent Sampling T test, One Sample Statistics and Kruskal Wallis test. SPSS (Statistical Package for Social Science) Software version 21.0 were used for the purpose of analysis.

ANALYSIS AND DISCUSSION

CLASSIFICATION OF THE RESPONDENTS BASED ON GENDER AND THE PRESENT STRESS LEVEL

Table No. 1Gender and Present Stress Level of the Respondents

Gender	Present Stress Level			Total	Chi-Square Value	P Value
	Low	Medium	High			
Male	192 (36.4%)	157 (29.7%)	179 (33.9%)	528 (100%)	0.878	0.645
Female	15	17	15	47		

	(31.9%)	(36.2%)	(31.9%)	(100%)		
Total	207	174	194	575		

Note: Values within the brackets are row percentage.

Table 1shows the analysis of the gender and their present stress level of the respondents. 36.4% of the male respondents have low stress level whereas 29.7% of the male respondents have medium stress level and another 33.9% have high stress level. As far as female respondents are concerned, 31.9% have low stress level, 36.2% have medium stress level and 31.9% have high stress level. The P value is 0.645. Since P value is greater than 0.05, Hence it is concluded that there is no significant association between the gender of the respondents and the present stress level.

INFLUENCING FACTORS FOR STRESS

Friedman's test was applied to the data to see whether there is any difference between two or more than two variables or groups.

Table No. 2FRIEDMAN RANK TEST

Factors	N	Std. Deviation	Mean Rank	Rank
Job Content	575	2.786	5.37	5
Work Load	575	2.847	5.79	2
Working Hours	575	2.669	5.55	4
Participation and Control	575	2.683	4.83	10
Role in the Organisation	575	2.840	5.21	8
Career Development, Status and Pay	575	2.763	5.17	9
Interpersonal Relationship- a) with Line Manager	575	2.840	5.24	7
Interpersonal Relationship- b) with Colleagues	575	2.733	5.31	6
Organisational Culture	575	2.843	5.78	3
Home Work Interference	575	2.913	6.74	1

Table 2 explains that homework interference have the highest mean rank 6.74 followed by workload with mean rank of 5.79, organizational culture with mean rank of 5.78 working hours with mean rank of 5.55, job content with mean rank of 5.37, interpersonal relationship with colleagues with mean rank of 5.31, interpersonal relationship with line manager with mean rank of 5.24, role in the organization with mean rank of 5.21 and participation and control with mean rank of 4.83. It shows that the homework interference is an important factor which causes stress among the respondents.

LIMITATIONS OF THE STUDY

The following are the limitations:

- The study was restricted to the employees working in Golden Rock Workshop only.
- The sample made it difficult to generalize the results.
- Lack of time is another important limitation.

CONCLUSION

Stress has become a major concern of the modern times. Management of stress has become a challenging job for the organisations. This study examined the sources, effects, and managing techniques of job stress among the employees of golden rock rail workshop. The questionnaire was used to secure the quantitative data and a personal interview was used to secure the qualitative data. Both the qualitative and quantitative results reached the conclusion that employee of golden rock workshop experience stress in their occupation. The sources of pressure identified are: organisational structure and climate, home/work interface, relationship with other people, intrinsic job factors, job insecurity, low salary, work overload, and large size are the sources of stress among employees. The effects of stress identified are: ill health variables, physical and mental health, and job satisfaction. The major coping strategies used by the employees are: social support, task strategies, and home and work relationship. As regards the effects of job stress on the organisation, negative impact has been noted on the quantity of work followed by quality of work. Coping strategies such as Rational Task oriented behaviour, Relief techniques and Organisational strategies are to be adopted by the golden rock rail workshop employees.

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IMPACT OF GST AFTER ITS IMPLEMENTATION

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Abstract

Goods and Service Tax (GST) is a destination base indirect tax collected by central as well as state government. The implementation of GST will have a far-reaching impact on almost all the aspects of the business operations in India. With more than 140 countries now adopting some form of GST. It is four tax rates namely 5%,12%, 18% and 28%. In keeping with the federal structure of India, it is proposed that the GST will be levied concurrently by the central government (CGST) and the state government (SGST).In addition to the IGST in respect of supply of goods, an additional tax of up to 1% has been proposed to be levied by the central government. While the process of implementation of GST unfolds in the next few months, it is important for industry to understand the impact and opportunities offered by this reform. GST will affect all industries, irrespective of the sector. It will impact the entire value chain of operations, namely procurement, manufacturing, distribution, warehousing, sales and pricing. Cess over the peak rate of 28% on specified luxury goods.

Key words: Impact of service sectors,

Introduction

The Central government has decided to make one tax system i.e., Goods and services Tax (GST) GST is one of the most critical tax reforms in India which has been long awaiting decision. It is expected to remove the burden of existing Indirect tax system and play an important role in growth of India. Gst will also help to the overall Gross domestic product (GDP) of the country. GST is now accepted all over the world and countries are using it for sales tax system. GST is a 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 had also increased the administrative costs for manufacturers and distributors and with GST in place, the compliance burden has eased and this sector will grow more strongly. But due to GST business which was not under the tax bracket previously will now have to register. This will lead to lesser tax evasion. People pay many taxes which create confusion for them. Presently, They are pay two types of taxes i.e Direct and Indirect taxes. Direct taxes paid directly paid to the government by the taxpayer i.e, income tax, wealth tax, and corporation tax, Indirect tax is a tax levied on goods and services. It is indirectly paid to government but collected from intermediaries. Goods and services Tax (GST) will include one tax one nation. This statement was given by the honourable prime minister Mr. Narandra Modi of India. In today's we pay 30% to 35% tax on different things but with GST it will be only 18% which shows it will be beneficial and main thing that GST will remain similar in all nation GST will help in economic growth of the country. Both the state and central government will levy GST on almost all goods and services produced in India.

Objectives of the study

The objectives of the study are to learn about the impact of GST after its implementations.

Impact of GST on Service Providers

As of March 2014, there were 12, 76,861 service tax assessees 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, the Insurance industry, business support

services, Banking and Financial services, etc. These pan-India businesses already work in a unified market, and will see compliance burden becoming lesser. But they will have to separately register every place of business in each state.

Sector-wise Impact Analysis

In 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-commerce

The e-commerce 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 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%.

Pharma

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

Telecommunications

In the telecom sector, prices will 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 has negated the need to set up state-specific entities, and transfer stocks. The will also save up on logistics costs.

Textile

The Indian textile industry provides employment to a large number of skilled and unskilled workers in the country. It contributes about 10% of the total annual export, and this value is likely to increase under GST. GST would affect the cotton value chain of the textile industry which is chosen by most small medium enterprises as it previouslu attracted 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 impact of GST on the real estate sector cannot be fully assessed as it largely depends on the tax rates. However, the sector will see substantial benefits from GST implementation, as it has brought to the industry much-required transparency and accountability.

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 are taxed as service providers, and the new tax structure has brought 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 previous tax system, there were several taxes applicable on this sector like excise, VAT, sales tax, road tax, motor vehicle tax, registration duty which will be subsumed by GST.

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. Previously, many Indian states had different VAT laws which were confusing for companies that have a pan-India presence, especially the e-com sector. All of this has changed under GST.

The Salient Features of the Proposed GST system

- The power to make laws in respect of supplies in the course of inter-state trade or commerce will remain with the central government. The states will have the right to levy GST on intrastate transactions, including on services.
- The administration of GST will be the responsibility of the GST Council, which will be the apex policy-making body for GST. Members of GST Council will comprise central and state ministers in charge of the finance portfolio.
- The threshold for levy of GST is a turnover of Rs. 1 million. For a taxpayer who conducts business in a northeastern state of India the threshold is Rs. 500,000.
- The central government will levy IGST on inter-state supply of goods and services. Import of goods will be subject to basic customs duty and IGST.
- GST is defined as any tax on supply of goods and services (other than on alcohol for human consumption.
- Central taxes such as central excise duty, additional excise duty, service tax, additional custom duty and special additional duty, as well as state-level taxes such as VAT or sales tax, central sales tax, entertainment tax, entry tax, purchase tax, luxury tax and octroi will be subsumed in GST.
- A provision will be made for removing imposition of entry tax/ octroi across India.
- Entertainment tax, imposed by states on movies, theatre, etc., will be subsumed in GST, but taxes on entertainment at panchayat, municipality or district level will continue.
- Stamp duties, typically imposed on legal agreements by states, will continue to be levied.
- Offers a wider tax base, necessary for lowering tax rates and eliminating classification disputes.
- Eliminates the multiplicity of taxes and their cascading effects.
- Rationalizes the tax structure and simplifies compliance procedures.
- Automates compliance procedures to reduce errors and increase efficiency.

GST would be levied on the basis of the destination principle. Exports would be zero-rated, and imports would attract tax in the same manner as domestic goods and services. In addition to the IGST in respect of supply of goods, an additional tax of up to 1% has been proposed to be levied by the central government. The revenue from this tax is to be assigned to the origin states. This tax is proposed to be levied for the first two years or a longer period, as recommended by the GST Council. With GST, it is anticipated that the tax base will be comprehensive, as virtually all goods and

services will be taxable, with minimum exemptions. GST would bring in a modern tax system to ensure efficient and effective tax administration. It will bring in greater transparency and strengthen monitoring, thus making tax evasion difficult. While the process of implementation of GST unfolds in the next few months, it is important for industry to understand the impact and opportunities offered by this reform. GST will affect all industries, irrespective of the sector. It will impact the entire value chain of operations, namely procurement, manufacturing, distribution, warehousing, sales and pricing.

Central and State Governments

- **Simple and easy to Administer**

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

- **Better controls on leakage**

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

- **Higher revenue efficiency**

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

For the consumer

- **Single and transparent tax proportionate to the value of goods and services**

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

- **Relief in overall tax burden:**

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

Taxes at the Central and State level are being subsumed into GST

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

1. Central Excise Duty,
2. Additional Excise Duty,
3. Service Tax,
4. Additional Customs Duty commonly known as Countervailing Duty, and
5. Special Additional Duty of Customs.

At the **State** level, the following taxes are being subsumed:

1. Subsuming of State Value Added Tax/Sales Tax,
2. Entertainment Tax (other than the tax levied by the local bodies), Central Sales Tax (levied by the Centre and collected by the States),

3. Octroi and Entry tax,
4. Purchase Tax,
5. Luxury tax, and
6. Taxes on lottery, betting and gambling.

For the implementation of GST in the country, the Central and State Governments have jointly registered Goods and Services Tax Network (GSTN) as a not-for-profit, non-Government Company to provide shared IT infrastructure and services to Central and State Governments, tax payers and other stakeholders. The key objectives of GSTN are to provide a standard and uniform interface to the taxpayers, and shared infrastructure and services to Central and State/UT governments.GST is working on developing a state-of-the-art comprehensive IT infrastructure including the common GST portal providing frontend services of registration, returns and payments to all taxpayers, as well as the backend IT modules for certain States that include processing of returns, registrations, audits, assessments, appeals, etc. All States, accounting authorities, RBI and banks, are also preparing their IT infrastructure for the administration of GST.There would no manual filing of returns. All taxes can also be paid online. All mis-matched returns would be auto-generated, and there would be no need for manual interventions. Most returns would be self-assessed.

Imports be taxed under GST

The Additional Duty of Excise or CVD and the Special Additional Duty or SAD presently being levied on imports will be subsumed under GST. As per explanation to clause (1) of article 269A of the Constitution, IGST will be levied on all imports into the territory of India. Unlike in the present regime, the States where imported goods are consumed will now gain their share from this IGST paid on imported goods.

Impact of GST on the Indian Economy

GST the biggest tax reform in India founded on the notion of "one nation, one market, one tax" is finally here. The moment that the Indian government was waiting for a decade has finally arrived. The single biggest indirect tax regime has kicked into force, dismantling all the inter-state barriers with respect to trade. The GST rollout, with a single stroke, has converted India into a unified market of 1.3 billion citizens. Fundamentally, the $2.4-trillion economy is attempting to transform itself by doing away with the internal tariff barriers and subsuming central, state and local taxes into a unified GST.The rollout has renewed the hope of India's fiscal reform program regaining momentum and widening the economy. Then again, there are fears of disruption, embedded in what's perceived as a rushed transition which may not assist the interests of the country.

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

The Short-Term Impact of GST

From the viewpoint of the consumer, they would now have pay more tax for most of the goods and services they consume. The majority of everyday consumables now draw the same or a slightly higher rate of tax. Furthermore, the GST implementation has a cost of compliance attached to it. It seems that this cost of compliance will be prohibitive and high for the small scale

manufacturers and traders, who have also protested against the same. They may end up pricing their goods at higher rates.

Positive Effects of GST on Service Sector

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

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

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

Access to inputs held in stock: The service providers will access CENVAT credit of input that is held in stocks. This is best applicable when a person is moving from one category of taxation to the next like the exemption category to the taxable one.

Simple example – Earlier, service providers used to charge Service Tax to the clients and used to pay VAT on the goods purchased, like computers. it was not possible to take set off VAT against Service Tax. But in GST regime, you pay GST on both sales and purchases and hence its easy to claim **input tax credit** on that.

Fewer costs to service providers: In the previous system of taxation, the credit of VAT and CST that were paid to the input were billed to the service provider. Luckily, with the GST system, the CENVAT credit of SGST/CGST, as well as the IGST that are to be paid on inputs and capital goods are all taken care of under the GST system. This is a relief to the service provider. Now that the multiple taxation systems are abolished, the cost of inputs will go down. Inputs taxations like VAT, Excise Duty, and the likes will no longer be an issue to deal with.It will bring equality in all states: The previous taxation system did not cover Jammu and Kashmir. This presented a disadvantage to other places in India because taxation provisions did not cover these two places. However, GST now covers the whole land bringing all service sectors under the same taxation laws.

Negative Impacts of GST On Service Sector

Lack of a centralized registration: With the previous taxation system, many service providers rejoiced over being able to register all their businesses in different areas from a central place. However, this privilege has been taken away. Now, they have to register their businesses in the respective state and pay the CGST tax.Taxation for free services: If a business is going to supply services for free, they will still get taxed for it. Every supply that is made without consideration is taxed. This means you have to prepare yourself before you offer any free services.Increased cost of service to end consumer: Because the rate of taxation will go higher in the GST system, the end consumer will also feel a pinch of extra expenditure. The taxation is between 18% and 20%. Because this rate is high, the cost of service will be higher.Lack of a centralized system of accounting: Every

business in every state has to have their accounting records because there is no centralized registration of businesses. Every business in every state is financially accountable to that state for taxation. This means that the accounts of the business will have to be separate. Burdensome filling of returns: As a business owner, you will have to file returns for all the businesses in all the different states separately. This is also because of decentralized registration. This can prove to be burdensome and tiresome as well. You are needed to file as many as 37 returns in just a year.The burden of public education: The business owner is charged with the responsibility of educating the masses on the benefits of this GST system. Failure of which may lead to unprecedented events.

Research Methodology

Presently, GST is going to implement very soon and all the sectors have to register for it. The first step for each sector is to register for it. The registration of GST is received within 30days.

CONCLUSIONS

GST play a very big dynamic role in the growth and development of our country. Then GST will reduced the compliance burden at present there will be no distinction between imported and Indian goods and they would be taxed at same rate. So, GST will face many challenges after its implementation and will result to give many benefits. GST give more positive impacts as well as negative impacts. Now a days, the overall tax burden on most commodities will come down, which will benefit consumers. Then one tax from the manufacturer to the consumer, leading to transparency of taxes paid to the final consumer.

AN OVERVIEW OF GST IN INDIAN ECONOMY

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ABSTRACT

GST is a value added tax where tax is imposed only on the value added at each stage in the supply chain. It is levied at all points in the supply chain. Credit is paid for acquiring inputs used in making the supply. In India GST is defined as "tax on supply of goods or services other than alcohol for human consumption". In simple language, GST is a single tax on all goods and services in the entire economy. Hence it focuses mainly on manufacturing E-Commerce, Real Estate, Banking, Automobiles, Agriculture Fast moving customer goods and retail (FMCG), Energy, telecom, Sector in overall development in GST. The impact of the newly approved Goods and service Tax (GST) in india is studied in Mid 2017. This paper analyzed the effect of changes in the tax system through sector wise analysis GST is expected to raise overall Indian welfare and is projected to be an inclusive policy in that it would be welfare improving for all states of India.

Keywords: GST- Economic Perspective –Indian economy

INTRODUCTION

In the summer of 2016, the Indian Congress approved the Goods and Services Tax (GST) legislation to simplify the current multilayered federal, state, and local indirect tax structure. The GST bill will unify at least ten types of indirect taxes into one tax to be collected at the state and federal levels. Under the existing structure, at each point of sale, additional taxes are applied to the after-tax value of each goods and services.

Why was GST established?

The GST was established to subsume various indirect taxes levied at different levels, with the idea of reducing red-tape, plugging leakages and paving the way for a transparent indirect tax regime. The main purpose for the GST is to eliminate this compounding effect by fixing the final tax rate, where goods will fall into one of four rate categories of 5, 12, 18, and 28 percent. The GST is currently expected to be rolled out in mid-2017.Our results indicate that the GST should be welfare improving for all Indian states and, therefore, would be an inclusive policy.

How will GST affect the common man?

The impact of the GST on the prices of goods and services will largely depend on the item in question. It will also depend upon the respective State governments and their intervention with respect to controlling prices of essential commodities. Milk, for example, which is likely to see a spike in prices after GST is implemented, can still be sold at cheaper rates, if the State government offers a subsidy on it. The effect on Indian real GDP of the new GST system would depend on the exact allocation of goods and services to each of the four tiers of the GST, which has not yet been finalized by the Indian government. We work with alternative assumptions on this:

✶ The first gives an aggregate weighted GST of 16 percent with a positive impact on real GDP of 4.2 percent,

✶ whereas our second allocation gives an aggregate weighted GST rate of 20 percent with a lesser positive impact on GDP of 3.1 percent.

MANUFACTURING SECTOR

For most industrial products, GST rates have been slated at 18%. Today a manufacturer pays about 28-30% as taxes, so this means an average saving of around 10%.GST will affect the manufacturing sector in the following ways:Further, GST will only be credited to the state where the supplies are consumed, as opposed to the present situation where the producer state is credited with central sales tax on interstate sales. This would lead to a loss of revenue for the producer states and therefore such states may not be in a financial position to continue offering such incentives.

E-COMMERCE

In the current regime, e-commerce players are treated only as service providers and are therefore required to comply with only one central service tax legislation. Under GST, with the burden of TCS @ 1%, such electronic commerce operators will also be required to undertake additional compliances in states where the supplier is located.However, it has been kept at 1%, which is the lowest. Thus, E-commerce consumers are likely to remain unaffected once GST sets even as players like Flipkart and Amazon prepare to deduct 1% of the payment it makes to sellers under the new tax regime. This will not significantly increase the onus and compliance burden on electronic commerce operators.Under the GST Law, specified transactions without consideration would also be treated as supplies. The GST will therefore facilitate seamless credit across supply chains, with tax set offs available across the production value-chain, both for goods and services, therefore bringing down the overall cost of supplies

REAL ESTATE

The GST regime will be a game changer for real estate sector and the 12% GST on construction projects meant for sale to buyers will boost the sector. Transfer of (completed) properties may continue to be outside the purview of GST and be liable only to applicable stamp duties. However, on procurement of materials for civil construction, GST will be applicable. The implementation of GST will broadly benefit real estate sector by ensuring a uniform tax structure and improve tax compliance by developers. It looks at bringing in greater transparency for the sector and may minimize unscrupulous transactions. GST will have a cascading effect for the home buyers, as developers with more margins in their hands will be able to restructure the cost of the products in favour of consumers thereby reducing the property prices.

BANKING

In India, most of the banking and financial services are exposed to service tax, at the rate of 15%. Under the new tax regime, GST rate for financial services transactions, such as banking, mutual funds, insurance and stockbroking has been increased to 18% from 15% earlier. Thus, financial services transactions to become marginally costlier. Since GST is a destination-based tax, it might be a challenge to determine the destination of certain services (at present, services are taxed at the place of rendering the service). This may lead to a difficulty in determining state GST, central GST or inter-state GST on B2B and B2C transactions

AUTOMOBILES

Cars will be taxed at the top rate of 28% plus a cess in the range of 1% to 15%. Small cars will be charged 1% cess on top of 28% tax, midsized cars will attract 3% cess and luxury cars 15% cess on top of the peak rate. A current levy of Indirect taxes on cars varies from 30% to 45%.

The rates of GST are as per the expectations of the industry and almost all segments of the industry have benefitted by way of a reduced overall tax burden in varying degree. Moreover, elimination of cascading effect and offset of input tax credit at every stage ofvalue chain will reduce the cost. By and large, the impact of GST may be positive for car segment of automobile sector.

There will be several key beneficiaries of GST including some really giant companies.Industry experts opine that GST will lead to the dropping of on road price of vehicles by 8%. Lower prices can be construed as indirect stimulus to boost volumes. Key beneficiaries would be Maruti Suzuki, M&M and Eicher Motors.

AGRICULTURE

The implementation of GST would boost the economic growth by the means of wider tax base, compliance in tax payment and by pushing balance of trade on favorable side GST system seeks to replace multiple taxes and tariffs and has set free the decisions on warehousing and distribution from taxconsiderations. Under GST, the logistics and transportation will be more cost and time efficient, thereby curtailing the wastage of precious food as well.The implementation of GST is going to benefit a lot, the farmers/ distributors in the long run as there will be a single unified national agriculture market which will help them to sell their produce for the best available prices.

FAST MOVING CONSUMER GOODS & RETAIL

Beverage companies, for instance, said the effective tax rate of 40% on sweetened aerated water and flavored water under GST was against the stated policy of maintaining parity with the existing weighted average tax, which is significantly below 40%. Aerated beverages have been placed in the highest tax slab of 28% and in addition will attract a cess of 12%. Retailers currently offer various marketing schemes such as “Buy one get one free”, free samples, etc. to customers. At present, the products given free of cost are not liable to sales tax. However, in the GST regime, supply of goods by one person to another without consideration could also be liable for taxation. This would lead to increased cost of promotion and also pose a challenge as regards the valuation to be adopted for calculating GST on such goods.Further, FMCG companies could generate substantial savings in logistics and distribution costs as the need for multiple sales depots will be eliminated. 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. Also, warehouse rationalization and reduction of overall tax rates is expected to generate saving.Thus, several of the rapidly moving consumer goods companies such as HUL, ITC, P&G will benefit immensely by this tax structure of a GST rate equaling to 18%. Also, much relies on the exemptions which are being retained along with the excise benefits. Benefits aren’t expected to be huge and will happen slowly as per several of the analysts.

ENERGY

New GST rate slabs for coal and capital goods are expected to bring cheer to the power sector. Thus, the 5% rate for coal, down from 11.7% in the current tax regime is a major breather as it would help reduce the final tariff which would be passed on to the consumers.In the absence of such tax exemptions and concessions, there is a possibility of a significant increase in project costs.

TELECOM

All service related sectors are expected to be negatively-effected as the service tax rate is 15% currently and GST rate on telecom has been fixed at 18%. Even a moderate rise in tax could hit demand and profits. Given the data volumes are slowing and with the launch of Reliance

Jio, the times ahead for telecom companies are going to be tough and this will be reflected in their stock prices as well.

CONCLUSION

It is well recognized that this problem can be effectively addressed by shifting the tax burden from production and trade to final consumption. Thus, a flawless GST law in the context of the federal structure would optimize theeffectiveness. GST is a well-designed destination-based value added tax on all goods and services which is the most elegant method of eliminating distortions and taxing consumption. Under this structure, all different stages of production and distribution can be interpreted as a mere tax pass-through and the tax essentially sticks on final consumption within the taxing jurisdiction. However, macro benefits emanating from implementing GST far outreach the negatives, it is also a significant change communicating to the world at large that we are focused on one path for economic progress.

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GSTON AGRICULTURESECTOR- AN OVERVIEW

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ABSTRACT

Goodsand ServicesTaxisassign lead abroad basedtaxleviedongoodsandservices consumedinaneconomy.Agriculturesectorhasbeentherootof Indianeconomyandit contributes toaround 17.4percenttoGDP. About52percentof thetotalrurallively hooddependson thissectorastheirprimarymeansoflively hood, so itisimportanttostudytheimpact ofGSTontheagriculturesector.GSTwillhavebothpositiveandnegative effect on Agriculture. GSTisexpectedtocreate abusinessfriendly environment, aspricelevelandinflation rategodown. Goodsand ServicesTaxhassingle tax structureasitleadstounifiedmarketatnationallevelfor goodsand services. Theimplementation ofGSTisexpectedtobring uniformity across statesandcentrewhichwould maketax supportpolicyofaparticular commodityeffective.Goodsand ServicesTax(GST)waspredictedto haveasimpleharmonized tax structurewith operationaleaseleading toassignreunifiedmarketatnational levelfor goods and serviceswhileensuringthat thereisno negativerevenueimpactonthestates.Thispaperis helpful inbringingout thelightonGSTonAgricultureSector– Overview.

KEYWORDS: AgriculturalCommodities,GST,VAT,Indirect tax

INTRODUCTION

Agriculture isoneofthe most criticalsectorsoftheIndianeconomy. Growthand developmentofagricultureand alliedsector directly affects well- beingofpeopleatlarge, rural prosperityand employmentand formsanimportantresourcesbase forumbearofagro-based industriesand agro-services. Theagriculturesectorin Indiahasundergone significant structural changesintheformofdecreaseinshareofGDPfrom30 per centin1990-91 to17.4in 2015-16 (AnnualReport, 2015-16 MoA&FW)indicating a shiftfromthetraditional agrarianeconomy towardaservicedominatedone.However,thisdecreaseinagriculture'scontribution toGDPhas notbeenaccompaniedbymatching reduction in theshareofagriculturein employment.About52 percentof thetotalworkforceis stillemployed by thefarmsector which makesmore than halfoftheIndianpopulationdependonagricultureforsustenance.Valueadditions in agriculture, thus, holds huge potential for enhancetheliving standardofmajority of thepeople.Improved agriculture marketingoffersamajoropportunityto achievethisobjective. Goodsand ServicesTax willhavebothnegativeandpositiveimpactonagriculture. Thepriceof agriculturalcommodities willgodown, aspreviouslythe agriculturalcommoditiesare charged withdifferentpriceswithinthestate,inter- stateandin overallcountry.Termsoftrademovein thefavourofagricultureascompared to manufacturing sector.Thiswillincreasepricesofsome commoditieslikemilk,tea, etc. thus, boonthem Millionsfarmersinindia.

GOODS ANDSERVICE TAX

GSTstandsfor "GoodsandServicesTax'' andisproposedtobea comprehensive indirect taxlevy onmanufacture, saleand consumptiongoodsas well as serviceatthe national level. GSTisan ideaonwhichalltheindirect tax(bycentralgovernment, stategovernmentand customduties) willbesubsumedintoa commonsingleGST. TheproposedGSTisexpectedto streamlinetheindirecttax regime.It containsall indirecttaxesleviedongoods,includingcentral and stateleveltaxes.Actasan

improvementon VATsystem, auniformGSTisexpected to createaseamlessnationalmarket. GSTseemstobemorecomprehensive, compliable, simple, harmonized and developmentoriented taxsystem.Main aimofGSTis“onenation,onetax”.From theconsumer pointof view, the biggest advantageswould bein termsofan education in theoveralltax burden ongoods, which is currentlyestimatedtobe around25-30 percent (centralboardofExciseandCustom). Introduction ofGSTwould also makeIndian Productscompetitiveinthedomesticand international markets. After GST, when asingletaxationprocedurewillrolloutwecansaythat inflation willcome down. We canexpect that therateof taxation on necessarymaterialslike agricultureproduct,medicineswillspread thepositiveenergyto thepeopleofthenation.

FEATURESOFINDIANGST

- Itwillbe collectedonVATmethodi.e.. taxatevery stageof value addition.
- Itwillbeimposed atanuniformrate@20 percent(**Centrestateshare=12 and8 percentrespectively)**

Indiangovernmentwillalsoapplyan integratedGST thatmeansonlyCentrecan collectGSTin caseof inter-statetrade and commerceandfurther thistaxwillbedivided betweenCentre and statebasedonrecommendationofGSTcouncil advisorybody. Furthermore,indirecttax willnot besubsumedintoGST.

WHYTHISMUCH HUE ANDCRYFROMDIFFERENT STATES?

- ThegovernmentsMadhya pradesh, Chhattishgarhand TamilNadu arguingthat the “informationtechnologysystemsand the administrativeinfrastructureso needed willnot bereadyby April2010to implementGST.
- Somestatefear thatif theuniformtax rateislowerthan theirexisting rates,itwillhit their taxkitty. ThegovernmentbelievesthatdualGSTwilllead revenuecollectionfor states.
- Backward andlessdeveloped Statescouldseeafallintaxcollections. GSTcould see better revenuecollectionfor some astheconsumption ofgoodsand serviceswillrise. However, stateshavesought assurancethattheir existingrevenues willbeprotected.
- The centralgovernmenthasofferedto compensatestatesincaseof lossinrevenues.

VIEWSONGST

Overall GSTishelpfulfor thedevelopmentof Indian economy as well itwillbevery much helpfulin improving thegrossdomesticproductofthe countrymorethantwopercent mention.GSTwouldlead toefficientallocation of factorsofproduction. Theoverallprice levelwould godown.Itisexpected thatrealreturnstothefactorsofproductionwould goup. Their results showedgainsin realreturnsto land ranging between0.42and 0.82 per cent. Wages rategainsvaried 66 between0.68 and 1.33 percent.Therealreturnstocapitalwould gain somewhere,between0.37and 0.74 percent.Insum,implementation of acomprehensiveGSTin indiaisexpected to lead toefficientallocation of factorsofproduction thusleadingtogain in GDPand exports. Thiswouldtranslateinto enhanced economicwelfare andreturnsto thefactors ofproduction,viz.Land,labour and capital.Fertilizer productsarelikelytosufferfromhigherincidenceof taxeswith implementation ofGST. Therefore,itis strongly feltthatthereisaneed for governmenttopayspecial attentionto fertiliser sector,keepinginviewitsdirectly linkagewithfarmersand agriculture.Any newtax regimeshouldnotdirectly orindirectly increase thecostof fertiliserstothefarmers,especially whengovernment continuestoprovidesubsidyon fertiliserdirectly orindirectly. Primafacie,thegovernment should thus; either allowsZero orconcessionalrateofGSTon

fertilisers.GSTrateonteashould bekeptonapar with the currenttax rateof0.5/1per centfor teas sold through auctions areallowedtocontinueundertheGSTregime. Otherwise, teawillbecome costlier.

GST ONFARMSECTOR

The execution ofGSTisexpectedtoboosttheagricultural market astaxationunder a subsumed singleratewould makethe movementofagriculturalcommoditieshasslefree asthe products would be abletoreachplacevia trucksin abetter way.Interstate tradingofaparticular productoften is subjected to varioustaxes,permission, licenserequiredfor different statesateverypointoftheir transaction.Thishadoften created hindrancein tradingofproductsacrossthe country for manytradersinthepast. So implementing GSTwould bethefirststeptowardsliberalizing themarketingofagriculturalproductsand creating asmooth transactionofgoods.GSTwould make agro-machineriesaffordabletothesmalland marginalfarmersinIndiawhichwasbeyondtheirreachdueto highexcise duty onthemachinery.Agricultural products were always subjecttodiversity in thetaxation rates soasingle rateofgoodsand servicestax would benefit thenationalagriculturalmarketandhelp thefarmers andtraderstoselltheirproductsin anypartof thecountry and receive thebestpricefor their product.Theproposed GSTrateshould provideconsistency intaxofprocessed and unprocessed fooditems sothatprocessedfood comes within thereachofallthe consumers. The slabfor GSTrateofprocessedfood shouldbedifferentfor differentincomegroup tomakethe benefitofsuch foodavailableforalltheconsumers.Currently, thereisnotax toprocure milkfromfarmers. Weonlypay2 percentcentralVATonsaleof milkpowdertoacompany. WhenGSTgetsimplemented, thetaxcanbe12.5 percentor 15 percentor 18 percent. Therewillbeastraightcosthikein milk and milkproduct prices.It'sannualproductionfor theyear wpm5-2016 amountto155.49million ton(Indiastat) and recordsanincreaseevery year,and milk beingabasicnecessity inmany households, an increasein thepricewouldnotbereadilywelcomed bytheconsumers.

CONCLUSION

Itcanbesaidfromthe abovethatGSTisexpected to havebothpositiveandnegative impactonthefarmsector.In caseof milk, Teaand Fertilizeritisexpectedtoshowanegative impact. Thesearethe mostpopularcommoditiesinIndia.Incaseof milk thereisnotax to procuremilkfromfarmer, whenGSTwillbeimplementeditleadsto increasethemilk pricesandthis wouldnotbewelcomed byconsumers.GSTwill make tax systemmoretransparentas single tax systemisavailabletowholecountry.Agriculturalproducts weresubjectedtodiversity oftaxationrates;assinglerateofgoodsand servicetax wouldhelp thefarmersandalsototradersbecausetheycanselltheirproducein anypartof thecountry.

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GOODS AND SERVICES TAX AND ITS IMPACT ON ELECTRONIC COMMERCE

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Abstract:

E-Commerce in India is often referred as the "sun-rising industry". The growth it has seen in the recent years is not only unprecedented but it is also expected to grow twice of its size within a few years While India stands on the brink of its biggest transformation in the tax reforms- that is the implementation of the Goods and Service Taxes "GST", its impact on the E-commerce sector are vast. Currently, the indirect tax structure with different tax regimes in every state has led to confused and complex tax treatment of E-commerce Sector. The Model GST Law has incorporated major changes by including a separate chapter on e-commerce transactions. However, the proposed Model GST Law may result in compliance challenges for the e-commerce sector and open up many other issues which would require further clarity.

Introduction:

Goods and Services Tax or Indian version of GST is a destination based tax proposed by the government with the aim to eliminate several indirect taxes like VAT, Central Excise Duty, Sales Tax, Service Tax, etc. It is fondly described as **one tax for one nation.** However, unlike GST of other countries, Indian GST is anything but one tax. It is actually a culmination of three taxes – Central Goods and Service Tax (CGST), Integrated / Interstate Goods and Service Tax (IGST) and State Goods and Service Tax (SGST). CGST and SGST both will be levied on intra-state supply of goods and services while IGST will be applicable on inter-state supply of goods and services in India. Since it is a destination based tax, it will be levied at all stages right from manufacturer up to the final consumer with credit of taxes paid at previous stages available as set off. In short, tax will be levied only on value addition and the final burden of tax will be borne by the ultimate consumer.

Goods and services are divided into five tax slabs for collection of tax - 0%, 5%, 12%, 18% and 28%.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.

Electronic Commerce

Electronic commerce or ecommerce is a term for any type of business, or commercial transaction, that involves the transfer of information across the Internet. It covers a range of different types of businesses, from consumer based retail sites, through auction or music sites, to business exchanges trading goods and services between corporations. It is currently one of the most important aspects of the Internet to emerge. Ecommerce allows consumers to electronically exchange goods and services with no barriers of time or distance. Electronic commerce has expanded rapidly over the past five years and is predicted to continue at this rate, or even accelerate. In the near future the boundaries between "conventional" and "electronic" commerce will become increasingly blurred as more and more businesses move sections of their operations onto the Internet.

E-Commerce Models

The traditional or first model (also known as the 'stock-and-sell model') of online sale of goods was very simple. There was an inventory of goods / services which is displayed to the customer and customer can scan through the choices. Customer then picks the desired goods/ services in his virtual cart and makes payment for such purchases. The purchased goods/ services is then delivered to the customer by various modes like courier, hand delivery, option to pick from stores of the supplier etc.

The next model is well known today and is most popular amongst both buyers and sellers, is called the marketplace. Where the platform is owned by one person, but the goods are sold on such platform by other sellers, it becomes the marketplace model. The person owning the site or platform displays the products of other persons. Buyers visit the site where they can find their requisite goods. The payment is made to the site owner while the delivery of goods is directly provided by the seller to the buyer. The site owner makes the payment of the goods to the seller after deducting his margin or commission

E-Commerce under GST Law

GST is going to have a major impact on e-commerce in the country. Apart from consumers, this trade segment has two key players: the e-commerce marketplaces and the sellers. While e-commerce marketplaces such as Flipkart and Amazon are required to make necessary adjustments to their operations, it is the impact on e-commerce sellers, represented by the thousands of retailers that sell through the marketplace that requires intense scrutiny. Through this blog, we assess the impact of GST on e-commerce sellers and the steps such businesses need to take to ensure regular compliance.

GST-induced taxation changes for e-commerce sellers

Presently, GST appears to be an assortment of compliance guidelines. The enhanced regulatory requirements might take a seller's focus away from operations for some time. However, GST as a single tax for products across India will be beneficial for all e-commerce sellers in the long run because of the aspect of transparency in trade brought forth by this new indirect tax reform. Let's discuss the impact of GST on an online seller's operations:

1. Increased reach of e-commerce sellers:GST has opened avenues for small and medium sized e-commerce sellers to compete with larger enterprises at a national level. Previously, these sellers were limited to operating within the confines of one state due to the looming tax rates of trading across multiple states. By unifying the taxation, e-sellers need not be burdened by multiple taxes while selling to consumers across various states.

2. Compulsory registration required: The government has specified a turnover threshold of Rs 20 lakh for registration under GST. This has been relaxed to Rs 10 lakh for north-eastern states. However, for e-commerce sellers, registration is mandatory, irrespective of whether they fall below the turnover slab of Rs 20 lakh or not. Removal of the threshold for registration will help bring more online businesses into the sphere of taxation.

3. Ineligible for Composition Scheme:E-commerce sellers are not eligible for the Composition Scheme either. 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 disadvantage for e-commerce sellers, the number of documents required to file for the Composition Scheme is relatively higher, reducing the burden of document collation on the seller.

4. 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.

5. Filing of tax returns: The e-commerce sellers need to follow the same process that is followed by brick-and-mortar retailers. Form GSTR-1, containing details of outward supplies, needs to be submitted by the 10th of every month. The seller will receive Form GSTR-2A by the 11th of the same month, which contains details of the tax collected by the e-commerce marketplace. They then need to review and submit Form GSTR-2 by the 15th of the month. Discrepancies in supplies are to be submitted through Form GST ITC-1 by the 21st of the same month. This would require businesses to be particular about tallying data coming from different sources before filing returns. Taking the

help of a professional GST services provider in meeting compliance has become a requisite in light of these regulations.

6. Increase in Credit: The GST law has established 'input tax credit' to cover goods or services used by a company in the course of business. E-commerce sellers need to establish a direct relationship between the input material and the final product/service is eliminated. Much like other registered entities under GST, e-commerce sellers too can now avail input credit.

7. Refunds under cash on delivery: Consumers extensively opt for 'cash on delivery' in India and such sales witness return of orders to the tune of 18%. The reconciliation process for refunds takes around 7-10 days. Initially, there might be confusion around generating refunds for cancelled orders where taxes have already been filed.

Conclusion:

Electronic commerce firms shall require a lot of change at the planning and implementation level. All in all, GST is expected to be a mixed bag for electronic commerce, with the benefits outweighing the concerns. However, the real picture shall be clear only after it is implemented.

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Abstract

The Leather Industries occupies a place of prominence in the Indian economy in view of its massive potential for employment, growth and export. There has been increasing emphasis on its planned development aimed at optimum utilization available raw material for maximizing the returns particularly from exports. This paper aims at understanding the impact of GST on leather industries. The government has been at the receiving end of the revenue and the leather industries will witness a sea of change with the Invent of GST. Around 140-160 countries in the world have adopted GST model of Taxation. The idea for introducing GST in the country is restructuring of indirect taxes levied by both the Central Government and the State Government. The purpose of GST is to bring "One nation one tax system" to unite indirect taxes under one roof instead of multiple tax system like VAT, CST, Excise Duty, Entry Tax etc. This paper presents the background, salient features and impact of GST on leather industries.

Key Words: Leather Industries GST, Small Medium Enterprises, Central Excise Duty,Growth

Introduction

Over the years the Indian Leather Industry has undergone drastic change from being a mere exporter of raw materials in the early 60's and 70's to an exporter of finished, value- added leather products. The main reason behind this good transformation is the several policy initiatives taken by the Government of India. Indian leather industry currently is one among the top 8 industries for export revenue generation in India, holding 10% of the global raw material, and 2% of the global trade. India has become biggest livestock producer in the world with the capacity of 1.8 billion sq. Feet of leather production annually. Global footwear of 13% production comprising of 16 billion pairs are made in India. The introduction of the Goods and Services Tax (GST) is 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, GST will mitigate ill effects of cascading or double taxation in a major way and pave the way for a common national market. 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**. From the consumers point of view, the biggest advantage would be in terms of reduction in the overall tax burden on goods, which is currently estimated to be around 25%-30%.

Structure of Leather Industries

The leather industry is spread in different segments Like, Tanning and Finishing, Footwear and Footwear Component, Leather Garments and Leather Goods including saddler and Harness etc.

Reviews on Leather Industries

There has been an increasing emphasis on its planned development, aimed at optimum utilization of available raw materials for maximizing the returns, particularly from exports. India ranks first among major livestock holding countries in the world and thus has a rich endowment of raw materials in terms of the cattle population. Information is provided on the micro structure of the Indian leather industry. The modernization of leather industry and set up of new unit for footwear, components and leather products results in terms of productivity, rightsizing of capacity, cost-cutting, and design-development will give way to further development to this industry. (Center for Management Research (CMR) 20053). Apart from the quality of raw material, the process of its

conversion into leather and later of the design, product development and process of manufacture of leather products play a key role in adding value to leather industry (The Indo-Italian Chamber of Commerce & Industry 20084).

Reviews on Goods and Service Tax:

Agogo Mawuli (May 2014)1 studied, "Goods and Service Tax-An Appraisal" and found that GST is not good for low-income countries and does not provide broad based growth to poor countries. If still these countries want to implement GST then the rate of GST should be less than 10% for growth.

Ehtisham Ahmed and Satya Poddar (2009)3 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.

Objectives of the Study

To analyze the Impact of Goods and Service Tax (GST) on Leather Industry

Limitations of the Study

- The employers are unwilling to spare time for interview.
- The employers fear answering questions straightforwardly.

GST's impact on Leather Industries:

Enterprenuer's Opinion:

Entrepreneurs are demanding for 5 per cent GST rate across the range of products, as has been done for textiles. Like the textile sector, leather is labor-intensive. Leather inputs are taxed at different levels. Job work is also being taxed. This will impact small entrepreneurs. Even imported leather which earlier faced nil tax, is now taxed at 18%. Even though there is a refund, as a result working capital will be locked up.Entrepreneurs are not against to GST they are welcome it as it will be beneficial in the long run. But the varied tax rates will cause confusion at the field level and constrain cash flows. For instance, finished leather and semi-finished leather look exactly the same and there will be disagreement on which is which and what tax rates apply. Leather imported for making export products attracts 18 per cent. It can take up to four months for imported raw material to be made into product and exported. We can claim refund only after export. Industries cannot afford to have 18 per cent funds locked up for months.

Impact on Leather Industries:

- Levying a high GST rate would have a negative impact on entrepreneurship
- Rate of GST are higher than VAT, the entrepreneurs feel that current tax slab on leather and leather products are very higher compared with the previous tax slab.
- Imported Leather which earlier faced nil tax, is now taxed at 18%.
- Leather goods are taxed at 28 per cent, the highest slab.
- Export of leather and leather products dipped 3 per cent in 2016-17 to $5,665 million from $5,855 million in the previous year
- Challenging conditions in the overseas market, particularly Europe, and a stronger rupee disincentivised exports.
- Impact on Exports Incentives
- In and around Vellore district overseas order are reduced upto 50% as a result most of the employees are suffered from unemployment.

❖ The anxiety is accentuated by the fact that the industry is going through a rough patch in the first place.

❖ The major concerns for the sector are centered around the perceived high tax rates for various inputs, including imported items, and the provision that taxes job work, which could impact ancillary units.

❖ 18% have to pay tax on Effluent Treatment.

❖ Employers very disappointed with the refund scheme framed by GST Council, the employers didn't get any kind of refund since GST implemented they feel that the funds are locked up.

❖ Most of the Small Entrepreneurs are closed their business due to high tax rate.

Particulars of Commodity	Tax Rate as per VAT	Rate as per GST	Export Incentives	Before GST	After GST
Raw Materials	5%	5%	Draw Back	6%	1.50%
Finished Leathers	5%	12%	Focus Product	2%	2%
Basic Chemicals	5%	18%	Export	No Tax	Have to Pay IGST
Tanning Chemicals	5%	12%	Import	No Tax	18%
Packing Materials	5%	12%			
Job Work	0%	5%			

Suggestions

❖ It is suggested that the government should take a necessary action to reduce tax slab

❖ It is observed that high tax slab is the negative impact on leather industries in and around Vellore district.

❖ It is suggest that the employers should come forward to do the business

Conclusion

From this study, the researcher comes to the conclusion that the most of the employers were not satisfied with the current GST Schemes and Tax Slab, they feel that now a days they are facing difficulties and decline in their business just because of high tax slab of GST as a result overseas orders were lapsed in and around Vellore district, if the government take a positive steps to made necessary modification in tax rates it will increase the morale of leather industries, as a result productivity and export will be increased.

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GOODS AND SERVICES TAX (GST) IMPACT ON TOURISM SECTOR IN INDIA

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Abstract

"Tourism comprises the activities of persons travelling to and staying in place outside their usual environment for not more than one consecutive year for leisure, business and other purposes". The report distinguishes the different types of tourism such as Domestic Tourism which involving residents of a country visiting their own country: Inbound Tourism which involving non-residents visiting a country other than their own and Outbound Tourism which involving residents of a country visiting other countries. These three basic forms of tourism can in turn be combined to derive the following categories of tourism: Internal tourism which comprises domestic tourism and inbound tourism, National tourism which comprises domestic tourism and outbound tourism, International tourism which comprises inbound and outbound tourism. Goods and services tax impact on Tourism sector such as travel experience, transportation, accommodation, eating and drinking, establishments, shops, entertainment, activity facilities and other hospitality services available for individuals or groups travels

Introduction

The article aims to suggest some implementations and applicable GST in the area of Tourism sector like hospitality, transportation , boarding and lodging facility.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.

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 no 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. 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 standardised tax rates and flexible criteria to avail input tax credit.

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.

Purpose and objectives of the study

1.The study is based on the tourist perception towards GST impact on tourism sector having the following objectives of the study:

2.To study the various factors influencing the tourist perception towards GST impact on tourism sector in India.

3.To study the comparative study of tourism sector before GST and after GST.

4.To find out the conclusion and suggestions of tourist opinion about GST on tourism sector.

The impact of GST on the hospitality and tourism sector

Here's a look at how GST will impact the overall hospitality and tourism sector:

1. Easier administration and procedures

By subsuming multiple taxes under a single category, GST will abolish the tax-on-tax structure, reduce the complexity of taxation procedures and streamline it.

2. Simplicity for consumers

Most average consumers cannot distinguish between multiple taxes and rates. With the GST regime, consumers will have a more comprehensible and transparent tax structure with only a single charge on their bill.

3. Greater technological burden

Among the pros of GST, there are also a few cons that are hard to overlook. One of them is increased burden on service providers to employ technology-based tools for taxation procedures. While the guidelines on managing accounts and filing returns are well-defined, it will require businesses to become technologically adept, increasing the burden and cost of compliance.

4. Increased Costs

Businesses will increasingly look to recover the additional technology costs from their customers, which may lead to higher tariffs.

5.Lack of competitiveness with other Asian countries

While, GST will make India a bigger player in the global hospitality and tourism industry, there is no global competitiveness in tax rates. Other Asian countries such as Japan and Singapore have much lower tax rates in the hospitality sector (8% and 7% respectively) which is amongst the top reasons why tourists prefer to visit these countries and others such as Malaysia, Thailand, etc. While the 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. The long-term impact, however, remains to be seen and only time will tell how and if GST does accelerate growth in the sector.

Factors influencing the tourist perception towards GST impact on tourism sector in India

GST will affect the tourism industry in positive & negative manner, the categories in which tourism industry is as follows:

1.Accommodation& Catering:-

Accommodation and catering is one of the factors of influencing tourist perception on tourism sector . The new tax rates for the hospitality industry are multi-tiered. Hotels and lodges that charge below Rs 1000 a day will be exempted from GST, while those that charged room rates between Rs 1000 to Rs 2500 will attract 12% tax rate. Between Rs 2500 to Rs 5000,the tax slab is 18% while hotels with tariff over Rs 5000 will be levied a 28% GST. Experts said all hotels and restaurants should have qualified for lower tax slabs as they are critical employment generators for the economy and critical for tourism. "The government has not realised the importance of providing impetus to hospitality and tourism sectors, which are one of the highest employment generating sectors," said Riyaaz Amlani, president of National Restaurant Association of India.

2.Transportation:-

Transportation has been an integral part of the tourism industry; transportation links tourists with various tourist attractions. There is a general agreement that tourism expands more when there are better transportation systems. In many part of the world tourism had been underperforming compared to the natural heritage the country is endowed with. .Tourism sector is one of the main important sectors of the economy. Many countries take advantage of covering the budget deficit with the help of profits coming from tourism. That is why tourism sometimes is called a factory without chimney. But tourism has its own unique features that differentiate this sector from the others. Like in the other service industries, in tourism the customers, that is, the tourists come to the destination where the tourism services are provided. As the matter of fact it is difficult to think of tourism sector without transportation. Transportation is the main mean to carry passengers, that is, the tourists to the actual site where tourism services are performed. The development of transportation, transportation vehicles, infrastructure and using new technologies in this sector speed up the development of tourism. If we pay attention to the statistics of World Tourism Organization, we may see that the tourism dynamics has changed and increased rapidly between 2005 and 2015. In 2010 international tourist arrivals rose to 940 million. This in turn brought the economies $980 billion. This trend can be explained with different factors. But the main important factor here is the rapid development of

transportation sector and application of technological innovations which enable the tourists to reach many distination. Distance Any transportation in economy class shall be taxable at 5%, else taxable at 12%.

3. Attractions:-

India is the world's seventh-largest country stretching from the high mountains of the Himalayas to the tropical greenery of Kerala, and from the sacred Ganges to the sands of the Thar desert. Its more than one billion inhabitants are divided into two thousand ethnic groups and speak over 200 different languages. Conform its size and population, India has an almost endless variety of cultures, landscapes, monuments and places to explore. From the ancient ruins, fascinating religious structures, exotic cities and diverse landscape there is an endless collection of **tourist attractions in India** that will never cease to awe and fascinate the visitor. Tourists are generally visiting most Attractive places like theme parks, museum, waterfalls, garden, Zoological park, natural attractions including scenic beauty etc. will be taxable at taxable at 18%

4. Travel Agents:-

A travel agency is a private retailer or public service that provides travel and tourism related services to the public on behalf of suppliers such as activities, airlines, car rentals, cruise lines, hotels, railways, travel insurance, and package tours. In addition to dealing with ordinary tourists most travel agencies have a separate department devoted to making travel arrangements for business travelers and some travel agencies specialize in commercial and business travel only. There are also travel agencies that serve as general sales agents for foreign travel companies, allowing them to have offices in countries other than where their headquarters are located. GST will be applicable on tour agents & shall be taxable at 18%.

5.Tour Operators :-

GST for tour operators is taxable at 5%, with input tax credit with No ITC. The ways in which these services are offered is Composite supply & Mixed Supply. The benefit is multiple taxes will be replaced by one single tax, the rate of which is likely to below 16–18%. The sector may benefit in the form of lower tax rates which should help in attracting more tourist in India.

Comparative study of tourism sector before GST and after implementing GST.

Following are the comparative study of tourism sector before GST and after implementing Goods and Services tax.

Before GST	After GST
Hotels and lodges charging different types of tax collected from tourists depend upon the demand and requirement of tourist and there is no hard and fast rule for collecting tax.	Hotels and lodges that charge below Rs 1000 a day will be exempted from GST, while those that charged room rates between Rs 1000 to Rs 2500 will attract 12% tax rate.Between Rs 2500 to Rs 5000,the tax slab is 18% while hotels with tariff over Rs 5000 will be levied a 28% GST.

Any transportation in economy class shall be taxable at 12%	Any transportation in economy class shall be taxable at 5%.
Tourist are generally taxable depend the places and it is varied from one places to another places and different taxes collected from the tourists	Tourists are generally visiting most Attractive places like theme parks ,museam, water falls , garden ,Zoological park, natural attractions including scenic beauty etc. will be taxable at taxable at 18%.
Services of tour operator were taxed at 9% service tax on gross amount charged from the customer.	GST will be applicable on tour agents & shall be taxable at 18%.

Conclusion and suggestions of tourists' opinion about GST on tourism sector

Generally tourists' are leaving their residential place to some other places like historical places, museums, waterfalls, Indian architectural, gardens , lake , zoological park etc to enjoy and for their pleasant. Tourists are expecting more and more facilities in tourist spots and location which was facilitated by the government of India and also tourist are very much satisfied regarding GST collected by the hotels. Tourists are ready to spend much amount in hotels and lodges. Tourists are expecting from the Government is to implement uniform tax for all level of categories of accommodation and the Government should clearly explained regarding GST. Tourist are also expecting frequent transportation facility to tourist so that they can easily travel from their place comfortably.

GST ERA AND ITS IMPACT ON RETAIL SECTOR

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Abstract

The government has been at the receiving end of the revenue and the retail sector will witness a sea of change with the invent of GST. This forms the core area in this research as it gives a bird's eye view of the entire supply chain related to GST. This paper aims at understanding the impact of GST on the different sectors of the economy wherein the central objective is to throw light on three main aspects to give an overview of the provisions of GST, to analyse the impact of GST on retail sector and to study the impact of GST on government revenues. The ideology behind incorporating this transformation is to replace the existing taxes – VAT, service tax, CENVAT, excise duty to adopt a uniform rate structure on goods and services through GST.gov – revenue, retailers – lesser prices of the final commodity.

Keywords: GST, VAT, CGST, SGST, Retail.

Introduction

Tax is a very important source of revenue to the government as it spends its revenue in administrating the country, developing the country's infrastructure and looking after the nation's well-being. India being a developing nation, has been striving to fulfill the obligations of a Welfare state with its limited resources. The government's primary sources of revenue are direct and indirect taxes. Central excise on goods manufactured or produced in India and customs duties on goods imported constitute the two major sources of indirect tax. However, revenue from customs and excise has been declining due to World Trade Commitments and rationalization of commodity duties. The tax structure has undergone tremendous changes over the years with the key objective of increasing the tax base and reducing the tax rate. However, achieving this objective to its fullest has not been possible. The service sector has been witnessing a phenomenal growth all over the world although it may vary in the degree and magnitude among the countries. The growth of this can be gauged by the significant contributions from the service sector to GDP, thereby pushing back the traditional contributors like agriculturalists and manufacturing sector.In the present day, the services are so widespread that they encompass a plethora of activities right from professional services to retail, wholesale, hospitality, research etc. Service sector is occupying the center stage in the economy so much so that in the contemporary world it is synonymous with the advancement of the economy. It is needless to say that exclusion of the service sector from indirect taxes will result in loss of considerable potential revenue. Many new concepts and trends have taken place in the sphere of Indirect taxes, one such concept that is undergoing a lot of contemplation by the government and the empowered committee and representatives working on behalf of the government for its successful implementation is to introduce GST in India as well as gaining an insight on its impact.

GST on Retail Sector

The retail sector in India has grown leaps and bounds over the years. India has witnessed a transformation from a multitude of unorganized family owned businesses to organized modern retailing. India's retail sector accounts for 22% of the country's GDP and contributes to 8% of total employment. The key agent of change that GST would bring about in the retail spectrum is, that the services would be eligible for set-off against taxes on goods. This is definitely a positive sign to the retailers as the VAT structure resulted in compliance issues and uniformity of VAT laws resulted in additional cost burden to the retailers. The previous tax structure was very ambiguous with regards to quantum of input service tax credit as it recognized the manufacturers and not service providers. GST is expected to remove this anomaly, as it would result in a shift to sale of goods from manufacture of goods resulting in redesign of input tax credit. The below illustration explains how GST will benefit the retailers and the ultimate consumers.

Benefits of GST on Retail Sector

Increased efficiency in supply chain

Since the retail business can be carried out in every state upon single registration, the retailers will not have to maintain warehouses in every state, and this will be very beneficial regarding cost to the retailer. The transportation industry will flourish as they would carry more goods from one state to the other as it will become easy to transfer goods under GST. The lead time will also reduce in transporting the goods as the inter-state boundaries would be more free-flowing. GST will help the retail sector become more efficient in their operations.

Tax on promotional items and gifts

In the new GST model, any supply without consideration will attract tax and therefore, everything will have to be accounted for. The retailers would give out gifts and promotional items with products as a part of their marketing strategy which used to be tax-free in the current taxation system. When the GST gets implement, no such rule will be applicable and the retails will have to pay tax on the gifts and promotional items as well, therefore, re-think their promotional strategies.

Growth of Retail Market

GST will lead to the unification of markets as it will streamline the state and the central tax and eliminate all the confusion of taxation in different markets. The retailers can easily expand their business beyond boundaries as they have to register their business only once and then can carry operations in all the states. This will also contribute towards the growth of the retail market and help boost the economy of the country.

GST to the Traders

GST is expected to help build a transparent and corruption-free tax administration. GST will be levied only at the destination point, and not at various points (from manufacturing to retail outlets). With the implementation of GST, exports will be promoted, raising employment and boosting growth. In the GST system, both central and state taxes will be collected at the point of sale. Both components (the central and state GST) will be charged on the manufacturing cost. This will benefit individuals as prices are likely to come down. Lower prices will lead to more consumption, thereby helping small companies through increase in demand for their goods and services.

GST on Imports

Import in India attracts VAT or CGST at the time of entry into the country. The tax is generally applied on the value of goods declared for custom purpose, including the amount of customs duty. Previously imports includes basic customs duty and along with that SAD and CVD of 4%. But now SAD and CVD are subsumed under GST.As there are no well-established presidents for the application of sub national taxes to imports, it is difficult to analysis the effect of GST on imports. The constitution one hundred and twenty second amendments 2014 proposes to treat supply of goods and services into territory of India as supplies in course of interstate trade or commerce.

GST on Consumers

We pay entertainment tax for watching a movie, a VAT when purchasing a good and so on and so forth as of today there are some taxes levied by the central and some by the state a uniform tax rate would certainly make things easier according to Indira Rajaraman GST will result in a lesser tax burden on consumers, besides boosting the country's economic growth."The global average of GST rate is 16.4 per cent but in India, indirect taxes are as high as 28.2 to 30.8 per cent. The GST will help

in decreasing the tax burden on the consumers", Indira Rajaraman (RBI board member) however a different point of view can be studied.

GST on Manufactures

Manufactures will be able to claim more tax credit on the GST regime, let's assume that a manufacturer makes a sale of 65 lakhs and the tax credit available to him is 25 lakhs (VAT) which means he will have to pay a sum total of 40 lakhs to the government under the current tax regime. The same scenario under the GST regime would look like differently apart from the 25 lakh VAT credit available to him he can also credit on CST of 10 lakhs and on entry tax of 5 lakhs which means his net tax payable will amount up to just 15 lakhs, here we can see that the producers has saved up to almost 25 lakhs. The GST hence reduces tax burden on producers.The GST combines excise, additional customs, luxury taxes etc. This means that under this regime the producers can avoid filing multiple tax returns.

GST shape the Retail Industry
Reduced Taxes

In the current tax structure, most retail products are subject to 30% indirect taxes on an average. This includes excise duty, VAT, CST, service tax on warehousing, consulting and rent, Octroi and entry tax. The foremost impact of GST on retailers will be a significant reduction of the tax burden on retailers. GST will streamline everything into one single tax so that it will be easier for the retailer to understand the taxation and to pay it in one shot.

Seamless Input Tax Credit

In the existing tax regime, input tax credit is available on VAT but not available on service tax and import duty. In the proposed GST system, there will be set off on taxation starting from producer's point to the consumer point. GST will make an impact by eradicating the bucketing of taxes thereby reducing the total tax burden on the retail sector.

Increased Supply Chain Efficiency

Since the retail business can be carried out in every state upon single registration, retailers will not have to maintain warehouses in every state and this will be very beneficial regarding cost to the retailer. The transportation industry will flourish as they will be able to carry more goods from one state to another.

Tax on Gifts and Promotional Items

In the new GST model, any supply without consideration will attract tax and therefore, everything will have to be accounted for. Retailers gave out gifts and promotional items with products as a part of their overall marketing strategy which till now used to be tax-free. However, when GST gets implemented, no such rule will be applicable and retails will have to pay taxed on gifts and promotional items therefore, letting them to re-think their promotional strategies.

Features of the GST Model

- The primary feature of GST is to adopt a comprehensive tax base i.e. to have a single rate on all goods and services.
- GST will have dual components: one levied by the Centre (CGST) and the other levied by the States (SGST).
- CGST and SGST would be applicable to all transaction of goods and services except the exempted goods and services.

➢ The CGST and SGST are to be paid separately to the Centre and State's respective accounts.

The essence of GST is not just the combination of VAT plus service tax but an advancement of the previous tax system.

GST on Government Revenue

The archaic tax structure has witnessed opportunity cost loss on the revenues it could have earned one such example is VAT. Although VAT has been successful there have been shortcomings in the VAT structure at both Centre and State Level. When GST is introduced the simple transparent and stable tax system is sure to be a boon to the Union Government. Some States fear how the GST Model will unfold because if the uniform tax rates are lower than the existing rates it will dent collections. CRISIL said "The government has to implement structural tax reforms such as the goods and services tax (GST), which will lift the government's tax revenues, lower the cost of conducting business and boosts growth". The declining trend of the Centre's debt ratio after fiscal 2009 has been driven more by high inflation rather than lower fiscal deficit or faster GDP growth. "With inflation expected to moderate, a strong commitment to fiscal consolidation is an imperative to lower the country's debt-to-GDP ratio". According to a report by National Council of Applied Economic Research, GST is expected to increase economic growth between 0.9% - 1.7%. Exports are expected to increase between 3.2% - 6.3%.From the above it can be deduced that the State Government must take a leap of faith and consent with the Union's decision towards the implementation of GST as they are backed by a great degree of assurance with regards to recouping losses.

Retail Sector can be Summarized as below:

- Organized Sector and large tax paper of unorganised sector will be gaining due to uniformity of tax rates all over India and availability of tax credit on all transactions post-GST

- Small retailers with turnover upto 50 lakhs can avail benefit of composition scheme where tax can be paid @1% of sales value and also relaxation in maintenance of accounts and records

- The threshold limit for registration under GST for traders has been increased to 20 lakhs from existing limit of 5 to 15 lakhs depending on the state VAT limits

- E-commerce in already struggling with multiple taxes and entry taxes in various states. GST would help E-commerce to gain immensely due to removal of entry tax and availability of Input credit for all taxes paid

- Small shop or retailers who are selling through e-commerce channel would need to maintain some records and is subject to tax collection at source @ 2% by Ecommerce Company though the same can be adjusted while making payment of tax liability by these small shops

- All taxpayers except composition taxpayer need to file 3 returns on monthly basis on 10th, 15th and 20th of next month respectively which would result in some additional monthly cost.

But there would be a huge saving in form of input tax credit on taxes paid for various services like telephone expenses, professional expenses etc and taxes paid for the purchase of goods from other states.

Conclusion

There are many more advantages of GST on retail sector under the new GST laws and it would be a great boost for the retail sector as the policies and taxation would be streamlines under one head. The businesses would flourish more contributing to the growth of the retail industry and in turn of the economy as they would be able to carry out the activities without any hindrances, more

freely, and be able to expand the business into different states without worrying about the additional costs. The supply chain will benefit tremendously as the cost of transport and warehousing will reduce under the new GST laws and help the retailers scale their profits, which could also lead to reduced prices for the final consumer over a period of time. The retailer can directly pay the taxes online and will not have to go through a middleman. After having referred to the various resources mentioned in the literature review and other sources, we can say that GST is a grand bargain and is going to be a game changer for India. One can be certain that GST is going to have a ratified impact on the Government's revenues. The retail sector should proactively be prepared to migrate from the old model to the new model to ensure smooth operations under this new regime. This model will be flawless, provided GST is followed thoroughly without falling back on the old forms of taxation.

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Abstract

In India the payment system in banking industry has seen fast development in recent years.Due to growth of internet facilities and mobile phone usages there has been a rapid change in digital payment system. The National Payment Corporation of India (NPCI) is an organisation for all retail payments in India. It was set up with the guidance and support of Reserve Bank of India(RBI).The unified payment interface (UPI) is a mobile application based payment system developed by NPCI. Banks are investing heavily in adoption of these kind of innovations. Continuous technology advances and innovations are having significant impact on the way banks interact with their customers, suppliers and counterparts. This research paper focuses on the concept and growth of Indian banking payment system especially UPI. The UPI aims to move India to a cashless society with only digital transactions.

Keywords: UPI,Digital Payments, Fund Transfers.

Introduction

A bank is a financial institution that provides banking and other financial services to their customers. The banking industry in India has undergone a number of major changes in the post-independence era. More recently, liberalization, the opening up of the economy in the 1990s and the government's decision to privatize banks by reduction in state ownership has led to more competition and growth of banking sector. The RBI brought a transformational change by computerizing the bank branches, introducing MICR-based cheque clearing, modernization of payment service and settlements through Electronic Clearing Service (ECS), ATM, RTGS, NEFT were all significant landmarks in the banking technology revolution system. The current and recent trends in banking sector is moving towards E-Banking or Virtual-Banking. People are using RTGS ,NEFT,IMPS,*Unified payment interface (UPI)* facilities to transfer their funds through online-banking.

REVIEW OF LITERATURE

Another landmark achieved through UPI is the usage of open source technology to build enterprise class architecture of high throughput and high volume. UPI is expected to handle 10-15 thousand transactions per second [TPS] at its peak with daily volume of at least 10 million transactions. So, the backend architecture needs to be really robust, scalable and fast. The key point is that it did not use the expensive, commercially available app servers, message queues etc. The architecture is primarily build on open source software which is rarely used in a system of this scale. (Chakraborti.P,2016)

Excitement over the growth of mobile payments perpetuated the phenomenon of disconnected Islands and disjoints experiences. With UPI there is no need of any other payment app at all. On the other hand if one wants to keep a particular mobile wallet UPI could enable the interoperability of wallets allowing users to transfer funds from one wallet to another. Since RBI has allowed banks to become PSPs (Payment Service Providers) mobile wallets are cut of the picture at the moment. So if mobile wallets represent any threat to proprietary solutions (banks), UPI comes as a boon for them.(Kate, 2016)

“Payment systems improve financial intelligence, stimulates business growth and consumption”. The success of the banking system thus depends upon the efficiency and quality of clearing system of the industry. Thus, payment and settlement system play an important role in

improving overall economic efficiency. It consists of all the diverse arrangements that we use to systematically transfer money in the form of currency, paper instruments such as cheques, and various electronic channels (Gupta & Gupta, (2013)

Some aspects of the functioning of the cashless economy are enhanced by efinance, e-money, e-brokering and e-exchanges. These all refer to how transactions and payments are effected in a cashless economy (Moses-Ashike, 2011).

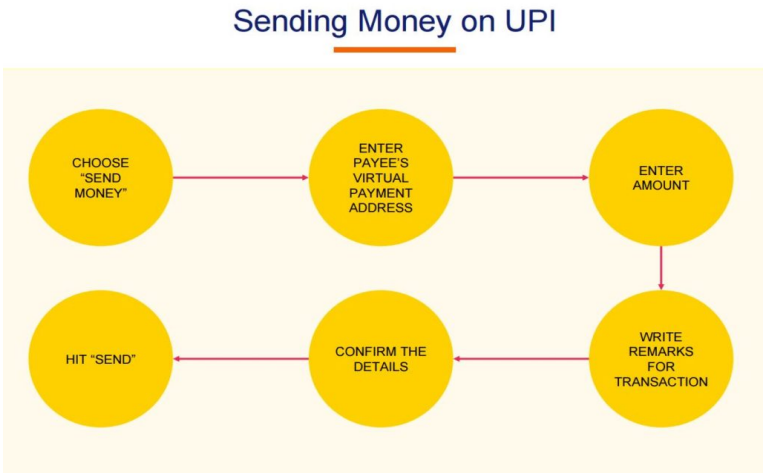
(Roth, 2010) observed that developed countries of the world, to a large extent, are moving away from paper payment instruments toward electronic ones, especially payment cards.

Objectives of the Study

- This paper aims to understand the concept of UPI .
- To study how the retail payments are made through UPI in Indian banking sector.
- To know the recent developments and growth in cashless payment system in india.

What is UPI and how its works?

Unified Payments Interface (UPI) is a system that powers multiple bank accounts into a single mobile application (of any participating bank), merging several banking features, seamless fund routing & merchant payments into one hood. It also caters to the "Peer to Peer" collect request which can be scheduled and paid as per requirement and convenience. Each Bank provides its own UPI App for Android, Windows and iOS mobile platform(s).UPI facilitates 'virtual address' as a payment identifier for sending and collecting money and works on single click two factor authentication.One can use UPI app instead of paying cash on delivery on receipt of product from online shopping websites and can perform miscellaneous expenses like paying utility bills, over the counter payments, barcode (scan and pay) based payments, donations, school fees and other such unique and innovative use cases. The interface is the advanced version of Natonal Payment Corporation of India's (NPCI's) Immediate Payment Service (IMPS) which is a 24 x 7 x 365 funds transfer service. UPI offers a facility to identify a bank customer with an email-like virtual address. It will allow a customer to have multiple virtual addresses for multiple accounts in various banks. In order to ensure privacy of customer's data, there is no account number mapper anywhere other than the customer's own bank. This allows the customer to freely share the financial address with others.



Players in UPI

The UPI ecosystem functions with three key players:

*Payment service providers (PSPs) - to provide the interface to the payer and the payee. Unlike wallets, the payer and the payee can use two different PSPs.

*Banks -to provide the underlying accounts. In some cases, the bank and the PSP may be the same.

*NPCI -to act as the central switch by ensuring virtual payment address (VPA) resolution, effecting credit and debit transactions through IMPS.

How to get UPI ?	Limit and Transaction Cost in UPI	What is required for Transaction ?	How to activate UPI service ?
Bank a/c Mobile number should be linked with bank a/c Debit Card for re-setting MPIN.	Maximum per transaction limit is Rs 1 lakh NIL cost to customer by most Banks Customer pays for data charges	Smartphone with internet facility Sender and Receiver of money must have VPA (Virtual Payment Address) for fund transfer Registered device only Use registered MPIN Self Service Mode	Download the App for UPI (presently 29 banks have enabled upi) Do registration online on the App with a/c details e.g. nanda@icici or niyas@sbi Create a virtual ID Set MPIN

Is UPI better than other mode of payments?

UPI works on the indigenous idea of VPA, which is something like 'nanda@icicibank'. You only give your VPA who can initiate a payment request against this VPA. They never even get to see the bank account number. The UPI can also be used for shopping online. Instead of entering your debit card details, you'd just enter your UPI ID and get an alert to verify the transaction.

Conclusion

The success of UPI is depend on the adoption of the platform by all banks. Further, the user needs to have a smartphone to make a transfer and hence the potential user base will be restricted to around 240 million people currently. On the acquiring front, there needs to be an aggressive push from the PSPs to maximise newer merchants to popularise UPI as a payment option. Having said that, in the future, with the way payments industry is shaping up, we are seeing a burst of new technologies in the form of contactless payments, host card emulation technology, and tokenisation that can make payments simple for consumers without compromising security and could compete with UPI. India continues to have low credit card penetration and low debit card activation leading to a poor reach of electronic payments—still in single digits. With debit cards mostly used at ATMs to withdraw cash, it is clear that they are being used more like a substitute to cash than as a true payment instrument. In this context, there is a strong case for UPI: it could be that master stroke that turns the tide in favour of electronic payments in India.

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Abstract:

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. 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 impediments to efficient allocation of resources, specialization, capital formation and international trade. The broad objective of this study is to refer analyzing the historical and legal framework of introducing comprehensive goods and services tax (GST) on Indian Economy.

Keywords: ***Public service, Capital formation, Taxation policies.,***

History and Origin of GST:

The implementation of the Goods and Services Tax (GST) in India was a historical move, as it marked a significant indirect tax reform in the country. The amalgamation of a large number of taxes (levied at a central and state level) into a single tax is expected to have big advantages. One of the most important benefits of the move is the mitigation of double taxation or the elimination of the cascading effect of taxation. The initiative is now paving the way for a common national market. Indian goods are also expected to be more competitive in international and domestic markets post GST implementation. From the viewpoint of the consumer, there would be a marked reduction in the overall tax burden that is currently in the range of 25% to 30%. The GST, due to its self-policing and transparent nature, is also easier to administer on an overall scale.

Tax Structure before GST:

Before the implementation of GST, taxation laws between the Centre and states were clearly demarcated. There were no overlaps between the fiscal powers, whatsoever. The Centre would levy tax on goods manufacture, except alcohol for consumption, narcotics, opium, etc. The states had the power to charge tax on the sale of goods. The Centre would levy the Central Sales Tax that was collected by the originating states. The Centre was also levying service tax on all types of services. Additionally, the Centre was charging and collecting additional duties of customs on goods that were imported into or exported from India. This tax was levied in addition to the Basic Customs Duty. This additional duty of customs is referred to as Countervailing Duty (CVD) and Special Additional Duty (SAD) and it counter balances excise duties, state VAT, sales tax, and other such taxes.

The introduction of the GST regime made amendments to the Constitution so that the Centre and states are empowered at the same time to levy and collect GST. This concurrent jurisdiction of the states and Centre also requires an institutional mechanism that ensures joint decisions are taken about the structure and operation of GST.

17 PHASES OF GST:

India's biggest tax reform - Goods and Services Tax (GST) -- is going to come into effect from July 1. The framework of the tax reform was formed 17 years ago during Atal Bihari Vajpayee

government. The tax reform is now being taken over by the Modi government marking some historical moves

1. In 2000, Atal Bihari Vajpayee formed a committee for review on GST under the chairmanship of then finance minister Asim Dasgupta of West Bengal, in which he was given the responsibility of preparing the complete model of GST.

2. The Kelkar Task Force advised to unify indirect taxes in the form of GST.

3. The proposed national level GST in April, 2010 was first placed during the 2006 budget speech.

4. In May 2007, an Empowered Committee of Finance Ministers (State Empowered Committee) was constituted to know the impact of GST on revenue of different states of India and implementation of GST.

5. In 2008-09, Kelkar Task Force gave a report on the draft of GST called 'A Model and Roadmap for GST in India' and the first discussion was done after the arrival of this report in November.

6. In 2010, Finance Minister P Chidambaram had announced in his speech that GST will be implemented from April, 2011.

7. In 2011, the 115th Constitution Amendment Bill was introduced for the levy of GST on all goods and services in the Lok Sabha.

8. In 2013, the Standing Committee presented its report on GST and in November 2009, the proposal to include the government's petroleum products in GST was rejected by the Empowered Committee.

9. In 2014, 122th Constitution Amendment was passed in the Lok Sabha.

10. After two years of waiting, Rajya Sabha passed the GST the on August 3, 2016 and received President's approval in September 2016.

11. In 2017, the government introduced four types of GST bills, including Central GST, Integrated GST, GST Bill of Union Territories and GST Bill.

12. In August 2016, when Assam became the first state to pass GST, then in April 2017, Bihar became the first non-BJP ruled state to pass GST.

13. On 22 September GST Council was formed. This council will decide on tax rate for the new indirect tax system, the exemption given in it and its limits.

14. On September 23, 2016, GST Network was formed, it is an online network designed to solve the problems and questions of consumers and businessmen.

15. On May 20, the GST Council fixed four rates of GST (5%, 12%, 18%, 24%).

16. The launch of GST was announced in May 2017.

17. On June 20, 2017, Arun Jaitley announced that GST will be launched on the lines of the night of Independence, on the midnight of June 30.

Implementation of GST IN India:

Federal structure of Indian polity required on boarding of some 30 Indian States before GST could have been on its way for rollout. The convergence of Central-State Government and ruling - opposition political parties took almost a decade, missing several deadlines, before implementation from 1 July 2017, appeared to be a reality. The policy matters were finalized at two levels, Central and States before both stakeholders merged to form 'GST Council', a body entrusted to make fundamental decisions such as implementation date, draft law, rules, and rates. The Council did about a dozen meetings and reached consensus on various issues such as division of powers for assessment of tax payers between Central and State Government, formulation of law, draft rules and finally the rates during the last 8 months.

The law is passed by the Central Government and about one-third State Government, so far. Remaining State Governments are expected to pass the law in a month's time. Implementation of GST on an electronic filing system required putting together a sound IT infrastructure. Goods and Service Tax Network (GSTN), non-profit company, was tasked with implementation of the portal that is meant to serve as a communication channel between Government and tax payers. One of the key features of Indian GST is 'matching', which means correlating the tax paid by the suppliers with tax credit claimed by its customers. This would require uploading transactional level voluminous data into GSTN. GSTN has made steady progress and its portal is undergoing testing. Application programme interface (APIs) is also made available recently for testing in the sandbox environment by the GSTN to help the taxpayers gear up for the massively detailed level of filling.

It has also agreed on classification of goods and services into 5-tier rate structure (nil, 5%, 12%, 18%, 28%) based upon Harmonized System of Nomenclature (HSN) code. Finer look at the rate on goods reveals that the Government has done a good job in classifying goods into the rates closed to the existing rates. There has been some exceptions as well, such as solar photovoltaic modules which has been taxed at 18% rate, from almost zero rate of tax under the current system of taxation, when supply of electricity has been kept outside GST net.

On services, adoption of 5-tier rate came as a surprise however, this would lead to taxation based upon the nature of the consumption. For instance, air travel, cab services are proposed to be taxed at 5% while, luxury hotels, race events are proposed to be taxed at 28%. Most of the goods and services is proposed to be taxed at 18% which compares well with international tax rates. 18% levy of GST on most services would lead to increase in tax burden by 20% for the consumers. The GST law has anti-profiteering provision on the lines of many international GST laws, to check the potential price rises owing to malpractices. Lack of details on the anti-profiteering rules and mechanism is a big area of concern and last minute rush may lead to compliance challenges and ultimately defeat the purpose of the law.

Benefits of GST Implementation:

Key benefits of the GST announcement are detailed below:

- As mentioned above, the GST system will create a common national market that boosts foreign investment.
- The cascading effect of taxation will be mitigated.
- There will be uniformity in laws, rates of tax, and procedures across states.
- The GST regime is expected to boost manufacturing activities and exports. This would, in turn, generate more employment and lead to the growth of the economy.
- Indian products would be more competitive in the international markets.
- The GST system is likely to improve the overall investment climate in India.
- Uniformity in the rates of SGST and IGST will reduce tax evasion to a large extent.

- The average sales burden experienced by companies is expected to come down, thereby increasing consumption and boosting subsequent production of goods.
- GST is a simpler system of taxation with smaller number of exemptions.
- There are automated and simplified methods for processes such as registration, refunds, returns, tax payments, etc.
- All interactions will be handled by the common GSTN website.
- The input tax credit process will be more accurate and transparent, as electronic matching will be performed.
- The final price of most goods will be lower when taxation is at the new GST rates. There will also be a seamless input tax credit flow between the manufacturer, retailer, and supplier of service.
- A huge segment of small-scale retailers may be either exempt from tax or may benefit from low tax rates based on the compounding scheme. Consumers will further benefit if purchases are made from these small retailers.

Conclusion:

Goods and Services tax (GST) has been identified as one of most important tax reforms post-independence. It is a tax trigger, which will lead to business transformation for all major industries. The Goods and services tax is a common and uniform indirect tax which is imposed on all the goods and services produced through exports as well as through imports. In other words, we can say that GST will be a common platform for all and a single indirect tax which will treat India as one market place. It simply substitutes all the Central as well as state indirect taxes like excise, customs, VAT, state excise, etc.

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IMPACT OF GST ON PHARMA INDUSTRY IN INDIA

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Abstract

Healthcare and pharmaceutical industry is one of the leading contributors with respect to revenue and employment and therefore revenues from taxes. Domestic pharmaceutical companies are in better health. In November 2017, India's medicine sales rose by 8.1% over a year ago, despite a high base effect caused due to demonetisation Indian Pharmaceutical sector is fragmented and complex with more than 20,000 registered units. Marketing and distribution takes nearly 30-35% of the entire value chain. These are the factors that have to be renegotiated by the companies so that it does not affect the overall cost making it difficult for the users.

Key Points: supply chain, margin rates,

Introduction

The Indian healthcare sector is likely to touch $150 billion by the end of 2017, witnessing an increase of $70 billion since 2012. The Goods and Services Tax (GST) undoubtedly is the most important indirect tax reform measure taken by the Government since our Independence. This is going to be a game-changer for many industries, including Indian Pharmaceutical industry Nearly 17 federal and state taxes will be replaced with one uniform tax, thereby eliminating the troubles arising out of multiple taxes. This is also going to simplify the process of tax filing and in general the taxation system. Kiran Mazumdar-Shaw, head of India's leading biotechnology company, Biocon, sees this as the means to rationalise the tax structure and optimize distribution. Reduction in cost of production and distribution will help the industry to pass on the benefits to the buyers.

Review of Literature

Healthcare and pharmaceutical industry is one of the leading contributors with respect to revenue and employment and therefore revenues from taxes. GST will subsume various taxes to make it simple and cost effective. Dilip Sanghvi of Sun Pharma also openly applauded the introduction of GST and feels that it will have a positive impact on Indian industry and specifically Pharmaceuticals.

Suneeta Reddy of Apollo Hospitals Group sees this as a bold step towards universal health coverage. With ease of doing business in the country with one country one tax and create an equal level playing field for the pharma companies in the country. Ramesh Swaminathan of Lupin Ltd. hopes this will make healthcare more affordable. GST will also encourage local manufacturing sector to step into producing products that will be more affordable for the local consumers. Rekha Ranganathan, of Philips Healthcare Innovation Center takes this as a strengthening move towards our Prime Minister's 'Make in India' initiatives.

Scope of the Industry

Indian Pharmaceutical sector is fragmented and complex with more than 20,000 registered units. There are critical issues like managing perishable items, stopping degradation of medicines, maintaining temperature controlled storage facility etc. make its supply chain even more sensitive to time-bound delivery. This wide supply chain has to be supported with multiple storage locations as well making tax-related issues extremely complex. Marketing and distribution takes nearly 30-35% of the entire value chain.

Supply Chain Management system in Pharma Sector:

Domestic pharmaceutical companies are in better health. In November 2017, India's medicine sales rose by 8.1% over a year ago, despite a high base effect caused due to demonetisation, according to market research firm AIOCD Awacs.

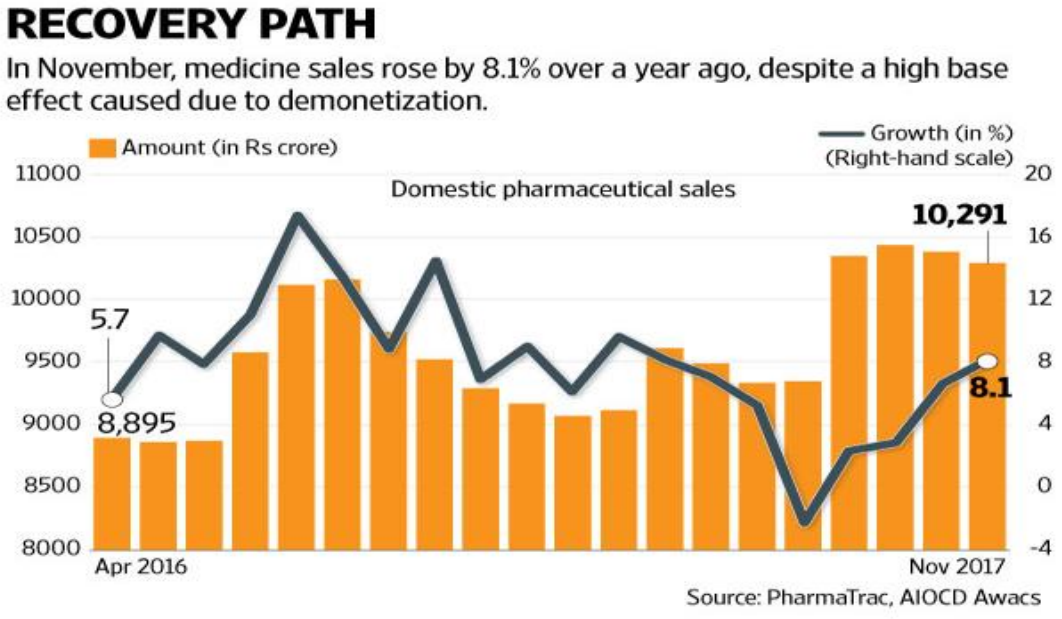
In November 2016, medicine sales jumped by 14.5%, partly because people were allowed to use old notes to buy medicines at pharmacies.

It has been observed that an efficient SCM can result in an overall reduction of 25-50% reduction in total supply chain costs along with another 25-60% drop in inventory holding and hence cost. This will also result in increased forecast accuracy, better and improved order-fulfillment cycle time and approximately 20%-increase in after-tax free cash flow. Cost of maintaining inventory is estimated to be 10-18% of net revenues. It is also critical to determine optimal inventory levels because of various stochastic variables influencing the supply chain. All these factors will be impacted with the introduction of GST and if industry stalwarts to be believed, in a positive way.

Implementation of GST will result in an efficient supply chain. Inter-state transaction between two dealers will become tax neutral, replacing traditional C&F distribution model. Most of the companies will have to realign their current distribution models by reducing the dependency on multiple states and increasing the focus on regional hubs. This will not only make the process lean and alleviate the complexities involved but will also reduce the SCM cost considerably.

Many pharmaceutical companies currently work on traders-of-goods model in which quite a few services they avail becomes a cost for them with service tax implications involved. But with seamless credit mechanism to be introduced by GST the service tax paid by the companies will come back to them as a refund and in that way saving the cost.

AFTER DEMONETIZATION



If medicine sales remain at current levels, it can support higher growth for a few more quarters (*see chart*). Sales have recovered from a decline of 2.3% seen in July, the month when the goods and services tax was rolled out. After that, it has recovered gradually. Growth has been

volume-led, with November reporting a 6.5% growth in volumes while new products contributed 3%. Overall, prices declined by 1.5%.

While these are retail growth rates and may not correspond directly to what pharmaceutical companies report in their financials—primary sales to the trade channel—the uptrend should reflect, to an extent, in their numbers as well.

COST REDUCTION AFTER GST

Cascading taxes across different states like Octroi in Gujarat, Maharashtra and Punjab will no longer exist. GST is also going to positively impact the Cenvat because of inverted duty structure faced by the companies now reducing the pressure on working capital and again overall cost reduction that would benefit the end consumers. Inverted duty structure impacts the domestic manufacturers quite adversely where the duty on the inputs (raw materials) is much higher than the duty applicable on the output (finished product). With proposed GST this structure will either be disposed or introduce a refund of the accrued credit. Another positive impact of GST will be in terms of compliance, smoother operation and curbing corruption.

Duty levied on import of costly machinery and equipment does not receive tax credit as of now and that may change with introduction of GST and should bring down the cost of technology and investment.

"Hospitals are buying medical devices from those manufacturers who keep high MRP of their products despite low ex-factory prices. This is nothing but profiteering at the cost of patients. "While we had been passing on benefits of improved efficiencies in manufacturing as lowered ex-Factory or discounted ex-factory prices, regretfully in most cases, the hospitals were pocketing the advantage and not passing on the benefit to end consumers; so though hospitals could exercise the option of selling below the MRP, very few did," Nath told *Mint.*

"Hailing government's directives to regulate the margins and MRP on syringes to reasonable levels, we have taken immediate cognizance and decided to reduce trade margins to maximum of 75% on ex-factory prices (including GST)", Vimal Khemka, secretary, AISNMA said.

On 15 December, the NPPA had disclosed that Fortis Hospital had charged a margin of up to 1,737% on procurement price on a three-way stopcock. The drug price regulator had sought the details from the hospital, following allegations by the patient's parents that the hospital overcharged them for medicines, gloves and syringes.

MEDICAL TOURISM INDUSTRY DEVELOPMENT AFTER GST

GST is also going to help our thriving Medical Tourism industry in an indirect way. It already enjoys competitive advantage over other First world nations with revenue of over $2 billion presently. With GST it will grow by manifold. Cost of medicines and services, insurance and international travel will reduce resulting in better prospects of attracting medical tourists more to the country.

Many experts however have pointed out to the negative impacts GST would have on the prices of some medicines that are taxed currently at the rate of 5% but may attract a tax of 12% post GST. The same effect can be seen on Active Pharmaceutical ingredients or raw materials that will have an impact on the cost. Uncertainty on the prices of life-saving drugs and healthcare services post-GST is another matter of concern. Exemptions in Excise and Customs Duties on such medicines and services may not exist in this post GST era. Impact of GST on the free drug samples, existing bonus schemes and the inter-state movement of expired products or stock transfers are still not transparent.

Possible effects on the Healthcare Sector(Hardik somaiya)

- Currently, 8 types of taxations are done on medical products. With the onset of GST, there will be a definite streamlining of the whole process. The real impact of GST will be felt regarding the cost of these products. There will be an imminent increase in the prices of Ayurvedic medicines.

- With GST, the cost of medicals and the medicinal services is touted to plunge down altogether that can bring better prospects for medical tourism in the nation. Considering these aspects, Yoga, Ayurveda, Homeopathy and Acupuncture can be the constructive outcome.

- With GST, the cost of medical technology and medicine oriented machines will plunge. Now India imports machine with very high tax rates from other countries. With GST, another welcoming effect is the cost reduction of machine equipment.

Impact & Influence of GST on Medical Tourism

- In India, there is a practice where medications are given without the bill for the product. With the GST, a medical can't retail medicines without a bill. The biggest impact will be that a complete seizure of malpractices. When considering medical tourism, having a business structure that is completely legal is a step in the right direction for India.

- At present, the medicines have a total tax percentage of about 12.5% including VAT. This is a result of the multiple taxations done on the same product. Under GST the medical products will have a fixed tax percentage of 12% and all the overlapping taxes are taken out, for a single streamlined system

Conclusion

The impact of GST on the pharmaceutical industry is still not very transparent. But both end consumers and industry players hope this to culminate in a win-win situation. With reduced complexities and overall reduction in cost this translates to be a profitability and promising development. Also, if the area-based exemptions enjoyed by the pharma companies by setting up their units in some specific locations no longer exist, this increased cost will be burdening the end consumers. These are the factors that have to be renegotiated by the companies so that it does not affect the overall cost making it difficult for the users.Kiran Mazumdar-Shaw, head of India's leading biotechnology company, Biocon, sees this as the means to rationalise the tax structure and optimize distribution. Reduction in cost of production and distribution will help the industry to pass on the benefits to the buyers.

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A STUDY ON FINANCIAL PERFORMANCE OF SELECT STEEL INDUSTRIES IN INDIA

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Abstract

India's economic growth is dependent upon the growth of the Indian Steel Industry. Consumption of steel is taken to be a marker of economic development. Indian Steel Industry is one of the pillars of Industrial Revolution, occupies a major position in current Industrial society and has come to be a symbol of the prowess of Industrial nations. The Indian Steels cape is changing rapidly. The Steel Industry has emerged in a big way to India's evolving build as an economic super power.

Introduction

India is the third-largest steel producer in the world. In 2015, India produced 91.46 million tonnes (MT) of finished steel. Total finished steel production in the country increased at a CAGR of 7.45 per cent over FY011–15. Driven by rising infrastructure development and growing demand for automotives, steel consumption is expected to reach 104 MT by 2017. India's steel production is expected to increase from 100 MTPA to 112.5 MTPA by FY16 and 300 MTPA by 2025. The Government of India has allowed 100 per cent foreign direct investment (FDI) in the steel sector under the automatic route. Nearly 301 MoUs have been signed with various states for planned capacity of about 486.7 MT.

STEEL

Steel is a metal composed of iron plus varying amounts of carbon as well as other elements such as chromium, nickel, molybdenum, zirconium, vanadium, tungsten, and so on. Different types of steel- that is, steel with different properties and characteristics are produced by adjusting the chemical composition and adapting any of the different stages of the steel making process, such as rolling, finishing and heat treatment. As each of these factors can be modified, there is potentially virtually no limit to the number of different steels that can be made. Currently there are over 3,000 catalogued grades available (chemical compositions) of steel, not counting those created to meet custom demand, ranging from basic grades (such as for railway tracks) to sophisticated high-alloy and stainless grades for specialized applications.

GLOBAL STEEL INDUSTRY

The global steel industry is expected to edge back into growth this year in spite of waning Chinese demand, at a time when low prices for the metal are casting a shadow over producers.

World production of crude steel will rise by 0.15 per cent in 2016, according to a Financial Times survey of 18 analysts, with renewed expansion in the US and Europe offsetting a second consecutive year of contraction in China, which makes nearly half of all steel. Any pick-up in a sector viewed as an indicator of global economic health will come after a difficult year that saw the first annual production decline since 2009. Output shrank by 2.8 per cent in 2015, according to the World Steel Association. However, several of those polled predicted a continuation of the tough market conditions that have pushed many producers into losses.

INDIAN STEEL INDUSTRY

Indians were familiar with iron and steel during the Vedic age more than 4,000 years ago. It is evident from the Iron Pillar at the outskirts of Delhi. But the seeds of modern steel industry were sown by Sir Jamshedji Tata in 1907 when Tata Iron & Steel Company Ltd. (TISCO) was set up. The first steel ingots were rolled in TISCO in 1911. This was followed by the establishment of the Mysore Iron and Steel Works in 1936, later renamed as Visvesvaraya Iron & Steel Works. Three years later in 1939, production of steel started in another private steel company, the Indian Iron & Steel Company, now a subsidiary of the Steel Authority of India Limited (SAIL). Thus, at the time of independence, India possessed a small but viable steel industry with an annual capacity of 1.3 million tonnes. In 1951, finished steel production in India was 1.1 million tonnes.

The Indian steel industry is largely iron-based through the blast furnace (BF) or the direct reduced iron (DRI) route. Indian steel industry is highly consolidated. About 50% of the crude steel capacity is resident with integrated steel producers (ISP). But the changing ratio of hot metal to crude steel production indicates toward the increasing presence of secondary steel producers in the eco-system

FINANCIAL PERFORMANCE

The level of performance of a business over a specified period of time, expressed in terms of overall profits and losses during that time. Evaluating the financial performance of a business allows decision-makers to judge the results of business strategies and activities in objective monetary terms.

IMPORTANCE OF THE STUDY

India being the leading and developing country in Asia after China has been continuously focusing on its fiscal development since long. Our industrial, infrastructures have to be under constant development to par ourselves with neighbours and other world countries to stabilize our status and to cater all sorts of people in India. Modern man need to run faster along with other competitors. A country‟s financial growth primarily depends on the availability of natural resources and the process how they are used. Inefficient financial management often paralyses the activity of the company. For this reason many companies have a separate department to look after the financial aspects of the company in order to measure and manage the financial performance. Financial analysis and review is very helpful for the assessment of financial strength, weakness, opportunities and threats of the company in future. Operating efficiency of the firm results in optimum utilization of resources at minimum cost. If the company successfully controls operating costs, it will be able to improve net profit margin that will, in turn, release greater funds for working capital purposes. Hence, the measurement of the financial performance is very much needed to check the effective management of funds.

SCOPE OF THE STUDY

The study aims to make an analysis of financial performance of steel industry in India. Hence, the present study is pertaining to steel industries. The study has used the financial facts of the selected Industries from 2000-2001 to 2009-2010. The financial performance of the sample industries is evaluated in terms of capital structure and working capital management and profitability, financial analysis. The scope of financial performance is very wide and the study is based on accounting information.

NEED OF THE STUDY

Financial management is responsible for maintaining right amount of funds at the right time for a right purpose. It plays a dominant role in the continuity and growth of a business, since no

business can be established or expanded without adequate financial resources, Improper management of finance leads not only to loss of profit but also ultimate failure of business. Financial management is concerned with the overall management like taking policy decisions relating to line of business, size of firm, acquisition of fixed assets, extent of debt, liquidity, and solvency, retention of earnings and payment of dividend which in turn determine the size of the profitability. Therefore, financial management assumes vital importance in any industry. Hence, there is a need for the present study.

OBJECTIVES OF THE STUDY

The present study aims to analyse the financial performance of select steel industries in India. Hence, the following objectives have been framed by the researcher.

1. To study the origin, growth and role of steel industries in India.
2. To test the liquidity, profitability and solvency position of the select steel company in India.
3. To estimate the turnover, capital structure and Market value position of select steel Company.
4. To determine the Intellectual Capital efficiency position of the select steel company in India.
5. To predict the relationship between financial performance with Intellectual Capital efficiency.
6. To study the factors influencing on Intellectual Capital efficiency.

RESEARCH METHODOLOGY

The present research entitled "**A Study on Financial Performance of Select Steel Industries in India**", was undertaken with the purpose of investigating the progress of Steel Companies in India. The above objectives were formulated after thoroughly scanning the trends in progress of Steel companies in India, its contribution to national economic development and the structural weaknesses of companies.

RESEARCH DESIGN

Among various research designs, the researcher used quantitative research, which seeks to accurately describe current or past phenomena.

PERIOD OF THE STUDY

The present study covers a period of 8 years starting from 2008-09 to 2015-16, this was due to evaluate the financial performance of selected steel industries after financial crises.

FORMULATION OF THE SAMPLE SELECTION

The data were collected from BSE, which consists of different steel sectors steel company; from those sectors Steel large companies have been selected. On the bases of EPS, market capitalization, and Net sales the common steel companies had been selected where it has only four companies like Tata Steel Ltd, Steel Exchange of India Ltd, Steel Authority of India Ltd and PACT steel Private Limited.

- On the Shareholders point of view the Earning Per share had been selected.
- On the Market position of the company the Market Capitalization had been selected.
- On the traders point of the net Sales had been selected.
- On the base of these points the common steel company had been selected.

1.8.4 Tools of analysis

The researcher has done various fundamental analysis in the form of ratios, statistical analysis like regression for the purpose of determining the liquidity, profitability, capital structure position of the company. The statistical was made with the help of SPSS package.

1.9 LIMITATIONS OF THE STUDY

The study is subject to the following limitations:

a. The study is restricted to the period of 8 years from 2008-2009 to 2015- 2016 only.

b. This study is based on secondary data taken from conserved company website, Money Control and Yahoo finance as such its findings depend entirely on the accuracy of such data.

c. The present study is largely based on ratio analysis which has its own limitations also.

d. There are different methods to measure the financial performance of a company. In this connection views of experts differ from one to other.

e. This study has focused only select steel industries. Therefore, the analysed results and the findings are subject to the accuracy of the data of the published annual reports of the select steel industries.

Conclusion

The production of finished steel increased from 14.33 million tonnes in 1991-92 to 23.82 million tonnes in 1998-99. The private sector's contribution in the availability of finished steel has constantly been increasing. From 51.4 per cent in 1991-92 it increased to over 68 per cent in 1998-99. This trend is likely to continue.

IMPACT OF GST ON VARIOUS INDUSTRIES IN INDIAN ECONOMY

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Abstract

GST is the latest kind of indirect tax which is proposed to be in force from 1st July 2017 in India which is already in force on many countries around the world. The GST will be levied on the manufacture, sale and the consumption of goods and services in India. It is said to be the biggest form of reform in the indirect taxation aspect ever since 1947. The council of the GST will be headed by the Union Finance Minister that is currently Arun Jaitley. The main purpose of GST is to bring about the single tax system for the manufacture and the sale of goods at the both central and the state level in the country. The GST is mainly implemented to remove all other taxes like VAT (Value-Added Tax), Excise duty and Sales Tax. The Tax will be very much useful for the consumers in the aspects of payment of Taxes that is, we all must pay separate tax at state level and at central level for the goods and services purchased and after the GST there will be only one tax to be paid for the goods and services consumed which is the Goods and Services Tax (GST). This paper brings out about the overview of the concepts of GST and its impact and implications on the various Industries in the Indian Economy. Through this paper we can be able to understand about the concepts, objectives, impact and the implications of the Goods and Service Tax in India.

Keywords: Indirect taxation; Goods and Service Tax; Marketing; Structural equations

INTRODUCTION

GST stands for Goods and Services Tax levied by the Government in a move to replace all 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 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 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

Review of Literature

Monika Sehrawat and Dhanda [1] have studied about the various features and the challenges associated with Goods and Service Tax well known as GST. They have found out that the legal procedures in implementing, consent from all the states, proper literacy on the concept of GST are the challenges associated with the implementation of GST.

Akanksha Kurana and Sharma [2] have made a research work about the impact of GST on Indian economy. They have found out that the GST will improve the input tax credit to the manufacturers which would result in reduced cost of goods. They have suggested that the government must provide awareness about the concepts of GST to the public.

Garg [3] and Kumar [4] have said that the GST has positive impact on the present scenario of Indian economy. The Indirect Taxes Committee of Institute of Chartered Accountants of India (ICAI) has said that the Goods and Service Tax have positive impact on Indian Tax System [5].

OBJECTIVES OF THE STUDY

- To study about the concepts of GST.
- To study about the need and the Importance of the Goods and Service Tax to the Indian economy.
- To study about the impact of GST on Various sectors in Indian economy.
- To provide suggestions and recommendations regarding GST.

RESEARCH METHODOLOGY

This study is descriptive in nature and it used the exploratory technique. The data for the study were gathered from the secondary sources such as journals, articles published online and offline on various newspapers and websites.

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 VARIOUS SECTORS

The GST is said to have a positive impact on the economy. But when it comes to sectoral-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 Technology

(Information technology and ITeS): 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. But they will be benefited through the reduction of tax and benefits of other industries and can somewhat mitigate it.

Telecommunications: The telecommunications sector is presently paying the tax at the rate of 14% which is expected to be increased during the GST regime. And, it is assumed to be around 18% which will be expected to be passed over to the customers and this gives a picture that GST will adversely affect this sector.

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.

Pharmaceuticals: Presently, the Pharma companies are paying taxes around 15- 20%. Since, there is no clear picture of tax treatment for Pharma if it is less than 15% it would be a positive impact on the Sector but if it is above 15% then it will cause some slight negative impact.

Automobiles: The Automobile industry is currently paying a tax rate of a range between 30-45%. 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. The standard and the social status of the consumers get uplifted. There will be a huge boom in the Automobile Industry because of implementation of Goods and Services Tax.

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 18 to 22% soon under the GST regime. And the services are likely to be costlier.

Textiles: Currently, the Textile industry is paying the tax at the rate of nearly 12.5% plus surcharges and which varies upon the MRP of the products. Since there is no clear idea about the tax rate of this industry under the regime of GST it is expected at the rates of 15% which will be having a moderate impact on the industry. This moderate impact may either be neutral or slightly negative when compared to the other present system of taxation. But they will be benefited through the reduction of cost in transportation, savings etc.

Media and Entertainment: The tax rate for the Media is around 22% 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. There is somewhat either neutral or slightly negative impact of GST on the Media and Entertainment Industry.

Consumer durables: The current of tax rate of this industry is around the range between 23-25%. And under the GST regime it is lower around 15- 18% which will be positive impact to this industry. Cement: The cement industry currently pays the tax at the rate of 25% currently. And, after the GST regime, it is expected to be fixed at the rate of 18 to 20%. This will be a major relief for the companies of that industry. And the logistics tax also is to be reduced; it would be a double benefit for all the industries involved in manufacturing.

Real estate: Real estate contributes about nearly 7.3% of India's GDP and it is the largest generator of employment immediately after IT. Real estate is said to get a positive impact under the GST regime immediately after its implementation. It is expected that since there is a single system of Taxation under GST, all other forms of indirect taxation will be removed which results on reduction of property prices and the cost of construction. Thus, we can have a positive impact of GST on the Real estate sector.

Problems in Implementing GST

There are certain challenges and problems in implementing the GST in India. Some of them are as follows.

1. There is no such clear picture about the GST both to the government and to the public.

2. There is no cooperation between the Central government and the state government in implementing the GST. Even though, if implemented the levy of Tax remains on the part of the state.

3. The State government generally refuses to accept it. As the states levy taxes on the Destination principle i.e. (the state in which the product or service is sold or rendered), so to lose the revenue they were avoiding it.

4. The Revenue Neutral Rate (RNR) is the key factor responsible for the effective implementation of GST. But under GST, we could not say that the revenue remains same as that of the current system of taxation.

5. Loss of revenue to the state. If we buy any product the VAT @ 14.5% is included towards it, after the GST regime, there will be no VAT then it results on the loss of revenue to the state. 6. Even though the government said that they will pay the loss of revenue to the state government, it will be again imposed on the general people in some other forms.

7. It involves massive cost on the training of the staff of the Taxation department.

8. Lack of political support. The Bill must be passed in the Rajya Sabha for its successful implementation.

9. IT is the backbone of GST which would connect the various stakeholders through the Virtual platform. So, government must show keen interest on the development of portal for GST and successfully achieves it.

10. There is a large debatable question in implementing the GST such as whether the small entrepreneurs and small firms will be helpful through the GST regime? whether the government and the Public ready for such a change? Are some of the questions which are highly in confused?

SUGGESTIONS AND RECOMMENDATIONS

- To provide literacy and awareness about the GST
- Effective spending on efficient Tax administration staff
- Well maintenance and frequent follow ups of GSTN (Goods and Service Tax Network) portal for better relationship with various stakeholders.
- To avoid the unnecessary loss of revenue to the state government, the central government may think about the considerable percentage of GST which will be helpful for all stakeholders of GST.
- Consent from all states and suggestions from every state for betterment of GST and the source of Tax revenue.
- The government should take care about the RNR which should not affect the tax revenue to any government either central or state.
- The loss of Tax revenue should be managed and compensated properly through proper diversification 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 implementation of GST.

Conclusion

The GST is very crucial tax reform since independence of India, so it must be better handled with utmost care and analysed well before implementing it. And, the government both central and state must conduct awareness programmes and various literacy programmes about GST to its various stakeholders**.**

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GST AND ITS IMPACT ON THE INSURANCE INDUSTRY

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Abstract

The most anticipated and a highly debated Goods and Services Tax (GST) was launched in at the stroke of midnight on July 1, 2017 India. The central tax reform witnessed a lot of fanfare and was also boycotted by certain stakeholders, especially within the political circle. However, businesses and end consumers were the most involved. From now on, all types of indirect taxes such as service tax, excise duty, sales tax along with other local and state taxes will merge into one single tax called GST. With the introduction of GST, taxation procedure is expected to be much simpler and easier to understand. GST is going to be a ground-breaking movement in Indian indirect tax structure. The existing tax mechanism between the state and the center will go through a complete overhaul with the implementation of GST. Being a value-added tax, GST aims to do away with the cascading effect on goods and services cost. GST has paved the way for total refurbishment of existing tax architecture in India as it is going to impact incidence, structure and computation of indirect taxes.

keywords: goods and service tax; indirect taxes

Introduction:

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, in the period of Prime Minister Narendhra Modi 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 Goods & Services Tax is a transformational structural reform which will have multiple benefits – the creation of a national market; enhanced ease of doing business; greater productivity & efficiency; and improved tax compliance. All stakeholders have worked together for a seamless transition to this new paradigm. This reform will result in benefits for all participants in the Indian economy, including both businesses & consumers. The GST as a "GOOD AND SERVICE TAX" that will be "not only ***a tax reform but an economic and social reform as well" that will unify the nation, "check corruption and end harassment at hands of officers.***

GST And Service Sector:

Under Indirect Taxes15% service tax is levied on services which comprises of 14% basic service tax, 0.5% Swachh Bharat and 0.5% Cess. With the implementation of GST, consumers must pay just one single tax. The GST Council is entitled to ascertain the rate of GST in various services and products. With the country ushering in a new tax regime with the introduction of the Goods and Services Tax (GST), consumers will now have to pay more for banking services, insurance premium payments and credit card bills beginning July 1. Most of the financial services will attract a higher tax of 18 per cent as against the previous 15 per cent under the new indirect tax regime. The Indian insurance industry will face a temporary brunt as GST implementation will certainly impact insurers as well as individual policyholders. Typically, a policyholder pays a service tax on the risk element of the premium component while the investment element is usually out of the service tax scope.

GST In Insurance sector:

Insurance sector is also swayed by the introduction of GST including insurers and policyholders. Life, health and motor insurance policies are now costlier as taxes have risen by 3 %. The consequence of GST on distinct types of insurance plans is more complex than a flat 3% hike on some types of insurance products. As far as the consumers are concerned, the increasing premium outgo is the most significant impact of GST on insurance. A middle-class family that spends around Rs. 30,000 in car, health and term insurance will have to shell out around Rs. 1000 more every year from now on. Insurance companies in India will assess impacts of GST and in course of time if they find any positive impact that will reflect on the premium without changing the GST rate. Input tax credit is not available in the service tax structure designed for insurance business. Policyholders can't avail input tax credit as these policies are devised for personal purpose. Even corporate policyholders who avail group health and life insurance for their employees don't get input tax credit. In the newly introduced GST regime also insurance is exempted from the benefits of input tax credit. From the present rate of 15 percent, the GST on banking, insurance and investments such as real estate, mutual funds will see a hike of 3 percent as the GST will now be 18 percent on them. Apart from the premium hike, application of GST will bring some deeper and far-reaching implications in India's insurance market. The implementation of GST is meant to de-clutter the current multi-layered federal, state and local indirect tax structure. GST is one of the biggest tax reforms since Independence and is expected to reshape India's business landscape by making the country a

lucrative destination to do business with and would work towards bringing down barriers between the states.

GST And its impact on General Insurance:

In case of insurance premium, the insurance policies where the entire premium paid goes towards the risk cover such as in life insurance, or term insurance plans or general insurance policies for health or vehicle insurance, the GST of 18% will be on the entire premium. Under the GST regime in India, taxability on the gross premium for pure risk policies is contrary to the principle of taxing the "value addition". GST is a tax on value addition and net premium after deduction of claim is the net value addition. It is very difficult to segregate the "savings" component and find a "value" that could be treated as the proper base for tax, particularly for every premium transaction during the life-cycle of an insurance policy.

Even though the tax hike post-GST is nominal, the increase in total outflow could be quite significant for many policyholders. For someone paying annual premiums for auto, household, healthcare, term plan and personal accident cover, say a total of Rs 50,000 a year, there could be a jump in the premium outflow by Rs 1,500 a year, with no additional risk coverage or benefits. The rise in premium may impact the demand for insurance products in the short run. However, as the increase is universal in nature and GST will bring benefits indirectly with a net improvement in disposable income, the net impact may get cushioned off in the future.

GST And its impact Life Insurance: -

For other life insurance products, as per GST rules, the value of services on which GST is to be imposed is calculated as the gross premium minus the amount allocated for investment.

With the implementation of GST, life insurance policies will become dearer by 3 per cent. However, the amount of service tax will vary depending on the risk element embedded in the premium component and tax will be levied only on the risk portion of the premium and not on the saving portion. Therefore, the immediate impact of GST would be higher in term insurance and endowments plans.

- With GST coming into effect, premium of life insurance plans will be in the range of 3% to 3%.
- The tax rates for Term and unit-linked plans' tax rate will see a 3% rise and will go to 18% from existing 15%.
- The first-year premium of annuity products will also rise to 4.5% from 3.75%.
- Renewal premium of annuity products will rise to 2.25% from 1.88% and single premium of annuity products will be revised to 1.80% from 1.50%.
- GST is charged on interest applicable on premium received after a delay. The rate will depend on premium type.
- Policyholders who need to pay alteration fee or fees for preparation of duplicate policy also must pay these charges with GST.

Increasing cost may affect life insurance sector adversely. GST will discourage common people from availing life insurance covers for themselves and their family members. Moreover, input tax credit is not allowed for health and life insurance although the government makes it obligatory for employers to provide it to its employees. The GST rate is slightly higher than the existing service tax rate. Therefore, it would result in a slight increase in the insurance premium.

Positive impacts in Life Insurance Schemes:

Exempted Insurance Schemes:

Life insurance provided by Government schemes are excused from GST. Here is a list of schemes in which GST is not applicable.

- JanashreeBima Yojana (JBY)
- Varishtha Pension Bima Yojana
- AamAadmiBima Yojana (AABY)
- Pradhan Mantri Jan DhanYogana
- Pradhan Mantri Vayvoda Yojana
- Pradhan Mantri Jeevan Jyoti BimaYojana
- Life insurance provided by Central Government to members of the Army, Navy and Air Force.
- Life micro-insurance product with maximum cover of Rs. 50,000 approved by the Insurance Regulatory and Development Authority
- Any other State Government insurance scheme notified by Government of India on the recommendation of GSTC.

The impact on insurance:

In the Asia-Pacific, where some countries account for the world's highest insurance penetration, GST and value-added tax (VAT) are not levied on insurance products. Exceptions would be some cases in China, where policies of less than one year attract a 6% tax and Taiwan and the Philippines, where tax of 2-5% is charged outside GST framework. Even in the West, countries like Canada, and the European Union, do not tax life insurance. This tells us that these governments understand the need for insurance protection and encourage it by supportive policy. Buying insurance will continue, provided insurance companies have the right kind of solution-based selling approach and to that extent, a favorable indirect taxation structure would have helped. Insurance companies in India have strived hard to create financial awareness and increase insurance penetration in the country. As the country strides into a new economic phase, the industry gets the attention and support that it rightfully deserves. Governments across the world, even in the more mature markets, are known to make conditions favorable for insurance protection. In many countries, life insurance is outside the purview of GST. In a few, cash flow system is followed for general insurance, e.g. in countries like Australia, Singapore, and South Africa. For the latter, tax is charged on the premiums received and credit is allowed for claims that are paid. Now all places of business in each state would have to be registered with a 15-digit **Goods and Services Taxpayer Identification Number(GSTIN).** The concept of centralized registration as existing under Service Tax has been done away with.

Increase in Indirect Taxation:

As per the GST rules, the value of services (on which GST is imposed) in relation to life insurance business shall be:

(a) The gross premium reduced by the amount allocated for investment, or savings on behalf of the policy holder.

(b) In case of single premium annuity policies, ten per cent of single premium charged from the policy holder.

(c) In all other cases, 25 per cent of the premium in the first year and 12.5 cent of the premium in subsequent years. So, if the premium of an endowment plan is Rs 100, the GST of 18 percent will be applicable on the 25 percent of the premium i.e. on Rs 25, so, Rs 4.5 will be the GST amount.

(d) If the entire premium paid by the policy holder is only towards the risk cover in life insurance such as in term insurance plans, the GST of 18 percent will be on the entire premium.

Therefore, the immediate impact of GST would be the higher outgo (premium plus GST) in term and endowment plans, due to the increase in rate of tax on insurance following implementation of the GST.

Restructuring of Premium Components:

- GST is a destination-based tax, and tax is collected by the state where the goods or services will be consumed. Under the GST regime, service providers are required to obtain registration for all the states that they are catering to, i.e., all the states where they have customers. It must be done so that the State Goods and Services Tax (SGST) component of Integrated Goods and Services Tax (IGST) is rendered for respective states. Hence, insurance companies must bifurcate their services.

- GST will require restructuring of accounting, administration and control mechanism in the IT systems and processes of the insurance companies, to be able to maintain financial records of each state separately. Such compliance may lead to requirements for additional resources at the branch as well as at all main offices. Operational systems such as vendor management and a system for KYC check/address verification must be adopted. The upgrades will bring an additional cost to insurance companies for the short term.

- GST levied on branch transactions need to be catered carefully due to the enormous number of financial transactions being carried out.

- Records of policyholders are to be maintained efficiently. Under GST, the place of service supply will be the location of the service recipient on the records of the supplier. Hence, records need to be maintained correctly.

- For obtaining the reversal of input tax credit, insurers must organize their vendors and intermediaries and include their respective identifications to claim input credits.

Conclusion:

The GST implementation is for One tax for All Indians concept but due to the sudden implementation of GST and unaware about the concept the Indian economy faces hiccups and therefore the GDP growth is also reduced compared to Previous year.it affects all sectors which in turn tax over levied on consumers, and fall in small and medium scale enterprises. The service sector is also having its impact by rise in slab rate(charges). The government initiates that in long run the tax rates are reduced which gives beneficiary to the people. But India has the highest GST tax rate when compared to other countries due to the dual GST system is in practices.

GST IN INDIA - A BOON FOR TAX REFORMS

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ABSTRACT

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 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 and extra resources will be used for welfare of poor and weaker section," Finance Minister Arun Jaitley said at GST launch event in Parliament.

Key words: GST, VAT, Corporate companies, Multiple tax

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.

GOODS AND SERVICES TAX IN INDIA

The introduction of GST in India is not an entirely new initiative, but it is to rectify certain basic implementation shortcomings of VAT. So, this is an attempt to improve the existing VAT system further and also the tax system of India.VAT was introduced in the Indian taxation system from April 1, 2005 in an effort to address the with the earlier Sales Tax. The States have switched over from a multiple point Sales tax to a Value Added Tax (VAT) covering all transactions of sale of goods within the State The essence of GST is to correct certain shortcomings of VAT like, the way it taxes inputs and outputs, bringing services under tax net, which is not possible under the VAT

system. Hence, GST has been modeled as an extension of the current VAT that would make the tax system more comprehensive and smoother in its functioning.

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

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.

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.

BENEFITS OF GST

- Will prevent cascading of taxes as Input Tax Credit will be available across goods and services at every stage of supply.
- Harmonization of laws, procedures and rates of tax.
- More efficient neutralization of taxes especially for exports thereby making our products more competitive in the international market and give boost to Indian Exports.
- Improve the overall investment climate in the country which will naturally benefit the development in the states.
- Average tax burden on companies is likely to come down which is expected to reduce prices and lower prices mean more consumption, which in turn means more production thereby helping in the growth of the industries . This will create India as a "Manufacturing hub".
- Will improve environment of compliance as all returns to be filed online, input credits to be verified online, encouraging more paper trail of transactions.
- Common procedures for registration of taxpayers, refund of taxes, uniform formats of tax return, common tax base, common system of classification of goods and services will lend greater certainty to taxation system.
- Timelines to be provided for important activities like obtaining registration, refunds, etc.
- GST will be beneficial with more transparency, efficient compliance, ramp up in GDP growth to the Centre, states, industrialists, manufacturers, the common man and the country at large.

HOW WILL GST HELP IN GETTING RID OF TAX EVASION?

A comprehensive IT system, GSTN, will allot universal GST numbers (similar to PAN) to all manufacturers, traders, stockiest, wholesalers and retailers. This will simplify the administration of indirect taxes and plug leakages. The government also plans to incentivize tax compliance by traders. Whether the GST will be beneficial to the poor or not only time can tell. Prices of vegetables and fruits are likely to rise under the GST regime and services such as eating at restaurants will get more expensive. What will likely get cheaper are items such as clothes, as cascading taxes at various stages of manufacturing would no longer apply to them.

WHAT IS STATE GST AND CENTRAL GST?

For transactions within a State, there will be two components of GST - Central GST (CGST) and State GST (SGST) - levied on the value of goods and services. Both the Centre and the States will simultaneously levy GST across the value chain. In the case of inter-State transactions, the Centre would levy and collect the Integrated Goods and Services Tax (IGST). The IGST would be roughly equal to CGST plus SGST.

WHY WAS GST ESTABLISHED?

The GST was established to subsume various indirect taxes levied at different levels, with the idea of reducing red-tape, plugging leakages and paving the way for a transparent indirect tax regime.

HOW WILL GST AFFECT THE COMMON MAN?

The impact of the GST on the prices of goods and services will largely depend on the item in question. It will also depend upon the respective State governments and their intervention with respect to controlling prices of essential commodities. Milk, for example, which is likely to see a spike in prices after GST is implemented, can still be sold at cheaper rates, if the State government offers a subsidy on it.

GST GOING TO BENEFIT PEOPLE BELOW THE POVERTY LINE

With respect to those living below the poverty line, there might not be a direct impact of the GST on them as such since basic necessities like food are unlikely to attract the GST but increased collections of the GST with a larger tax base should provide an impetus to the government to allocate more money for social and poverty alleviation programs. Thus, the GST should benefit all sections of the society. Additionally, the GST, being a nationwide tax, could lead to possibly higher inflation in the first few years of its introduction but would gradually increase the overall GDP.

CONCLUSION

The movement of goods will now become much simpler across the country and cheaper as the new regime replaces the old system, where a product was taxed multiple times and at different rates. Currently, tax rates differ from state to state. Implementation of The Goods and Services Tax will play a major role in the tax regime of the country. It is expected to bring about competence and simplicity in the indirect tax reforms in India. Further, it will also support an unbiased tax structure that is impartial irrespective of any business processes or physical location. Though the exact details are still vague, the structure has been approximately laid down for all to see. When it comes to the Pharmaceutical industry, it should start gearing up for the subsequent GST and identify the areas, which would require consideration during the implementation of GST and it's after effects. The industry will have to re-assess the existing Enterprise Resource Planning (ERP)/accounting system and make appropriate changes to put into effect the change in tax rate, format of invoice and so on for accurate and timely tracking, computation and payment of tax obligations, which seems time consuming and would probably result in turmoil in the initial stages. Further, the industry should identify the products, which presently enjoy exemption from payment of Central Excise/VAT so as to enjoy the same exemption benefit in the GST regime.

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GST – INPUT TAX AND ISD- AN OVERVIEW

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Abstract

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. An 'Input Service Distributor' is defined in Section 2(61), as an office of the supplier of goods or services or both which receives tax invoices issued under Section 31 towards the receipt of input services and issues a prescribed document for the purposes of distributing the credit of CGST, SGST, IGST or UTGST paid on the said services to a supplier of taxable goods or services or both having the same Permanent Account Number as that of the said office. Input Tax Credit means reducing the taxes paid oninputs from taxes to be paid on output. When any supply of services or goods are supplied to a taxable person, the GST charged is known as Input Tax. ...Input Tax Credit is also viable to a dealer who has purchased good to resale.

Keyword: GST, INPUT TAX, ISD

Introduction

GST is considered as an indirect tax for the whole nation that would make India one unified common market. It is a tax which is imposed on the sale, manufacturing and the usage of the goods and services. It is a single tax that is imposed on the supply of the goods and services, right from the manufacturer to the customer. The credits of the input taxes that are paid at each stage will be available in the subsequent stage of value addition which makes GST essentially a tax only on the value addition on each stage. The final consumers will bear only the tax charged by the last dealer in the supply chain with the set of benefits that are at all the previous stages. Input Tax Credit is credit amount available to the supplier to set off taxes from taxes which is payable on sales as sales tax. All merchants are accountable for output tax on assessable sales in the means of his business. Input Service Distributor (ISD) means an office of the supplier of goods or services or both which receives tax invoices towards receipt of input services and issues a prescribed document for the purposes of distributing the credit of central tax, State tax/ Union territory tax or integrated tax paid on the said services to a supplier of taxable goods or services or both having same PAN as that of the ISD.

THE OVERVIEW ABOUT INPUT TAX CREDIT

who will be eligible for ITC under GST ????

1. One who is under GST law except for registration under Composite Scheme
2. Let's say an individual with Composition Scheme and switch over to the regular GST scheme. He shall be fitted to take Input Tax Credit (ITC) under GST in respect of "goods kept in stock" on the day immediately leading the date when he becomes accountable to pay tax as a regular taxpayer.

Who will not be eligible {u/s 16(9)} for ITC under GST ??

- You cannot profess for ITC for goods and services used for private goals.
- If you have collected goods & services under a deal which ends up in consumption of immovable assets other than plant and machine.
- If you have given tax under GST composition scheme on Goods and Services.
- Or you have used goods and services to create immovable property other than plant and machines, and such property is not transferable.
- Goods and services which have been used by workers for their use.
- If the discount has been demanded on the price of capital goods, then these are not fit for Input Tax credit.

Requirements to claim ITC under GST:-

1. Invoice with GST: this is an essential prerequisite for ITC, A GST tax invoice should be retained to claim credit. In the absence, the department will not allow you to take credit for the same.

2. Receipt of Goods and Services: To claim a refund, goods must have been received, You can not claims ITC if you did not receive Goods.

3. The return filed by supplier: You will be entitled to ITC only if your vendor suggested your transaction in his GSTR1. If he didn't do so, check your portal and imply your supplier to correct his detail to claim ITC.

How to utilize IGST Input tax credit under GST?

- First, utilize it towards output IGST.
- If remaining, then towards output CGST.
- And if still remains, then adjust towards payment of SGST output.

Note: You cant utilize CGST Input credit to adjust SGST.

How to utilize SGST Input tax credit under GST?

- First, use it towards payment for SGST.
- Then use it for payment of IGST

How to utilize CGST Input tax credit under GST?

- First, utilize it towards output CGST
- Then use it for payment of IGST
- Followed by payment for SGST if remaining.

OVERVIEW ABOUT INPUT SERVICE DISTRIBUTOR

1. Who is an Input service distributor (ISD) under GST?

An Input service distributor (ISD) is a business which receives invoices for services used by its branches. It distributes the tax paid, to such branches on a proportional basis by issuing an ISD invoice. The branches can have different GSTINs but must have the same PAN as that of ISD.

2. Situations where ISD is not applicable

ISD cannot distribute the input tax credit :

- paid on Inputs e.g Raw materials and capital goods e.g Machine purchased
- to outsourced manufacturers or service providers.

3. Purpose of registering as ISD

The concept of ISD is a facility made available to business having a large share of common expenditure and billing/payment is done from a centralized location. The mechanism is meant to simplify the credit taking process for entities and the facility is meant to strengthen the seamless flow of credit under GST.

4. Insight on ISD under Earlier regime and GST regime

Point of Difference	Earlier Regime	GST Regime
1. Who can be Input service distributor?	An office of the manufacturer or producer of final products or provider of output service	An office of the supplier of goods and/or services
2. Document based on which credit can be distributed	Receives invoices issued under rule 4A of Service Tax Rules, 1994 towards purchase of input services	Receives tax invoices issued by supplier towards receipt of input services
3. How to distribute credit?	By issuing invoice, bill or challan for the purposes of distributing to such manufacturer or producer or provider.	By issuing an ISD invoice for the purposes of distributing to a supplier of taxable goods and/or services having the same PAN as that of the office referred to above
4. Type of tax credit that can be distributed	The credit of service tax paid on the said services	The credit of CGST (SGST in State Acts) and/or IGST paid on the said services

5. To whom can it be distributed?	To its units and outsourced manufacturers	To supplier having the same PAN. i.e credit cannot be distributed to outsourced manufacturers or service providers.

Thus, on looking into the highlighted differences between the two regimes, distribution of credit is restricted to office having the same PAN. The reason could be due to the shift of taxable event from manufacture to supply. The tax liability would arise at the time of supply which would be ultimately paid by ISD on the utilization of available input tax credit.

5. Conditions to be fulfilled by ISD

- Registration: Input Service Distributor has to compulsorily register as "ISD" apart from its registration as a normal taxpayer under the Act, wherein he has to specify under serial number 14 of the REG-01 form as an ISD. Only then he shall be able to distribute the credit to the recipients.
- Invoicing: ISD can distribute the amount of tax credit to recipients as earlier stated by issuing an ISD invoice
- Returns: Amount of tax credit distributed should not exceed the amount of tax credit available with the ISD as at the end of a relevant month to be filed in GSTR-6 by 13th of the succeeding month by ISD.

1) The tax credit available against any specific input services used entirely by one of the recipients can be allocated only to that recipient for utilization of such credit and not to other recipients.

2)The tax credit available against the input services used commonly by more than one recipients of the ISD shall be allocated to those recipients on a proportionate basis in the ratio of the turnover of all such recipients that are operational during the year

3)The tax credit available against the input services used commonly by all the recipients of the ISD shall be allocated to all the recipients on a proportionate basis in the ratio of the turnover of all the recipients that are operational during the year.

6. Recovery procedure for wrongful distribution of credit by ISD

GST Act provides that the following shall be deemed to be inappropriate distribution of tax credit by Input Service Distributor:

- credit distributed to all or any recipient in excess of the amount available for distribution
- distributed in an inappropriate ratio to all or any recipient
- distributed in excess to what a supplier is entitled to and shall be recovered from such recipient(s) along with interest and the provisions of 'Demand and Recovery' shall apply for effecting such recovery.

The essential conditions for qualifying as an input service distributor are:

• The Input Service Distributor should be an office of the supplier;

• Such supplier can be a supplier of goods or services or both;

• Such office should receive tax invoices issued in respect of receipt of input service. Tax invoices received in respect of input goods are not eligible for ISD benefits;

• Such office should issue a prescribed document for the purposes of distributing credits of CGST, SGST, IGST or UTGST, to a supplier of taxable goods or services or both having same Permanent Account Number as that of the said office.

Who can receive credit from an ISD?

An ISD can distribute credit only to a unit which is a supplier of goods or services and has the same Permanent Account Number as that of the Input Service Distributor.

Registration of ISD:

1. Compulsory Registration: As per Section 24 of the CGST Act, every ISD, whether or not separately registered under GST law, have to compulsorily take registration under GST law.

2. Procedure for Registration of an Input service distributor and registered person is same under GST law.

Conclusion

Nowadays there are so many things heard about GST, little right and many wrong. GST, is like a book which has been hardly read but everybody is giving opinion about it. Here, i will try to explain the GST in the most unusual, simple and interesting way. For a common man GST stands for 'Goods and Services Tax", and is proposed to be a comprehensive indirect tax levied on manufacturing, sale and consumption of goods as well as services at the national level. It will replace all other indirect taxes levied on goods and services by the Indian Central and State governments. This is the most common word with which we associate present day taxation system. Lesser the cascading effect of taxes, better is the taxation system. In an ideal taxation system, taxes never form part of cost of the product, until the goods or services reach the final consumer. This is possible only when credit of any taxes paid in the course of business, by the recipient of goods or services is allowed to him. Thus, entire taxes paid by him are set off against his output tax liability and there is no cascading impact of taxes. The taxes attach themselves with the cost only when the goods or services are finally consumed by the consumer. If the amount of ITC distributed by an ISD is reduced later on, the procedure for reducing the credit will be the same as for the reduction in case of credit note. The Input service distributor must be on the basis of the ISD credit note, issue an ISD Invoice to the recipient entitled to such credit and include them in the return in FORM GSTR-6 for the month in which such credit note or invoice was issued. In case you are confused about GST as a business owner, feel free to consult the GST experts at Legal Raasta. You can get comprehensive assistance on GST Registration and GST Return Filing. You can also use our GST software for doing end-to-end GST compliance.

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IMPACT OF GST ON THE BANKING SECTOR IN INDIA

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ABSTRACT

GST Also Known As The Goods And Services Tax Is Defined As The Giant Indirect Tax Structure Designed To Support And Enhance The Economic Growth Of A Country. More Than 150 Countries Have Implemented GST So Far. However, The Idea Of GST In India Was Mooted By Vajpayee Government In 2000 And The Constitutional Amendment For The Same Was Passed By The Loksabha On 6th May 2015 But Is Yet To Be Ratified By The Rajyasabha. However, There Is A Huge Hue And Cry Against Its Implementation. It Would Be Interesting To Understand Why This Proposed GST Regime May Hamper The Growth And Development Of The Country. As Per Model GST Law, Banks Having Branches In Multiple States And Union Territories (Uts) Will Be Required To Register In Each Such State And UT.Currently, Banks Follow The Zonal Or Regional Structure Where For One Large State, There May Be More Than One Zone And Conversely, One Zone May Comprise More Than One State. Banking in its modern sense evolved in the 14th century in the prosperous cities of Renaissance Italy but in many ways was a continuation of ideas and concepts of credit and lending that had their roots in the ancient world. In the history of banking, a number of banking dynasties – notably, the Medicis, the Fuggers, the Welsers, the Berenbergs and the Rothschilds – have played a central role over many centuries

Keywords: Goods And Service Tax**; 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. GST Is A Comprehensive Tax Levy On Manufacturing, Sale And Consumption Of Goods And Services At A National Level . The Goods And Services **Tax** Bill Or GST Bill, Also Referred To As The Constitution (One Hundred And Twenty-Second Amendment) Bill, 2014, Initiates A Value Added Tax To Be Implemented On A National Level In India. GST Will Be An Indirect Tax At All The Stages Of Production To Bring About Uniformity In The System. On Bringing GST Into Practice, There Would Be **Amalgamation** Of Central And State Taxes Into A Single Tax Payment. It Would Also Enhance The Position Of India In Both, Domestic As Well As **International Market**. At The Consumer Level, GST Would Reduce The Overall Tax Burden, Which Is Currently Estimated At 25-30%. Under This System, The Consumer Pays The Final Tax But An Efficient Input Tax Credit System Ensures That There Is No Cascading Of Taxes- Tax On Tax Paid On Inputs That Go Into Manufacture Of Goods. In Order To Avoid The Payment Of Multiple Taxes Such As Excise Duty And Service Tax At Central Level And VAT At The State Level, GST Would Unify These Taxes And Create A Uniform Market Throughout The Country. Integration Of Various Taxes Into A GST System Will Bring About An Effective Cross-Utilization Of **Credits**. The Current System Taxes Production, Whereas The GST Will Aim To Tax Consumption.

Services by Bank:

Some Services By Bank To A Customer Are Centralized (Ex: Demat Account, Wealth Management Services, Bigger Home Loans Etc.) While Some Others Are Localized To Branches (Ex: Savings Account, Personal Loan, OD Etc.).Banks Provide Different Types Of Services To Customers Like Debit Card, Credit Card, Internet Banking, Cheque Clearance, NEFT, RTGS, IMPS, Funds Transfer, Demand Draft, Demat Account, Wealth Management Services, Home Loans, Savings Account, Personal Loan, Etc.Bank Head Office Also Provides Services To Branches Which May Become Taxable Under GST. The IT Systems Of Banks Need To Be Upgraded To Meet All These Requirements Related To Multiple Registrations, Determining Point Of Supply Of Services, Compliance Needs And Input Service Distribution.Currently, 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.Accordingly, On The Same Activity, There Would Be Two Levies, Namely Central GST (CGST) And State GST (SGST), Levied And Administered By The Central Government And State Governments Respectively. For Interstate Supply Of Several Activities Of Banks Are Currently Exempt From Service Tax (Ex: Fund Based Activities Like Interest Payable On Deposits / Savings Bank Accounts And Loans Disbursed) Which Would Incur GST Unless Otherwise Exclusively Exempted.It Will Be Impossible For Banks And Finance Institutions To Value Services Provided By One Branch To Another And Then Pay GST On That.

ACCOUNTS AND ADMINISTRATION:

- As GST Stands Today, Transactions Between Two Branches Of Same Bank Is Set To Trigger A Tax, Which Could Prove To Be Cumbersome.

- GST Would Require Restructuring Of Accounting, Administration And Control Mechanism In The IT Systems And Processes Of Banks To Be Able To Maintain Financial Records Of Each State Separately.

- GST Being Levied On Branch Transactions Could Be Cumbersome Because Of The Enormous Number Of Financial Transactions Being Carried Out.

PLACE OF SUPPLY OF GOODS AND SERVICES ON BANKING INDUSTRY

- In Banking Industry, It's Interesting To Know The Place Of Business.

- Even Though The Person Is Having An Account In A Single Location, He Can Do The Transactions Across Globe Through Internet Banking.

- The Account Holder Can Use His Mobile Or Laptop And Can Do Transactions From Anywhere.

- A Customer Having An Account In Chennai May Do The Transaction From Delhi And Can Transfer Money To Persons From Kolkata Having Account In Mumbai. Here Point Of Supply Identification Is Very Much Required For Taxation Purpose Under GST.

- As Per Law Even Though It Can Be Tracked It Will Be Cumbersome Tasks And Determining Point Of Supply Of Services Would Add Significantly To The Compliance Cost.

- Taking The Example Above, Is It Required To Take The Registration Across India In Each State And Union Territory To Abide By The Laws Of Each State And Union Territory.

- As Per Section 6(13), In The Case Of Banking And Other Financial Services (BOFS), The Place Of Supply Shall Be The 'Location Of The Recipient Of Service' On The Records Of Supplier Of Services.

GST Impact on Banking sector in India

GST on banking

Transaction Fees In Financial Services Such As Credit Card Payments, Fund Transfer, ATM Transactions, Processing Fees On Loans Etc Is **Increased To 18%** Tax Bracket In The New GST Regime.

- The Hike In The Tax Rate Means, Individuals Will Have To Pay Rs 3 More For Every Rs 100 Paid As Charges/Fees For Banking Transactions.

- Most Banks Have Now Applied Transaction Charges On Cash Withdrawals From Different Bank Atms Or Cash Withdrawals From Branch (First 5 Transactions Is Free).

- Bank Branches Provide Services To Each Other, Which Will Be Taxable Under GST (They Can Later Claim **Input Tax Credit**). But This Will Increase The Paperwork And The Operating Cost Also.

- Good News For Business Consumers Is That They Can Claim ITC On The Banking Services Paid On Their Business Accounts.

Benefits 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 but under GST law bank will take input tax credit which would be used by bank for payment of output liability. 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.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 a number of transactions in the bank as the business and current scenarios ask to go for digital transaction.

Four Critical Implications of GST on the Banking sector

1. Substantial Increase In Compliance:

GST Is A Parallel Tax Regime Where The States And The Center, Tax The Payer In One Go. Hence, Banks May Need To Obtain State-Wise Registration In Every State Where They Have A Branch. In Case A Bank Has Multiple Branches In One State, Only One Registration Is Required For All The Branches In That State. However, Most Banks Have A Multi-State Presence. State-Wise Registration Will Therefore Lead To A Substantial Increase In Compliance Levels, Especially Because Most Banks Have Obtained A 'Centralized' Registration Under Service Tax. So, Currently, A Bank May Be Filing Only Two Returns On An Annual Basis As A Service Tax Assesse, But With GST, The Bank Might Be Required To File As Many As 61 Returns Per Year For Every State They Are Present In (Five Returns Per Month Plus One Annual Return).

2. Determining Place Of Supply Could Be Critical

GST Is A 'Place Of Supply' Based Tax Regime. Hence, For Every Transaction In GST, The Bank Will Need To Determine The Place Of Consumption Where GST Will Be Paid. With Bank Branches Conducting Several Transactions, Both Within And Outside States, Determining The Place Of Supply Will Not Be Very Easy. The Model GST Law Casts The Onus Of Determining Whether A Transaction Is Intra-State Or Inter-State On The Assesse. So, Banks Will Need To Decide Whether The Payment Is Against Central GST (CGST) And State GST (SGST) Or Integrated GST (IGST), Based On The Type Of Transaction. Services Being Intangible In Nature, Proxy Rules/ Provisions Are Prescribed In The GST Framework To Help The Assessee Determine The Place Of Consumption. Though, Typically, The Place Of Consumption For Banking Services (As Per Revised Draft IGST Act) Is The Location Of The Recipient Of Services On The Records Of The Supplier. But There Is Ample Scope For Wrong Determination For A Pan-India Bank As There Could Be A Dispute On Who The Service Recipient Is. Further, In Cases Where There Is A Dispute Over The

3. Taxability Of Interest

In The Current Tax Regime, The Service Tax Legislation Does Not Tax Interest. But With GST, The Term Service Is Defined In A Wide Manner To Cover Anything Other Than Goods Which May Cover Interest As Well. Governments Across The World Do Not Levy GST On Interest Given The Fact That There Is Always A Debate On Whether Interest Is The Time Value Of Money Or A Consideration For Lending Money. The GST Law In India Too Should Clarify If Interest Is Outside The Ambit Of GST. If Interest Is Not Expected To Attract GST, It Will Have Implications On Input Tax Credits Claimed By Banks.

4. Paying GST At Applicable Rate

With GST, Services Are Expected To Attract 18% GST. This Rate Is Higher By 3% From The Current Service Tax Rate Of 15%. This May Make Banking Services Such As Issue Of Cheque Books And Demand Drafts More Expensive, Particularly For Retail Customers. Another Point To Note Is That These Days Banks Also Deal In Commodities Such As Gold / Silver Where A Concessional GST Rate Is Expected To Be Applicable. Therefore Banks Need To Be Careful In Paying GST With The Appropriate Applicable Rate On Different Products.

Major issues being faced by the Banking Sector pertaining to GST

1. A Numerous Number Of Branches Making Registration Process A Big Hassle:

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.

2. Input Tax Credit Advantages And Disadvantages

Presently, Banks And Nbfcs Significantly Pick The Alternative Of Inversion Of 50% Of The CENVAT Credit Availed Against Inputs And Input Services While CENVAT Credit On Capital Merchandise Could Be Availed With No Inversion Conditions. 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.

3. Assessment And Adjudication Made Troublesome

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. 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.

Issues Pertaining To The Revenue Recognition Under GST

1. Account Linked To The Financial Services

The Place Of Supply Will Be The Location Of The Beneficiary Of Services On The Records Of The Supplier Of Services. In The Digitized And Centralized Situation Prevailing In India Recognizing The Condition Of The Location Of Service Beneficiary Will Be Very Troublesome. In Situations Where The Service Beneficiaries Like Professionals, Manufacturers, Merchants And Different Workers Regularly Move From One Place To Other Looking For Better Opportunities, The Service Provider May Have The Diverse Address Like Permanent Address, Current Address, The Address Of Correspondence And KYC Address.

2. Non-Account Linked Financial Services

The Place Of Supply Of Services Here Would Be The Area Of Service Provider. This Will Again Hit Such Organizations Which Are Spread In The Remote Areas To Build Up Their Presence Yet Work And Execute From A Back Office Situated In Some Other State.

3. Actionable Claims

Actionable Claims Don't Constitute As A Service Under Service Tax, And Henceforth No Tax Is Payable Under The Present Regime. Under GST Actionable Claims Are Currently Incorporated Into The Supply Of Goods. Services Given From Bills Discounted To Securitization Will Now Be Taxed As An Impact B2C And B2B Significantly.

Conclusion

Moreover, Inter-State Supplies Of Goods Or Services (Or Both) Between Two Branches Of The Same Bank, Located In Two States, Will Also Attract IGST. The GST Charged Will Be Available As Credit To The Receiving Branch; However, Tracking Such Transactions Could Prove To Be A Cumbersome Task.With The Desire Of Further Subtle Elements To Develop, Financial Sectors Confront A Jar Of Worms Regarding The Way Of Transacting Business, Client Profiles, Services Framework, IT Frameworks And Operation To Catch The Information At Both Front And Back End. IT Frameworks Should Be More Cautious In Terms Of Serving The Purpose Of Solving The Complexity Related To GST. The **Impact Of GST On Banks And Nbfcs** Will Be To Such An Extent That Operations, Transactions, Accounting, And Compliance Will Be Reevaluated Completely. The banking sector is one of the largest services 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 (read here: how GST Rates Could Impact Your Business Strategies) and second, due to the vast geographical reach of most banks.With the GST coming close on the heels of demonetization, the banking sector needs to ensure that they are ready for this new tax regime.

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Abstract

India is the fastest growing economy in the world and is just preceded to the economy of china. India has the seventh largest economy in the world. The basic tool to evaluate any country is its Balance of Payment (which includes reserves, current and capital accounts). One of the most significant factors that lead to a growth in the economy of a country is Trade (import-export). So it becomes a vital part to have a watch trade performance on both, domestic as well as international markets. Implementation of the regime would be a speculation to all the sectors of industry. After the implementation of the GST, it would change the business structure of India and would also bring some significant changes on the impact of international trade (import-export) of goods through the change in the computation of the basic customs duty. This might bring forth a possibility of the withdrawal of various tax exemptions and amendments to the terms if the FTP (Foreign Trade Policy). The new goods and services tax launched on July 1, 2017, will change how business is done in India. It is likely to have a significant impact on the international trade of goods through changes in the structure of import and export taxation, and the withdrawal of various indirect taxes and exemptions.

Key Words: (Gst, Ftp (Foreign Trade Policy), Import – Export)

Introduction

"Export of Goods", as defined in central GST Act, 2016, means taking out of India to a place outside India."Import of Goods" with its grammatical variations and cognate expressions, means bringing in India from a place outside India. Imports under GST are treated as inter-state supply. Since GST is a destination-based tax, IGST will be levied in the state where the imported goods are consumed and imported services are received.IGST can be paid using input tax credit of central goods and services tax (CGST), state goods and services tax (SGST), and IGST. Input tax credit is the credit that dealers can avail for taxes paid on their purchases, at the time of paying final tax on their sales. In case of CGST and SGST, no cross utilization of input tax credit is allowed. This means that input tax credit of CGST can only be utilized for CGST and IGST, and input tax credit of SGST can only be utilized to pay for SGST and IGST. Under GST, exports are treated as 'zero-rated supplies'. If GST is paid at any point of supply against exports from India, a trader may either export without the payment of IGST under bond or letter of undertaking, or may pay the IGST and claim refund later. In both cases, an exporter must provide details of GST invoices in the shipping bill. Under the reformed tax structure, the integrated goods and services tax (IGST) replaces the previous indirect taxes imposed on the import of goods and services. Certain exceptions such as imports of pan masala and petroleum products, however, continue to attract levy of countervailing duties. In addition to IGST, customs duty, education cess, and other protective taxes, such as the anti-dumping duty and safe-guard duty, also continue to be levied on imports of certain goods – carrying over from the previous tax regime. For the import of services, only IGST is levied. The implementation of the Bill is expected to ease India's cumbersome tax system, help goods move seamlessly across state borders, curb tax evasion, improve compliance, increase revenues, spur growth, boost exports, and attract investments by improving ease of doing business in India.

India's Foreign Trade Policy – An Overview

(FTP) is undergoing a bold makeover under GST. Comprehensive customs duty exemption on export-linked imports, a cornerstone of the export incentive schemes under the FTP, is being replaced by reduced exemptions, limited to basic customs duty exemptions only. This single change, where upfront IGST exemption would not be available on export-related imports and local procurement, results in a steep decline of duty benefits under the FTP. The amount required to fund

the IGST duty payment increases many times. This is a significant break from the past and a dramatic reduction in span and influence of the FTP schemes under GST. This would also mean a reduced footprint of the directorate general of foreign trade (DGFT) with regards to India's international trade. Some of the key functions and areas of influence of the FTP are shrinking, e.g., the IEC number is replaced by entity's PAN number; it is likely that number of application seeking licences and authorisations will reduce; advanced release order (ARO) under advance authorisation and Export Promotion Capital Goods (EPCG) scheme will become irrelevant. The exporting community in India is in a state of shock because of the expected change in business behaviour triggered by the no-IGST exemption regime. They have asked the ministry of commerce to revisit some of these decisions, and the ministry has given assurances to look into the grievances. Accordingly, the date of issuance of the new FTP, aligned to the spirit of GST, has been shifted to September 2017.

Meanwhile, FAQs and trade circulars issued by DGFT are filling in for the policy gap. But the government has limited manoeuvrability in this case as continuation of IGST exemption would be contrary to the GST policy of minimal exemptions and detrimental to the domestic industry where any IGST exemption favours sourcing from outside India. Absence of IGST exemption is in the larger interest of the economy, but it adversely impacts the exporter as additional capital is required to fund the IGST payment on procurement for the purposes of export. This change will impact both, the goods and the services sectors, alike which totally contribute around $400-450 billion to India's foreign earnings. The Software Technology Parks of India scheme will be impacted as well as the Export Oriented Unit (EOU) scheme, the EPCG scheme and the advance authorisation schemes would be impacted. Ditto for the effectiveness of the Merchandise Exports from India Scheme and Services Exports from India Scheme.

India's services exports, which contribute $150 billion to the economy, rely heavily on the STPI scheme under the FTP. Changes in benefits and administration of the EOU and STP schemes will raise questions around feasibility and relevance of the EOU and STP operating structures. There are around 4,000 such units in the country, and all of them may have to go back to the drawing board to weigh the benefit of a basic customs duty (BCD) exemption on imported goods that EOU/STP structure would offer on a going-forward basis against additional compliance and oversight. As inter-unit transfer of goods will attract IGST and reversal of BCD, the depth of penetration of BCD exemption would also be limited to the direct importer, and not further down the supply-chain. The EOU and STP units will have to follow the procedure outlined under the Customs Import of Goods at Concessional Rate of Duty Rules, 2017, instead of import under customs bond, etc, and it will have to reverse the BCD amount in case of DTA clearance of the goods as per the Standard Input Output Norms.

For a normal exporter, these changes would trigger a fundamental rethinking in relation to import-export supply chain. Additional cash-flow requirement at the procurement stage would alter the sourcing preferences in international supply-chain. Balance of favour will shift away from imports and in favour of domestic procurement. Consequently, choice of supplier, country of supply, procurement price, and product mix—domestic and imported—in the procurement basket, all could potentially require a change under GST.

Impact on Imports

As per the Model GST Law, GST will include Countervailing Duty (CVD) and Special Additional Duty (SAD). The Basic Customs Duty will continue in order to do its round in the import bills. BCD has kept outside the purview of GST and will be charged as per the current law. Some of the implications for imports and importers by the implementation of GST in India:

- Import as the Inter-State Supply: Imports in India will be considered as Inter-State supply and accordingly will attract the Integrated Goods and Services Tax (IGST) along with BCD and the other surcharges.

• Import of Services: liability of the payment of tax on the service receiver, services are provided by a person who is residing outside India. This is similar to the current provision of the reverse charge, where in the service receiver is required in order to pay tax and file return.

• Transaction Value: Currently CVD is charged on the MRP valuation principle. Under the new regime, IGST include CVD and will be charged on the transaction value. This may also require working capital restructuring.

WHAT IS IMPORT-EXPORT OF SERVICES

The supply of any service shall be treated as an "Import of service" when,

- The supplier of service is located outside India,
- The recipient of service is located in India,
- The place of supply of service is in India, and
- The supplier of service and the recipient of service are not merely establishments of a distinct person;

The supply of any service shall be treated as "Export of service" when,

- The supplier of service is located in India,
- The recipient of service is located outside India,
- The place of supply of service is outside India,
- The payment for such service has been received by the supplier of service in convertible foreign exchange, and
- The supplier of service and recipient of service are not merely establishments of a distinct person.

Tax Structure & Input Tax Credit in Case of Import and Export under GST

LEGALRAASTA — Simplifying Legal Journey	TYPE OF SUPPLY	
	EXPORT	IMPORT
TAX STRUCTURE	Zero rated supply. No tax shall be charged.	IGST and Basic Custom Duty(BCD) shall be levied.
INPUT TAX CREDIT	ITC allowed. Refund shall also be allowed.	ITC of IGST allowed. ITC of BCD not allowed.

Tax structure and ITC in the case of Exports:

GST shall not be charged on goods/services exported from India. In Case, the supply of goods qualifies as export out of India as per the Place of Supply Rules the transaction shall be treated as "zero-rated supply". The supplier shall be allowed to export the goods/services without charging any tax and can avail the CGST/SGST and IGST credits paid on inputs and input services. If he/she is unable to utilize the credit then, he/she can go for refund of credits as per section 38 of proposed Central GST Act, 2016. In a nutshell; imports and exports are going to be covered in IGST. Exports will be zero rated and refund of ITC shall be allowed. IGST, as well as Basic Custom Duty, shall be liveable on imports.

Import, ITC and Tax Structure

The import of goods and services is under IGST now with the roll out of GST on 1st July 2017. However, import has both IGST and Basic Customs Duty in present. The service providers, manufacturers, and traders of goods as well as services can balance their paid IGST against their output liability. But they cannot enjoy any credit for Basic Customs Duty (BCD) under the present GST structure. Citing an example here will be easy to understand this procedure. If a company called 'A' imports goods worth of INR 10,000, 10% basic customs duty is applicable on these imported goods. After importing, if the company experiences some extra expenses and sell produced goods at

INR 45,000, it includes applicable respective GST rate. The extra 10% BCD, 5% (550) CGST, and 7% (770) SGST revises the total import cost of the goods at INR 12,320. Along with these CGST and SGST rates, respectively 5% and 7% on import, the complete value of the goods in states is INR 50,400 (5% and 7% are applied on INR 45,000).

Export, ITC and Tax Structure

As per the place of supply rules of the new tax regime, 0% GST is charged in any export of goods and services from India. The suppliers can avail the input tax credit under CGST/SGST and IGST. After paying the amount on input and input services, they can apply for the refund as per the 38th section of Central GST Act, 2016. The end game IGST covers the import and export sectors in India whereas export is GST free and import welcomes Basic Customs Duty along with IGST rate. As per the Federation of Indian Export Organization (FIEO), the exporters may face liquidity problems as the domestic companies may fall around 2% in the market. The merchant exporters may suffer from higher compliance costs. People can enjoy the fruit of GST in a long run; initial hiccups like liquidity problem in export is normal as the complete system is changing under the new tax regime.

The recent passage of the Goods and Services Tax (GST) Bill, which will put in place a uniform indirect tax regime in India, is a landmark achievement for the Narendra Modi government. The GST council, which will oversee the GST regime, is currently in deliberations over its own procedures and over the appropriate tax rate to prevent revenue shortfalls. It is already clear, however, that GST, once implemented, will, for the first time in India's history, unify the nation into a common economic market, obviating the need for goods to be taxed each time they cross a state border. GST will affect all aspects of business in India, from decisions on investment location and product pricing to logistics and supply chain optimization; it is being widely applauded as a crucial reform that will facilitate India's development trajectory.

Less well appreciated, but perhaps no less important, will be the impact that GST will likely have on India's international trade and on its trade strategy. GST is a development that comes at a challenging time in the external environment for India. Global growth has slowed. Many major economies in the world face economic and political challenges with uncertain resolution. With the British vote to exit the European Union, the EU now confronts the possibility of a disintegration, with a larger collapse of the Eurozone in the coming years remaining a real, even if unlikely, possibility. Japan, once a driver of global growth, now lies dormant and is struggling to revive itself. China, after two decades of extraordinary growth, appears to be slowing down. The US is going through a divisive presidential election that has seen its candidates adopt threatening postures towards international trade, especially with lower-income countries, and towards the world trade system more generally. To achieve improvements in trade performance in this environment will clearly be difficult.

How can GST help? While India herself undertook substantial market-oriented reforms starting in the early 1990s, major impediments, both internal and external, that have kept the economy below its productive potential clearly remain. Consider for instance, the electronics sector in which global trade is estimated to be around $1.5 trillion annually and which employs around 20 million people globally (more than any other manufacturing sector). An important feature of the sector is that production is highly fragmented, with intermediate inputs from a variety of countries being assembled together before being sold as final goods to consumers. Over time, the ability of corporations to shift part of the value chain to low-cost locations has created opportunities for developing countries in these production networks; electronics companies from the developed world first started relocating to Malaysia, Singapore, Taiwan and Thailand during the 1970s and early 1980s, followed by China, Indonesia and the Philippines.

Such benefits won't accrue to the electronics sector alone. Recent studies examining the gains from reduction of internal and external barriers to trade in India, suggest that the combined

benefits will be of a very significant scale—roughly a 20% increase in economic welfare, with reduction in internal barriers to trade accounting for over half that number. India's transition away from agriculture will require productive opportunities for workers and firms in manufacturing and services. This evolution will be greatly helped if India could take advantage of the global market. For its "Make in India" campaign and in helping India to become an efficient export platform, the Modi government has just scored its game-changing goal with GST. If the economy evolves as is hoped, the GST council can rest easy over its revenue concerns—a policy reform of this magnitude and reach will surely deliver the necessary growth and, quite likely, a good bit more.

Implications of GST for Trading

India is amongst the fastest growing economies of the world, with retail trade contributing an estimated $600 billion+ to the economy. The impact which GST, the unified indirect tax structure introduced by the Government of India on July 1 2017, brings on such a major economic lever will be highly significant. Further, the implications of this new taxation procedure on the trader will vary on the nature of the trade, i.e., wholesale or retail. In this blog, we explain the opportunities within the new tax reform that traders can leverage, and discuss how they can prepare themselves from a GST perspective. Read on to know the effects of this latest indirect tax reform for:

1. Wholesalers
2. Retailers
3. Importers and Exporters

1. For Wholesalers:

The wholesale market is fundamental to extending the reach of goods and services to the interiors of the country, especially the rural markets. Most wholesalers operate in cash transactions because of which there is a good chance that some transactions are not accounted for, which was previously a concern but ceases to be one under GST.

- **Transparent tax management*:*** The introduction of technology into the taxation system can be a blessing in disguise, an opportunity to bring about transparency in tax management. Rather than relying on cash transactions, wholesalers will now get an opportunity to go digital. They will also be able to avail the facility of input tax credit. Input tax credit is where the businessman will be able to claim tax on all input goods and/or services. For example, if a wholesaler is renting a tempo for transport of goods, going ahead they will be able to claim the tax paid on the rental and receive it as input credit. They will thus be able to reduce the final market price of the transported goods by making up for that amount.

- **Financial streamlining:** Because the entire supply value chain including tax flows will be on GST records, wholesalers will be better connected to retailers and suppliers. For example, the payment for a consignment will reflect in the accounting records of the supplier company as well as the wholesaler, leaving no ambiguity about payables and receivables. This will make it easier to process payments and get tax returns in a timely manner, thereby improving the cash flows of traders. A reliable positive cash flow will help build confidence in the new regime, by making working capital available and aiding opportunities to grow the business.

- **Reorganization of supply chain*:*** GST will enable high visibility and streamlining of the supply chain, providing wholesalers with a transparent view of supply movements. For example, taxation at the "place of supply" is already mobilizing FMCG companies establish fewer warehouses, the sizes of which will be larger than before. This will aid business efficiency in the long run. However, in the initial transition phase, many wholesalers may undergo de-stocking since they would have already paid VAT on their current stocks, and would like to avail of the input tax credit on the basis of the GST rules.

- **Ease of borrowing through digital lending:** Because financial and tax transactions will now be recorded in the GST system, even small traders will have digital records of their company finances and credit status. These digital records will act as a ready reckoned of information when a trader opts for a loan. Financial institutions and online lenders like Capital Float can now easily assess the loan eligibility of small traders such as Kirana owners by accessing this data, and provide them quick and easy loans. Borrowing funds online and doing business will now be easier.

2. For Retailers:

Almost 92% of the retail sector in India is unorganised, operating in cash payments. They are, essentially, the tangible representation of FMCG multinationals to end-consumers; yet they are challenged by chronic issues such as the lack of technology enablement and low operating margins. A majority of the retail market consists of "kirana stores", which are often the smallest link of the trade chain.

- **Input tax credit facility:** As mentioned for wholesalers, retailers too would be able to claim taxes paid for input products and services availed. This will present a cost advantage to retailers. For example, under the previous tax regime, if a retailer purchases a refrigerator to store perishable goods, they were not able to claim credit for tax paid on it. Under GST, they will be able to claim the tax paid on the new refrigerator when they file their taxes. This will be possible due to tax connections reflecting in the GST value chain at each stage of the transaction. Availing input tax credit means financial gain.

- **Ease of entry into the market*:*** The market is expected to become more business-friendly due to the clarity of processes related to procurement of raw materials and better supply logistics. This is a good opportunity for new suppliers, distributors and vendors to enter the market. The registration process has also become very clear under the GST, aiding entry into the market.

- **Retailer empowerment through information availability:** Small retailers often do not have complete visibility into their stock receipts, payments, etc. and are forced to blindly rely on the word of the supplier. GST will streamline these supply and cost challenges and empower the retailer with readily available information through digital systems. For example, when different types of bills like invoices, credit and debit notes, etc. are stored digitally as proposed by GST using accounting software, these will provide retailers with real-time reports on sales, stock information and live balance sheets, in addition to performing error checks before placing an entry into ledgers.

- **Better borrowing opportunity*:*** The retailer scope for business growth can be increased by increasing the retailers' access to finance. This is where Fintech lenders like Capital Float step in – they can ease their passage to the new tax regime. Capital Float recognises the financial challenges these small business players face and strives to bridge this gap by financing them with small ticket loans. As "kiranas" move onto GSTN, Capital Float will be able to better serve this micro-entrepreneur segment, helping them overcome upcoming challenges by leveraging the GST-enabled digital footprint.

3. For Importers and Exporters

According to the financial reports of 2016, India is the 16th largest export economy in the world with the net value of exports contributing to one-third of the GDP. The subsuming of various local state level taxes will have a direct impact on imports and exports, a critical component of trade. For example, the Countervailing Duty (CVD- an additional import duty levied to offset the effect of concessions or subsidies, currently 0% or 6% or 12%) and Special Additional Duty (SAD- a special kind of customs duty paid on imported goods currently at 4%) have been done away with under the new GST regime. However, Basic Customs Duty continues to be applicable and importers will need to pay it as per previous rates.

- ***Imports Taxation:*** Every import will be treated as an interstate supply, and will be subject to Integrated Goods and Services Tax (IGST) along with Basic Customs Duty (ranging between 5% and 40% depending on the good imported). This implies that IGST will be levied on any imported item, based on the value of the imported goods and any customs duty chargeable on the goods (say 10%). IGST is a combination of SGST (say 9%) and CGST (say 9%). For instance, for an import item worth Rs 10,000.
Thus, imports taxation is an added tax liability for retailers who import goods or services.

- ***Exports Taxation:*** Exports will be treated as zero-rated supply, i.e., no GST will be charged on exports. This is in line with the "Make in India" campaign that aims to make India a global manufacturing hub, for which exports are important.

- ***Import of Services:*** The new clause of import of services places the onus of tax payments on the service receiver when the services are provided by a person residing outside India. This mechanism is called reverse charge and will apply in certain scenarios. For example, if the assessee has no physical presence in the taxable area, then the representative of the assesse will be required to pay tax. In the absence of representation, the assesse has to appoint a representative who will be liable to pay GST. Another example is when a registered dealer is buying goods or services from an unregistered dealer. In this case, the registered dealer will have to pay the tax on supply.

- ***Need for restructuring working capital:*** A major shift is that GST is based on "transaction value" rather than MRP. In the old system, CVD was charged as a percentage of the MRP. Under GST, IGST will be charged as a percentage of the transaction value. This will affect the cash reserves of retailers and wholesalers, and they will need to reassess their working capital needs.On the whole, GST is expected to bring domestic players at par with large multinational corporations due to the renewed import and export norms and the rules for FMCG suppliers. This is a good sign for Indian trade and exports in general, and thus the implementation of GST shows promise to propel India onto the international trade arena. Visit our GST blog to know more about GST and keep track of latest.

Conclusion

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

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IMPACT OF GST IN TOURISM AND HOSPITALITY 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. Tourism 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. The study adopted only Secondary source of data collections and the study area was GST and Its impacts on Tourism industry in India.

Key words: GST, Tourism, Hospitality and Tourism Industry.

Introduction

India enthused a step taken for the accomplishment of the goods and service tax (GST) regime with the parliament and approved by the constitution (122nd Amendments) Bill, 2014.The GST is implemented on April, 1.2017 to replace multiple state and central levies with a single tax. GST when implemented will replace all indirect taxes that are presently levied on goods and services separately by the central and state government. This is to combine the state's economies and provide a more structural taxation framework for people. In the travel and tourism industry is sure to abridge the tax levied and the service charges disintegrate would be made much simples. This is the time for moderator the effect of GST on the Travel and Tourism field. The only collateral we GST and will provide a simple and strengthened taxation infrastructure which will help the Indian citizens to understand the services and goods they are paying for. India has placed one of the biggest players in the world economy as the total GDP of the nation is sure to grow by 1.5% to 2% post implementation of GST. The GST Bill will be an established of uniform tax regime and the tax rate on airfares, room rates, service charges are increased considerably. The government should keep in mind the tourism industries interest as it a major contribution to the nation economy.

Tax policies play an important role on the economy. The main source of revenue for government of India is from tax. Direct and indirect taxes are the two main source of tax revenue. When the impact and incidence falls on same person it is called direct tax. When the impact and incidence falls on different person that is when burden can be shifted to other person it is called indirect tax. The indirect tax system is currently mired in multi-layered taxes levied by the Centre and state governments at different stages of the supply chain such as excise duty, octroi, central sales tax (CST) and value-added tax (VAT), among others. Goods and Services Tax (GST) is most ambitious and biggest tax reform plan, which aims to stitch together a common market by dismantling fiscal barriers between states. It is a single national uniform tax levied across India on all goods and services. In GST, all the indirect taxes will be subsumed under a single regime. The GST taxation

laws will put an end to multiple taxes which are levied on different products, starting from the source of manufacturing to reaching the end consumer. GST works on the fundamental Principle of "One Country One Tax".

In present regime there are separate laws for separate levy like excise duty, customs duty, central sales tax, value added tax etc. But in case of GST it is going to be a broad scheme which subsumes all the laws. The tax compliance is going to be easy as all the laws are subsumed and only one GST law to be implemented. The four GST slabs have been set at 5%, 12%, 18% and 28% for different items or services. The integration of tax laws in GST is expected to reduce the tax burden on the tax payer compared to present system where the tax payer's burden is high. Presently the tax is at two points i.e., when the product moves out of factory and other at the retail outlet. But GST is to be levied at final destination of consumption and not at various points. This brings transparency and corruption free tax administration.

Objectives of the study:

The main objective of the study is to evaluate the Indian Tourism Industry under the GST regime. The sub objectives of the study are as follows:

- 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

Scope of the Study:

The study scope covers the GST and its impact on Tourism industries in India .The present study is purely secondary data base and it's a conceptual paper.

Tourism Industry:

The Tourism industry is a cosmic industry made up of business and organization that provides goods and services to meet the distinctive needs of the tourists. These business and organisations are related to virtually all areas of the economy making tourism a very huge industry. The tourism sector such as the hospitality industry, transport industry, attractions and entertainment. All these sectors are interconnected and integrated. They work with one service as their survival depends on each other. The Indian tourism and hospitality industry sector ranks seventh in the world in terms of its total contribution to the country's GDP. According to the WTTC, travel and tourism generated INR 14.1 trillion (USD208.9billion) in 2016, which is the world's seventh largest in terms of absolute size. The sum of equivalent to 9.6%of India's GDP. Additionally, the sectors supported 40.3million jobs in 2016, which ranks India second in the world in terms of total employment supported by Travel and Tourism. The sector accounts for 9.3%of the country's jobs. India's travel and tourism sector was also the fastest growing among the G20countries, growing by 8.5%in 2016. A further 6.7% growth is forecast for 2017. 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.

GST Impact

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

Positive	Negative
Uniformity in Taxes	Multiple Registration
Increased Revenue for State Government	Increased Compliance Burden
Saving in Food and Beverage operations	No Credit on Work Contract Services
Tax Collection at Source	Increased cost and Effort of Transaction
Benefit for Small Business	Alcohol and electricity are out
	With respect to nature of taxes
	With respect to Rates of taxation

	With respect to Offers, Incentives With respect to Multiple Registration

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.

Conclusion

GST has been one of the most awaited tax reform for India. We would like to draw inference that high GST rates on hospitality may prove to be detrimental for the sector which is already reeling under the pressure of demonetisation and liquor ban on highways. However, liquor should have been included in GST to ensure the seamless credit for tourism industry. Since, players in this industry make the most of its consumption. The high incidence of taxes may make India less competitive when it comes to tourism as international tourists may skip the destination. The government should appreciate that countries like Myanmar, Thailand, Singapore, Indonesia and others levy taxes ranging from 5 to 10 per cent. India cannot afford to have these kind of complex and high GST. A lower tax rate for budget hotels sector will ensure that the industry's quality upgrade continues while delivering standardized accommodation to millions of middle-class travellers. People like consolidation of taxes as it leads to greater transparency and will help guests and buyers to understand the overall costs. 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 30-35%. A single-slab tax will benefit consumers and should lead to savings of 10-15% on the overall bill.

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A FLEETING LOOK AT GOODS & SERVICE TAX (GST) IN INDIA AND ITS IMPACT OVER COMMON MAN & VARIOUS SECTORS

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ABSTRACT

Goods and Service tax (GST) in India was successfully implemented on 1st July 2017 which is a unified tax system that aims for One Nation – One Market – One Tax. The main objective of GST implementation is to remove various indirect taxes and eradicate cascading effects of taxes. GST enables single tax provision in the supply chain where each party in that chain is able to take tax benefit for all the taxes the individual or the corporations has already paid which in turn would reduce the price of the product. This conceptual paper is a sneak peek of what GST in India is and its impact over the common man and various sectors.

Key Words: Unified tax system, GST in India, Impact on Common man, Impact on various sectors.

1. INTRODUCTION

Goods and Services Tax (GST) is an indirect tax applied both on goods and services at a uniform rate. A single form of tax known as GST or Goods and services tax will be applied throughout the country, replacing a number of other indirect taxes like Value Added Tax (VAT), Service tax, Central Sales Tax (CST), CAD etc. The previous taxation system had different laws apply to different states making it burdensome for those whose business functioned across the state borders. Most of the businesses comply with at least 3 different taxes, like Value Added Tax, Excise and Service Tax. GST, etc., out of various Indirect Taxes aims at simplifying the tax hurdles for the whole economy while providing an equal foothold to a sole proprietor as well as to a corporation.

Minister and after constant redesigning; GST Bill was passed in the Rajya Sabha and effectively implemented GST or Goods and Services Tax from July 2017 in India. The GST/Goods and Services Tax is labeled as the biggest tax reform since independence. GST is also called as ONE COUNTRY ONE TAX as under this tax regime it amalgamates all different central and state tax under one single tax and avoids double taxation [i.e.tax on tax].The entire Indian market will be under the single umbrella for taxation. GST bill can be considered to be the biggest indirect tax expansion providing a uniform and simplified way of indirect taxation in India. The main motive of GST is to remove the cascading effect of taxes wherein consumers will have to pay taxes at the final level of transactions and not at different levels. Any new law brought in by any country will have an impact on the common man where some could be a positive impact while sometimes it could have adverse reaction. No law is brought in to inconvenience the common man but sometimes certain sectors get affected by unintentional consequences. Unifying all taxes under one tax as 'Goods and Services Tax', is truly a revolutionary step aimed to curb the impact of inflation on basic commodities. The GST slabs are fixed at 0%, 5%, 12%, 18% and 28%.

2. A SKETCH OUT ON GOODS AND SERVICE TAX (GST)

2.1 WHAT IS GST?

GST is a path breaking indirect tax reform which has created a common national market by dismantling inter-State trade barriers. Taxes on goods and services are already there in our country in different forms like Excise Duty, VAT, Service Tax, Entry Tax, Entertainment tax etc. All these are different levies by Central or State Governments and are having altogether different sets of taxable events, rates, procedures and compliances. A single Goods and Services Tax (GST) was foreseen

with a view to trounce all these issues of tax payers. GST has subsumed multiple indirect taxes like excise duty, service tax, VAT, CST, luxury tax, entertainment tax, entry tax, etc.

2.2DEFINITION OF GST

"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 producer's / service provider's point up to the retailers' level where only the final consumer should bear the tax."

2.3 ORIGINS OF GST – A FLEETING LOOK

France was the first to introduce GST or Goods and Services tax. Presently, only Canada has a dual GST model (somewhat similar to the Dual GST Model that had been implemented in India). The rate of GST normally ranges in between 15–20%. However, it may differ to a higher/lower side in some of the countries. Presently, there are around 160 countries that have implemented GST/VAT in some form or other. In some countries, VAT is the substitute for GST, but for all purposes it is a destination based tax levied on consumption of goods and services. The true test for a successful implementation of GST lies in the countries' decision on the rates at which they want to tax the goods.

2.4 GST IN INDIA VERSUS OTHER COUNTRIES – A GLIMPSE

Goods and service tax has taken India by storm. 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 goods etc. While France might have been the first to implement, GST is not part of tax code in about 140 countries with some having Dual-GST (e.g. Brazil, Canada etc.) model. India has chosen the Canadian model of dual GST.United States of America is one of the very few first world countries that do not have GST. USA, however, enjoy high autonomy in taxation. Standard rate of most of the countries ranges between 16% and 20%. It is noteworthy that India had implemented one of the highest GST slab rate of 28% for certain types of goods while also keeping the tab as low as 5% for certain products.

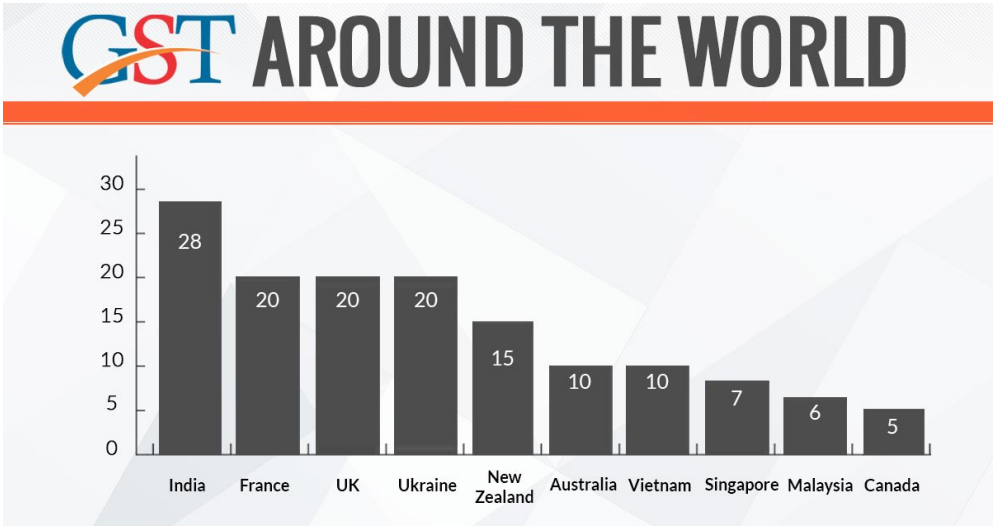


Chart 2.4.1 Chart showing the GST Rates across Various Countries

Source: Secondary Data: Website: https://blog.saginfotech.com/gst-india-vs-foreign-gst

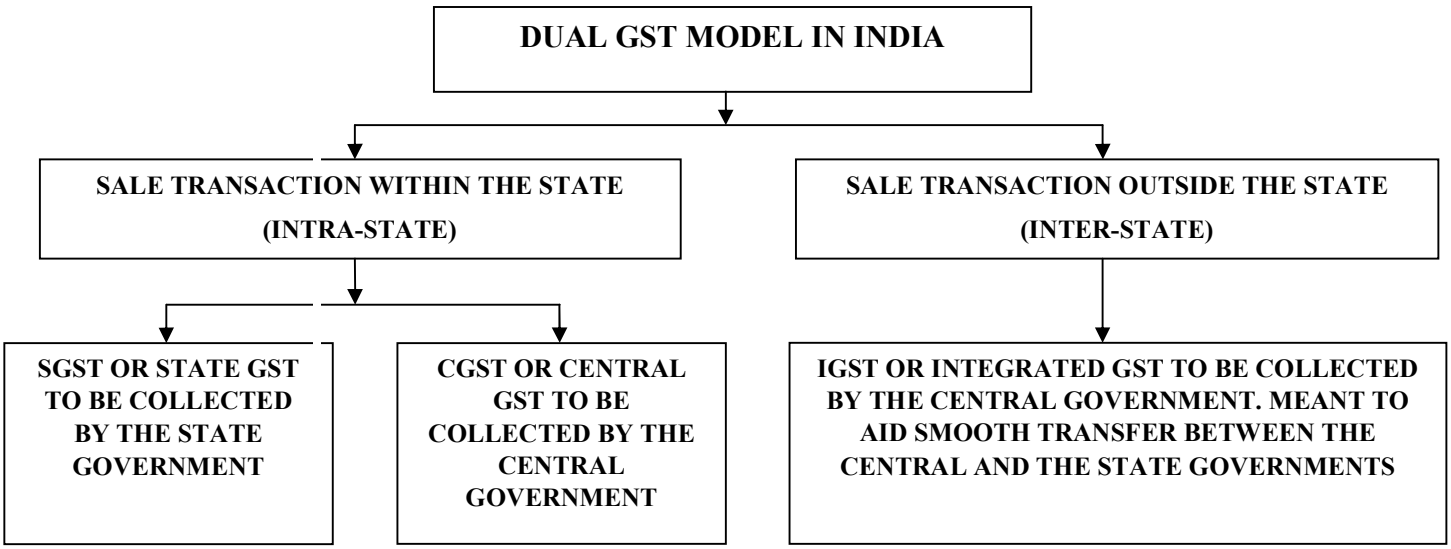
2.5 TYPES OF GST & SLAB RATES OF GST IN INDIA – AN OUTLINE

The Goods and Services Tax (GST) in India has replaced several taxes charged earlier. Implementation of GST has massive impacts over diverse industries. However, it is noteworthy to be aware of types of GST implementation and the GST rates. India has a dual GST model which means that GST will be administered both by the Central and the State Government.

2.5.1TYPES OF GST IMPLEMENTED IN INDIA

- A sale transaction within the State will have 2 taxes:
  - **SGST or State GST**
    - SGST or State GST to be collected by the State Government and will go to State Government
  - **CGST or Central GST**
    - CGST or Central GST to be collected by the Central Government and will go to Central Government
- A sale transaction outside the state i.e. sales from one state to another will have a single tax:
  - **IGST or Integrated GST**
    - IGST or Integrated GST to be collected by the Central Government and will go to Central Government. This GST applicable on inter-state sales to facilitate smooth transfer between the Central and the State governments.

Table 2.5.1 Table showing Dual GST Model in India

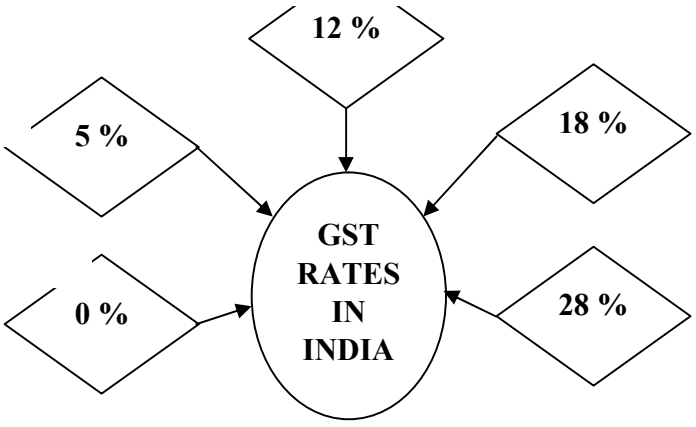


GST SLAB RATES IN INDIA AS OF JANUARY 2018

Goods and Service Tax was implemented in India on 1st July 2017. A five tierGST Slab rate structure had been passed by the government. Hence, the final slab rates being agreed upon are 0%, 5%, 12%, 18% and 28%

- **Zero rated items:** Food grains used by common people.
- **5% Rate:** Items of mass consumption including essential commodities will have low tax incidence.
- **12% and 18 % Rate:** Two standard rates have been finalised as 12% and 18%.
- **28% Rate :** White goods that were taxed at 30-31% shall be now taxed at 28%.
  - An additional cess on some luxury goods shall also be imposed.

Chart 2.5.1 Chart showing GST Slab Rates in India



2.6 PURPOSE OF GST – AN ESSENCE

Goods and Service Tax (GST) in India aims at ten important objectives as listed below:

- Integrated tax system that aims at One Country – One Tax
- Elimination of the pitching cause of Indirect taxes on single transaction
- Boost productivity
- Condense tax avoidance and corruption/bribery
- Trim down economic deformations
- Standardization of GST Registration, payment and Input tax Credit
- Enhance Tax to GDP Ratio and revenue surplus
- Utilization based tax instead of Manufacturing
- Inclusion all indirect taxes at Centre and State Level under
- Better Compliance and higher revenues
- Making exports more competitive
- Reduces distribution cost

2.7 IMPACT OF GST ON COMMON MAN IN INDIA

In India, the maximum population is of the middle class and lower middle class where people either belong to service class or they depend on agriculture for their living. In this scenario, after GST, there is a single tax provision in the supply chain where each person is able to take tax benefit of all the taxes which he already paid and eventually the prices become low. For the general public, there is the actual impact of any economy is when the prices of their necessity become affected. For a common man, GST means a lot different than to a businessperson. While the common man (no service providers) does not have to do GST registration or pay GST via input credits, he/she will still be affected directly under the new tax regime in many ways because as GST is an indirect tax, which will be ultimately borne by the end consumers. The Common Man of India is still trying to understand GST and its impact on them. People believe GST law will yield positive results although there may be some teething issues at the implementation stage. As per the previous indirect tax laws, there were different products in different states with different tax rates, now with the implementation of GST, the entire nation will charge the same rate for the product in every state. This will help the common man to understand the law appropriately.

2.7.1POSITIVE IMPACT OF GST ON THE COMMON MAN

GST is stated to be one of the biggest tax reforms in India, which would not only impact the businesses but also the common man. The common man includes not only the final consumer of goods but all the small traders and service providers who shall be directly affected after the introduction of GST. Advantages of GST and the Positive impacts of GST of the Common man are listed below:

- Removal of various indirect taxes – A unified tax system that makes India One Nation – One Market – One Tax System
- Removes tax on tax – Removal of cascading effects of taxes
- Reduced Manufacturing cost – Lowers the prices of consumer goods
- Lower prices increases the demand and so the production which leads to Increase in job opportunities
- Controls circulation of Black money and lead to lesser corruption
- Uniform and simplified compliance procedure – Less complex tax system – Improved service levels
- Payment of fewer taxes ensures availability of more disposable income
- More transparency in the taxation system
- Uniform pricing and tax rate throughout the country.
- It is a consumption based tax and not origin based.

2.7.2NEGATIVE IMPACT OF GST ON THE COMMON MAN

A new law, a new tax will bring in not only the positive impacts but also a number of new challenges to face, that needs to be tackled with utmost care. GST in India has the following negative impacts which must be overcome down the road.

- Increased cost of services had lead to add on to the monthly expenses.
- An increase in inflation might be seen initially.
- GST has various Complianceburden.
- Services like telecom, banking, airline etc. have**become** expensive.
- Actual benefits sometimes not passed on to the consumer but helps increase the profit of the seller.
- Businessmen and service providers are still learning about the new laws and rely on tax experts and professionals which lead to additional business expenses.
- Understanding and application of the new laws to it is efficient level will take some time.
- Dual control by State and Centre can lead to complications to be dealt with and resolved in an efficient manner.

2.8 IMPACT OF GST ON VARIOUS INDUSTRIES IN INDIA

When a new law is brought in by any country, not every person would have an identical impact from the law. Some might benefit from it, while some might have adverse reactions due to the law. So how did GST impact some of the major sectors of India?

- **MANUFACTURING SECTOR :**

✓ The government wanted to remove the shackles on this sector which was affected by complex tax codes of the past. The sector was only contributing to 16% of the country's GDP and the

government wanted to increase that for the development of the country. Reduction in time spent on logistics checkposts, simplified valuation methods will make the business operations easy.

- ✓ Assessment by only one Tax authority will be beneficial to all tax payers.
- ✓ While matching of credit might be a challenge, GST aims to improve cash flow for ease of business and eventually lower cost of goods for the consumers.

- **TRADING SECTOR :**

- ✓ Wholesalers get transparency in tax management which helps them with their supply chain. They will be better connected with retailers and suppliers due to GST records which would help in payments.
- ✓ 92% of the Indian retailers are local shops which are unorganized. GST will help them get into the organized sector which would give them the opportunity to avail credit and loans from institutions and avail tax credit. The cost involved in getting on par with the technology might be a deterrent and not many can afford it.

- **SERVICE SECTOR :**

- ✓ Some advantages like no double taxation and more clarity for a software industry which is a major income earner for the government in the income tax area. But the cost of consumers using the service sector has increased due to the rate slab for the sector is mostly at 18% which is higher than before. Service sector is also sometimes being taxed for some of the free services which they have provided before.

- **AGRICULTURAL SECTOR :**

- ✓ GST is essential to improve the transparency, reliability, timeline of supply chain mechanism. A better supply chain mechanism would ensure a reduction in wastage and cost for the farmers/retailers. GST would also help in reducing the cost of heavy machinery required for producing agricultural commodities. Under the model GST law almost all food items and agricultural produce will be under GST. This might lead to an increase in price of certain food products until the government can streamline the rates based on the products and its demand.

- **E-COMMERCE:**

- ✓ GST has allowed even small and medium sized ecommerce sellers to enter the market and compete in a national level unlike previously where these sellers were limited to operating within the confines of one state due to the looming tax rates of trading across multiple states. While this provides an opportunity and an advantage, there are a few issues which need more clarity on issues like advances, drop shipment, gift vouchers, cash on delivery etc. Online retailers are mandated to register under GST and are ineligible for the composition scheme like other sectors.

3 POST GST IMPLEMENTATION REVENUE IMPACTS– A BRIEF ANALYSIS

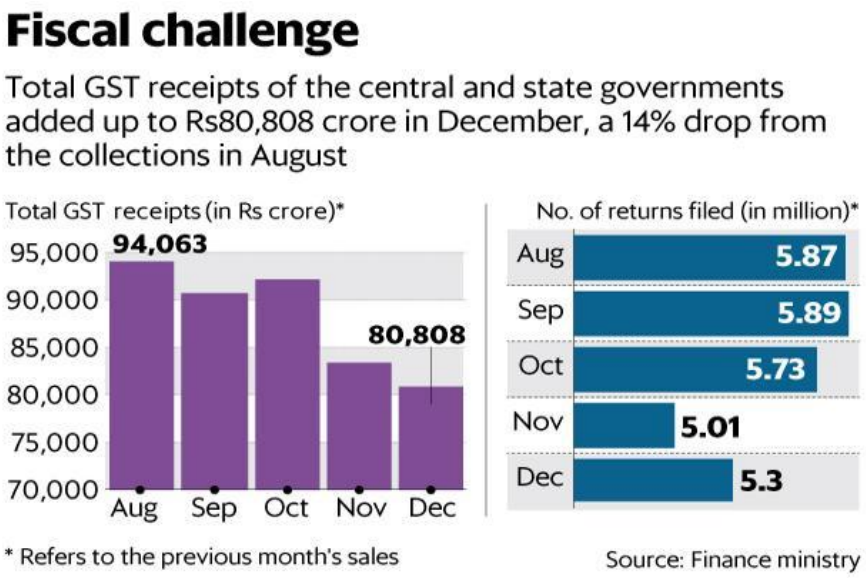
- ❖ Aug 2017 saw the first month of tax collection after GST was implemented. It saw the government collect 94,063 crore Rupees as tax which was more than what the government initially expected. Over 5.87 million returns were filed during that month.
- ❖ September and October again saw the Government earn over 90,000 crore Rupees with with 5.89 and 5.73 million returns filed during those months respectively.
- ❖ The overall tax collection came down to around 83,000 crore Rupees in November and saw it further slip to 80,808 crore Rupees in December. The number of claims filed was lowest in the month of November since implementation of GST where only 5.01 million returns were filed. Although December saw an uptick on the number of returns at 5.3 million the overall tax collection has seen a drop of 3% when compared to November and 14% when compared to August.
- ❖ Experts attributed the decline in GST revenue to several one-off transition issues, which should fade in the coming months. Many of the steps taken by the federal indirect tax body, the GST Council, to address liquidity problems faced by businesses, including liberal tax refund rules, took effect in October. By February, when tax collections for the transactions in January will

be available, most of the transition issues would have faded and revenue receipts are expected to stabilize.

❖ On 10 November, the GST Council reduced tax rates on a large number of daily-use items, including around 180 items in the highest slab of 28%. These reductions alone are expected to result in a revenue loss of about Rs 20,000 crore a year.

❖ The government believes that once compliance increases and tax receipts pick up, the revenue impact of the tax cuts will only remain an academic issue while experts believe that it would take some time for the volumes to go up and make good the loss due to rate reduction.

Chart 3.1 Chart showing the GST Receipts and No. Of filed Returns



Source: Secondary Data:

Website:

CONCLUSION

Government believes GST will spur growth and increase the GDP like Canada. GST training and Courses are being provided by the Government,various institutions and companies to educate the people all around. However,GST or Goods and Services tax is a long term strategy planned by the Government and its positive impact shall be seen in the long run only. The rates of GST and how effectively GST is implemented in all the States and at the Centre also plays a crucial role in deciding the actual impact of GST on the common man. Government is taking steps in updating the system and the administrative functions of GST. Steps must be taken to spread awareness about the GST rate slabs to common people and to ensure fair practices.

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IMPACT OF GST ON INDIAN ECONOMY WITH SPECIAL REFERENCE TO FMCG SECTOR

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Abstract

GST is a comprehensive tax levy on manufacturing, sale and consumption of goods and services at a national level. With the introduction of GST there is a condition chaos and confusion among common man. The current indirect tax regime in India provides for a complex tax environment due to multiplicity of taxes, tax cascading and elaborate compliance obligations. Under the proposed GST regime, various indirect taxes would be subsumed (except for few taxes such as stamp duty) and hence it is expected that it would result in a simpler tax regime, especially for industries like FMCG. Apart from simplification of tax compliances, the rate of tax will also have a significant impact on the FMCG sector. Presently the peak tax costs for industry players amount to approximately 27% (i.e. Excise Duty of 12.5% and VAT ranging from 12% to 15%). Under the GST regime, it is proposed that the revenue neutral rate would be in the range of 17% to 19%, thereby resulting in significant benefit for the sector. The aim this research paper is to explain the mechanism of GST and its effects on Indian economy.

Keywords: GST, Indian Economy, industries, indirect tax

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. 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.

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. 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. 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. GST, upon being implemented shall replace the multiple indirect taxes levied on FMCG sector with a uniform, simplified and single-point taxation system. A swift move to the proposed GST may reduce prices, bolstering consumption of FMCG products.

Objectives of Study

1. To identify the impact of GST on Indian economy.
2. To study the impact of GST in FMCG Sector.

Research Methodology

Being a descriptive research it is based on secondary data of journals, articles, newspapers and magazines. Considering the objectives of study is adopted to have more accuracy of research study. The accessible secondary data is used for this study.

Need for GST

- The main reason behind introducing GST is to improve the economy of the nation.
- VAT rates and regulations differ from state to state. And it has been observed that states often resort to slashing these rates for attracting investors. This results in loss of revenue for both the Central as well as State government.
- On the other hand, GST brings in uniform tax laws across all the states spanning across diverse industries. Here, the taxes would be divided between the Central and State government based on a predefined and pre-approved formula. In addition, it would become much easier to offer services and goods uniformly across the nation, since there won‟t be any additional state-levied tax.
- GST rollout missed several deadlines due to disagreement among many states over certain important issues on the new tax reform. However GST is scheduled for a nation-wide rollout on July 1st, 2017

IMPACT OF GST ON INDIAN ECONOMY

I Positive Impact of GST in India

✓ The prices of products and services would reduce, thus this system would prove to be beneficial for the people who are fed up of paying high prices.

✓ This would reduce the burden from the state and the central government. With the introduction of GST, all indirect taxes would come under a single roof.

✓ Corruption-free taxation system. GST would introduce corruption-free taxation system.

- ✓ Removes cascading effect of taxes.
- ✓ Manufacturing costs will be reduced, hence prices of consumer goods likely to come down.
- ✓ Due to reduced costs some products like cars, FMCG etc. will become cheaper.
- ✓ A unified tax regime will lead to less corruption which will indirectly affect the common man.

II Negative Impact of GST in India

- ➢ The introduction of GST in the country will impact real estate market. This would increase new home buying price by 8% and reduce buyers market by 12%.
- ➢ 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.
- ➢ For consumers, it will be a mixed bag as some goods become cheaper while others will be expensive.
- ➢ Services will become expensive e.g. Telecom, banking, airline etc.
- ➢ Being a new tax, it will take some time for the people to understand its implications.
- ➢ If actual benefit is not passed to consumer and seller increases his profit margin, the prices of goods can also see a rising trend.

FMCG and GST

Fast-moving consumer goods (FMCG) can be defined as packaged goods that are consumed or sold at regular and small intervals. The prices of the FMCG are low and profits earned are more dependent upon the volume sales of the products. The FMCG market can be broadly categorized as Personal Care, Household care, Food & Beverages and others. The Indian FMCG sector is the fourth largest sector in the economy with a total market size of USD49 billion in 2016. The sector is projected to grow at a CAGR of 20.6% to reach USD103.7 billion by 2020. The FMCG industry in India has grown rapidly over the last decade, predominantly on account of increasing income levels and changing lifestyle of Indian consumers. The current Indirect Tax regime in India provides for a complex tax environment due to multiplicity of taxes, tax cascading and elaborate compliance obligations. India finally seems to be on the cusp of implementing this much-awaited tax regime. In the light of the above developments, Industry would now need to analyse the provisions of the draft law in detail and its impact on their business. In the ensuing paragraphs, the researcher has sought to identify the key issues arising from the Model GST Law as may be relevant for the FMCG Industry.

1. Input Tax Credit

Input Tax Credit will be allowed only of those goods falling within specified Chapters of the Model GST Law. Further, the definitions of inputs and input services also provide for exclusions. Therefore, it appears that even under GST, restrictions on Input Tax Credit will continue. Further, a nexus of goods and services received is also required to be established with outward supplies.

2. Reconciliation of inward and outward supplies

If there is a mismatch between the details of outward supplies uploaded on the GST Network by the vendors and the inward supplies uploaded by the recipient, such mismatch will be communicated to the recipient. This provision places the liability for non-compliance on the recipients, i.e. the FMCG companies, as against their vendors. Similar provisions have been prescribed wherein details of credit notes issued by a supplier have to match with the corresponding reduction of Input Tax Credit claimed by the recipient. Accordingly, if the recipient does not adjust the Input Tax Credit, the tax and interest would be recovered from the supplier. This provision places the liability on FMCG companies for non-compliance of stockists. Placing the responsibility on FMCG companies for non-compliance by vendors and stockists will cause undue hardship to these companies.

3. Area based exemptions under the Excise legislation and State Industrial Policy

The First Discussion Paper on GST had stated that area-based exemptions under the Excise legislation and incentives under the State Industrial policies should be converted to a tax refund mechanism. However, the transition provisions prescribed under the Model GST Law do not provide for the treatment of the said exemptions/ Incentives. Further, the valuation provisions envisage that subsidies should be included in the transaction value. This would impact the benefits available to the industry.

4. Transition provisions for traded goods

The transition provisions provide that the credit balance which was admissible under the present regime would be carried forward under GST. In case of stocks of imported finished goods, Countervailing Duty is not admissible under the present regime, and in case of goods procured from contract manufacturers, Excise Duty credit is also not available. Accordingly, based on these provisions, under the GST regime, such stocks would suffer double taxation.

5. Taxability and valuation of Stock Transfers

The charging section of the IGST Act provides for the levy of IGST on the supply of goods made in the course of inter-state trade or commerce. Further, as per the Model GST Law, the term 'supply' includes transactions between a principal and an agent. Schedule 1 of the Model GST Law deems any supply between two persons without consideration as a 'supply'.

6. Taxability of Free Supplies

Supply of goods between persons without consideration is deemed to be a 'supply'. Accordingly, stock transfer of promotion materials/ free samples will be subject to GST. Under the present regime, free supplies are not subject to VAT. Hence, promotion expenses of FMCG companies will increase under the GST regime.

7. Discounts

Discounts/ incentives provided after the supply of goods will be excluded from the transaction value, provided the same is known at or before the time of supply of goods, and is linked to the invoices for the supply of goods. Discounts provided under secondary market schemes will therefore not be eligible for an exclusion from the turnover.

8. Place of Supply of Services

The definition of location of supplier inter alia provides that the establishment most directly concerned with the supply shall be considered to determine the place of supply. FMCG companies invariably receive services which are provided from multiple locations and received at multiple locations. There are also situations where it is not possible to determine the location of receipt of a service, for example, broadcasting, advertising, etc. In such situations, the Place of Supply provisions are unclear on which establishment would be regarded as the service provider/ receiver, in order to determine whether the supply is an intra-State or inter-State supply. This needs to be clarified, as it is critical to a ailment and utilization of Input Tax Credit by the FMCG companies.

9. Input Service Distributor

The Model GST Law provides for the distribution of IGST/ CGST/ SGST. This is a welcome measure. The distribution of SGST as IGST needs to be clarified as the GST framework does not contemplate utilization of SGST of one state against SGST of another state.

10. Point of taxation

The point of taxation for supply of goods or services, among other criteria, includes the date on which the recipient shows receipt in his books of accounts. It would be a challenge to track this date on an ongoing basis. The point of taxation in general needs to be restricted to date of invoice or date of payment, whichever is earlier.

Impact of GST on Indian FMCG Market

The Union Cabinet's approved the Constitution amendment Bill for implementing the goods and services tax (GST) in the monsoon budget session (8-August, 2016 in Lok Sabha). This system of taxation which is to be implemented in India proposes a comprehensive indirect tax imposed on manufacture, sales and consumption of goods and services at a national level. GST is currently used in more than 140 countries globally.

GST Rates and Model in selected Countries		
Canada	5%	Dual Structure
Australia	10%	Single Structure
Singapore	7%	Single Structure
New Zealand	15%	Single Structure
European Union	15%	Dual Structure
China	17%	Single Structure
Japan	5%	Single Structure
South Korea	10%	Single Structure
Malaysia	6%	Single Structure

Impact on FMCG Sector

If the GST rate is less than or equal to 18%, then it should be positive for most consumer goods companies. Indian FMCG sector contributes around USD6 billion in direct and indirect taxation. Many FMCG companies that have manufacturing units in excise free zones enjoy excise holidays. Currently, no decision has been taken on the treatment of excise free zone units under the GST regime, and there is a possibility that the excise exemption schemes could be converted in to refund schemes.

Supply Chain Revamp

GST would lead to a revamping of procurement and distribution arrangements. The resulting removal of excise duty on products would result in cash flow improvements. The proposed rate of GST on services is likely to be 16% and on goods to be 20%.

Pricing and Profitability

Elimination of multiple indirect tax system would result in lower input costs and improved profitability. Application of tax at all points of supply chain is likely to require adjustments to profit margins, especially for distributors and retailers.

Cash flow

Distributors shall receive cash flow from collection of GST in their sales, before returning it to the government during the tax-filing period.

Conclusion

Indian FMCG market is expected to exhibit a positive growth trend in the coming years. Positive economic environment, low inflation rates and development initiatives led by the new government mainly are instrumental in the uptick of the market. The FMCG industry fared well in India in the recent years with consumer food services, soft drinks, household and personal care segments experiencing a tremendous growth with the increasing disposable income and the growing economy. The alcoholic drinks, tobacco had witnessed low growth given the stricter government policies and the increasing health awareness among the consumers. An increasing demand from the rural and tire-2 population can be witnessed given the increasing annual income and the awareness for the products and the increasing digitization making them one of the major influencers of the FMCG sector. GST would have an impact on the pricing, working capital, contracts with vendors

and customers, ERP systems, processes, internal control and accounting. Another important impact of GST on FMCG companies would be the opportunity to review the supply chain and move to a supply chain based on business parameters. Hence, GST would impact every aspect of the business. There has been significant progress on the GST front recently.

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CHALLENGES OF GOODS AND SERVICE TAX IN INDIA

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Abstract

Goods and Service Tax (GST) is an all-comprehensive tariff rate on productions, auction and expenditure of goods and services. The essential aim of GST is to make standardized the spread out indirect tax system in India and keep away from the cascading outcome in taxation. The Taxation power has been well defined in Indian Constitution. The influence leaving to make by GST will be a conversion in the entire tax scheme in India. GST is phrased as largest tax reform in Indian Duty formation. This paper exposes sketch of GST concept, explains main characteristics and what are difficulties created for effective achievement. GST plays a dynamic role in the growth and development of our country. The paper is more attention on advantages of GST and challenges faced by India in implementation.

Keywords: Goods and Services Tax, Characteristics

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, exacted pursuant to legislative authority" and is any contribution imposed by government whether under the name of toll, tribute, impost, duty, custom, excise, subsidy, aid, supply, or other name.” GST has been analysed as the life size pace to “One Nation-One Tax’. With goods and service tax is predicted that the tax base will be broad, as effectively, all goods and services will be taxable with minimum exemptions. In India, the tradition of taxation has been in force from ancient times. The period of British rule in India witnessed some remarkable change in the whole taxation system of India. Although, it was highly in favor of the British government and its exchequer but it incorporated modern and scientific method of taxation tools and systems. In 1922, the country witnessed a paradigm shift in the overall Indian taxation system. Setting up of administrative system and taxation system was first done by the Britishers. Broadly, there are two types of Taxes viz. Direct and Indirect taxes. Taxes in India are levied by the Central Government and the State Governments. Some minor taxes are also levied by the local authorities such as Municipality or Local Council. The authority to levy tax is derived from the Constitution of India which allocates the power to levy various taxes between Centre and State. Taxes in India are levied by the Central Government and the State Governments. Some minor taxes are also levied by the local authorities such as Municipality or Local Council. The authority to levy tax is derived from the Constitution of India which allocates the power to levy various taxes between Centre and State.

Some of the important Central taxes, eg. CENVAT, Customs Duty, Service Tax etc. Some of the important State taxes are, eg. State Sales Tax, CST, Works Contract Act, VAT, Entry tax, other local levies etc. Originally, the taxes on the sale of goods were levied in terms of the respective Sales Tax/Trade Tax enactments and the 'entry of goods' was subject to tax under the respective State Entry Tax enactments and this scenario prevailed till the reform process set in whereupon these levies were replaced by VAT. The levy of tax on provisioning of services was introduced for the first time in 1994 and has been subjected to persistent vigorous legal challenges. Thus it is evident that the transition to VAT did not remedy the issue of non-creditable duties and the consequent cascading effect requiring further reform in the area and consequently GST arose. Since the implementation of GST, the country is facing mixed relations from the business houses, traders and the general public. It can facilitate seamless movement of goods across states and reduce the transaction costs of businesses. In the long run, the lower tax burden could translate into lower prices on goods for consumers. The suppliers, manufacturers, wholesalers and retailers are able to recover GST incurred on inputs costs as tax credits. Hence, there may be some problems in the short-term but in long-term the results will be beneficial to all.

Need of the study

This study will help us to examine the problems and challenges of GST after its implementation, it will show the gap between present indirect taxes and GST, & also the study will show benefits and challenges which GST may face after implementation in India.

Objectives of the Study

The objectives of the present study is to study the advantages and challenges of GST in India.

Research Methodology

The study concentrates general study of Secondary data collected from various Books, National and international Journals, Government Reports, publications from various websites which focused on various aspects of Goods and Service tax. The available secondary data is used only for the present study.

Need for GST Model in India

- Introducing GST will do more than simply redistribute the tax burden from one sector or Group in the economy to another.
- It will lead to credit availability on interstate purchases and reduction in compliance requirements.
- GST will help to avoid distortions caused by present complex tax structure and will help in development of a common national market.
- Present system allows for multiplicity of taxes, the introduction of GST is likely to rationalize it.
- Many areas of Services which are untaxed after the introduction of GST they will also get covered.
- Existing taxes i.e. Excise, VAT, CST, Entry Tax have the cascading effects of taxes. Therefore, we end up in paying tax on tax. GST will replace existing taxes.
- Achieve the uniformity of taxes across the territory, regardless of place of manufactures or distributions.
- GST will provide unbiased tax structure that is neutral to business processes and geographical locations.
- It wills Provides, greater certainty and transparency of taxes.
- GST will avoid double taxation to some extent.
- It is Ensure tax compliance across the country
- The implementation of GST would ensure that India provides a tax regime that is almost similar to the rest of world. It will also improve the International cost competitiveness of native Goods and Services.
- If the Goods and Service Tax is implemented in the true spirit, it will have many positives for the stakeholders and will lead to a better tax environment.

Impact of Goods and Service Tax on Indian Economy

The Goods and Service Tax (GST) bill is expected to have wide ranging ramifications for the complicated taxation system in the country. It is likely to improve the country's tax to GDP ratio and also inhibit inflation. However, the reform is likely to benefit the manufacturing sector but may make things difficult for the services sector. Though there are expectations that the GDP growth is likely to go up by 1 to 2 %, the results can only be analysed after the GST implementation. The response is mixed from countries around the world. While the New Zealand economy had a higher GDP growth, it was lower in case of Canada, Australia and Thailand after the GST was implemented. The one per cent tax that has been proposed as a sop to appease the States for compensating their loss of revenue from the inter-state GST is likely to play a spoil sport. It is probable that it may affect the GDP

adversely. The Congress is already opposing the 1 per cent tax. The Goods and Service Tax rate is expected to be around 17-18% and can be assumed as a tax neutral rate. This tax rate is not likely to give any incremental tax revenue to the government. The rate will prove beneficial for the manufacturing sector where the tax rate is around 24% at present. The major manufacturing sectors that will benefit the most are FMCG, Auto and Cement. This is because they are currently reeling under 24 to 38 per cent tax. The sector which is going to be adversely affected is the services sector. Already there has been a hike from 12 to 14% from the 1st of June this year. Another 4 per cent increase will break their backs. The uniformity in the taxation rate is fine but it should not result in disparity for the goods and services sectors. Nobody has thought of the implications it will have in the services sector if the government moots a higher GS Tax rate like 20% or 24%.

The higher GST rate will definitely boost the tax to GDP ratio, while giving financial muscle to the government for increasing the capital expenditure. This is likely to spur growth in the economy. There is definitely a silver lining to the whole exercise. The unorganized sector which enjoys the cost advantage equal to the taxation rate can be brought under the GST bill. This will bring a lot of unorganized players in the fields like electrical, paints, hardware etc. under the tax net. It is easier said than done. It will take a lot of meticulous planning in the implementation of the GST reform for capturing the unorganized sector under its ambit. For one it will widen the tax reach and secondly it will benefit the organized players who lose out revenue to the unorganized sector at present. There are still a lot of unchartered territories which need to be looked into through parliamentary discussions in the sessions. This will bring sanctity to the taxation system without hurting any of the sectors adversely. The Individuals and Companies - With the collection of both the central and state taxes proposed to be made at the point of sale, both components will be charged on the manufacturing costs and the individual will benefit from lowered prices in the process which will subsequently lead to increase in consumption thereby profiting companies With the collection of both the central and state taxes proposed to be made at the point of sale , both components will be charged on the manufacturing costs and the individual will benefit from lowered prices in the process which will subsequently lead to increase in consumption thereby profiting companies.

Advantages of Goods and Service Tax

In this paper we were focused on at GST's benefits less developed states get a lift as the current 2% inter-state toll means production is kept within a state. Under the GST national market, this can be dispersed, creating opportunities. Investment boost as for many capital goods, input tax credit is not available. Overall tax credit under GST will mean a 08-10% drop in the cost of capital goods. Expected: A 6-7% rise in capital goods investment, 2-3% overall. Instead of maintaining big records by manufactures and others, returns and reporting under various different issues, all assesses will find comfortable under GST as the compliance cost of some important or daily uses goods may be fall. These reduced documentation and clear transformation will also help to build a transparent and corruption-free tax administration in India. Presently, a tax is levied on when a finished product moves out from a factory, which is paid by the manufacturer, and it is again levied at the retail outlet when sold. According to experts, after implementing the GST, India will gain approx $15-20 billion a year. This is because; it will help to promote more exports, create more employment opportunities and boost growth of country. It will divide the burden of tax between manufacturing and services. It will lead to development of common national market. Leakages can be controlled with the GST as tax structure.

Challenges for GST

There are few aspects with disagree with the growth story and might be seen as hurdle. The aviation industry was witnessing the much awaited growth with increasing domestic traffic since from establishment; the GST implementation might slower the rate at which the industry is expecting growth as flying will become expensive. Service tax on various fares currently ranges between 6% - 9% (depending on traveling class). With GST, the rate will surpass 15%, if not 18%, effectively

doubles of the tax rate. India, on one hand, has the lowest insurance percentage in the world and on the other GST will further make the insurance products popular. Life, health & motor insurances will begin to cost more from July 2017 as taxes will go up by up to 300-320 basis points. If the rate of GST will be over 15 % the all the services will be costlier. It is really required that all the states implement the GST together and that too at the same rates, It will help to stay service charge constant. Different tax analysts say that real estate market will be 12 % down by GST and may affect demanded of new houses because of increased cost up to approx 10%. As per the Constitutional Amendment Bill placed in the Lok Sabha, it was proposed that all state government would be allowed to an additional 1% non vatable tax on inter-state supply of goods for the initial two years, in order to compensate the states for loss of revenue while moving to GST. This was supported by a few states, while a few others criticised the same. The success of GST mainly depends upon major factor the Revenue Neutral Rate, is the rate at which there will be no revenue loss to the government after implementation of GST. These are some of the major challenges for the central and state government with the industry, ahead of the actual implementation of GST.

Other Issues

- Central government need to coordinate with all states for "input credit" due to transfer of credit in SGST.
- State tax requires officials training and development before implementation of GST.
- Effective credit mechanism between central and state government is essential for GST.
- Effective implementation also requires for peoples who are directly and indirectly part of GST.

Conclusion

The GST System is basically structured to simplify current Indirect Tax system in India. A well designed GST is an attractive method to get rid of deformation of the existing process of multiple taxation also government has promised that GST will reduce the compliance burden at present there will be no distinction between imported and Indian goods & they would be taxed at the same rate. Many Indirect Taxes like Sales Tax, VAT etc., will be finished because there will be one tax system i.e. GST, that will reduce compliance present burden. GST will face many challenges after its implementation and will result to give many benefits. In overall through this study we conclude that GST plays a dynamic role in the growth and development of our country.

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GOODS AND SERVICE TAX IMPLEMENTION AND ITS IMPACT IN INDIA

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ABSTRACT

GST is known as the Goods and Services Tax is defined as the giant indirect tax structure designed to support and enhances the economic growth of a country. More than 150 countries have implemented GST so far. However, the idea of GST in India was mooted by Vajpayee government in 2000 and the constitutional amendment for the same was passed by the Loksabha on 6th May 2015 but is yet to be ratified by the Rajyasabha. However, there is a huge hue and cry against its implementation. It would be interesting to understand why this proposed GST regime may hamper the growth and development of the country with its positive and negative impact in India. This research paper highlights the positive and negative impact of the GST in the Indian Tax System.

Keywords - GST in India, Impact of GST, Tax system in India, India, Mechanism of GST, feature, impact, prices, Indian

Introduction:

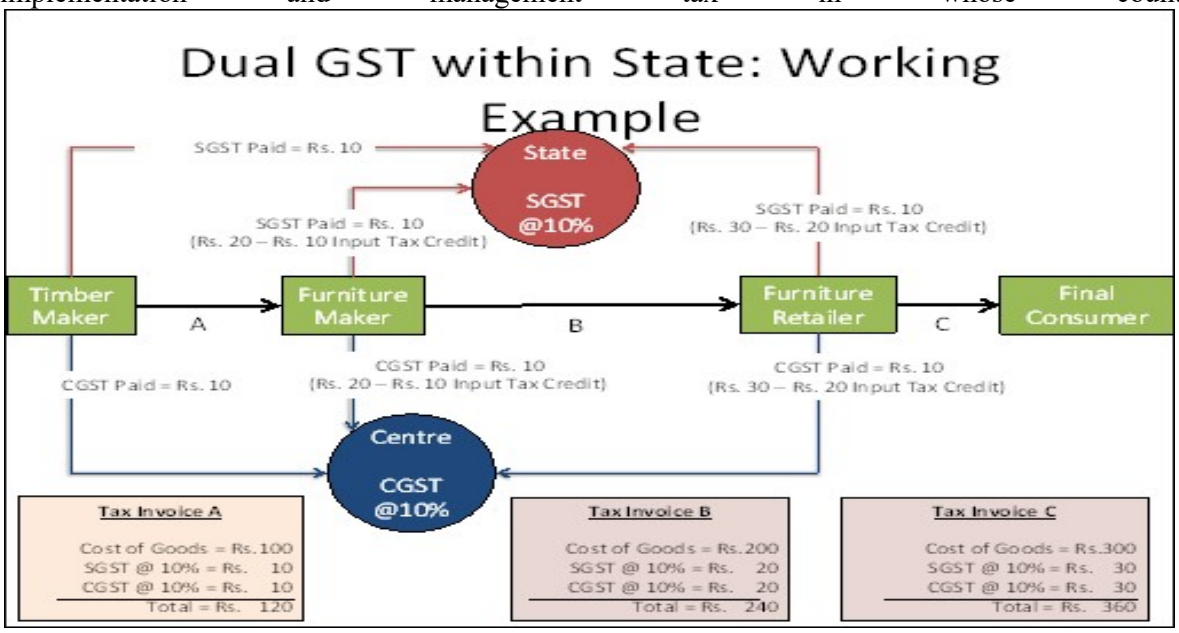
Every country needs development to survive in the world with their unique identification and their development hidden behind its **GDP**.We know the determinants of GDP include its overall industries growth in a country. The major sector in the industries includes primary, secondary and territory and simply we can classify it Production and services based industries. The Goods and service tax paid by the all industries in a nation are one of back support to development of each countries and this practice is continued since the birth of world. In India pre-independent era our natural resources are escorted by the British so, our economical status at the time was remarkable and uncontrollable. At the time of World War I and World II some more our natural resources, industries becomes weaker stage so we couldn't able to lead with position in the world economic position. After independence of our country, various reforms under industries are made and introduce many direct and indirect taxes in industries. Since the centuries there are many changes in the direct and indirect taxes and its rates.

Reforms of GST in India: In our country the indirect taxes are levied in two aspects like state wise and centralise. The following are the different tax system was followed in state and central.

The various tax discussed above are changed and simiplised in the new tax system as GST. GST is being introduced in the country after a 13 year long journey

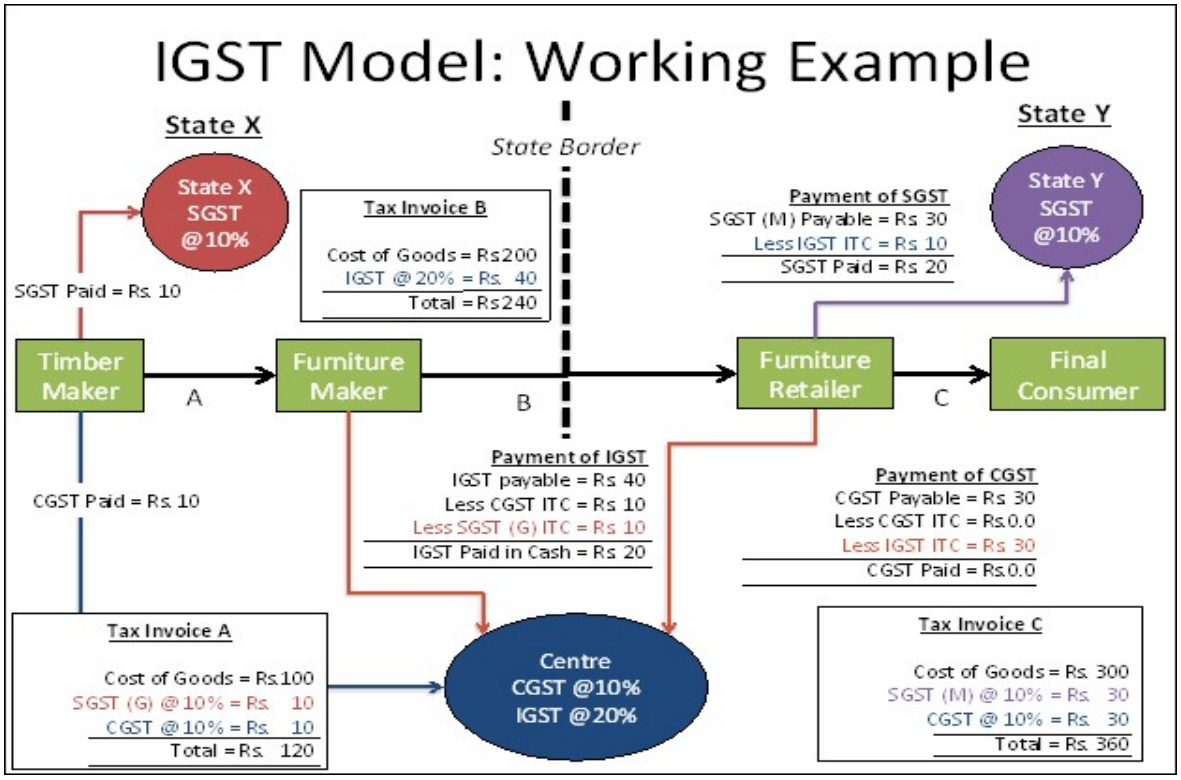
In order to take the GST related work further, a Joint Working Group consisting of officers from Central as well as State Government was constituted in September, 2009.In order to amend the Constitution to enable introduction of GST, the Constitution (115th Amendment) Bill was introduced in the Lok Sabha in March 2011. As per the prescribed procedure, the Bill was referred to the Standing Committee on Finance of the Parliament for examination and report. Meanwhile, in pursuance of the decision taken in a meeting between the Union Finance Minister and the Empowered Committee of State Finance Ministers on 8th November, 2012, a 'Committee on GST Design', consisting of the officials of the Government of India, State Governments and the Empowered Committee was constituted. This Committee did a detailed discussion on GST design including the Constitution (115th) Amendment Bill and submitted its report in January, 2013. Based on this Report, the EC recommended certain changes in the Constitution Amendment Bill in their meeting at Bhubaneswar in January 2013.

Implementation of GST in India: Keeping in mind the federal structure of India, there will be two components of GST – Central GST (CGST) and State GST (SGST). Both Centre and States will simultaneously levy GST across the value chain. Tax will be levied on every supply of goods and services. Centre would levy and collect Central Goods and Services Tax (CGST), and States would levy and collect the State Goods and Services Tax (SGST) on all transactions within a State. The input tax credit of CGST would be available for discharging the CGST liability on the output at each stage. Similarly, the credit of SGST paid on inputs would be allowed for paying the SGST on output. No cross utilization of credit would be permitted. The following GST chart help to understand the implementation and management tax in whose country.



In case of inter-State transactions, the Centre would levy and collect the Integrated Goods and Services Tax (IGST) on all inter-State supplies of goods and services under Article 269A (1) of the Constitution. The IGST would roughly be equal to CGST plus SGST. The IGST mechanism has been designed to ensure seamless flow of input tax credit from one State to another. The inter-State seller would pay IGST on the sale of his goods to the Central Government after adjusting credit of IGST, CGST and SGST on his purchases (in that order). The exporting State will transfer to the Centre the credit of SGST used in payment of IGST. The importing dealer will claim credit of IGST while discharging his output tax liability (both CGST and SGST) in his own State. The Centre will transfer to the importing State the credit of IGST used in payment of SGST.Since GST is a destination-based tax, all SGST on the final product will ordinarily accrue to the consuming State. A diagrammatic representation of the working of the IGST model for inter-State transactions is shown in Figure 2 below.

Figure 2



Role of IT in GST implementation

The implementation of GST in the country, the Central and State Governments have jointly registered Goods and Services Tax Network (GSTN) as a not-for-profit, non-Government Company to provide shared IT infrastructure and services to Central and State Governments, tax payers and other stakeholders. The key objectives of GSTN are to provide a standard and uniform interface to the taxpayers, and shared infrastructure and services to Central and State/UT governments.

GSTN is working on developing a state-of-the-art comprehensive IT infrastructure including the common GST portal providing frontend services of registration, returns and payments to all taxpayers, as well as the backend IT modules for certain States that include processing of returns, registrations, audits, assessments, appeals, etc. All States, accounting authorities, RBI and banks, are also preparing their IT infrastructure for the administration of GST. There would no manual filing of returns. All taxes can also be paid online. All mis-matched returns would be auto-generated, and there would be no need for manual interventions. Most returns would be self-assessed.

Impact of GST in India

Conferring simultaneous power upon Parliament and the State Legislatures to make laws governing goods and services tax, Subsuming of various Central indirect taxes and levies such as Central Excise Duty, Additional Excise Duties, Service Tax, Additional Customs Duty commonly known as Countervailing Duty, and Special Additional Duty of Customs; Subsuming of State Value Added Tax/Sales Tax, Entertainment Tax (other than the tax levied by the local bodies), Central Sales Tax (levied by the Centre and collected by the States), Octroi and Entry tax, Purchase Tax, Luxury tax, and Taxes on lottery, betting and gambling; Dispensing with the concept of ‘declared

goods of special importance' under the Constitution; Levy of Integrated Goods and Services Tax on inter-State transactions of goods and services.

GST to be levied on all goods and services, except alcoholic liquor for human consumption. Petroleum and petroleum products shall be subject to the levy of GST on a later date notified on the recommendation of the Goods and Services Tax Council; Compensation to the States for loss of revenue arising on account of implementation of the Goods and Services Tax for a period of five years; Creation of Goods and 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, taxes, cesses and surcharges to be subsumed, exemption list and threshold limits, Model GST laws, etc. The Council shall function under the Chairmanship of the Union Finance Minister and will have all the State Governments as Members.After a lot of deliberation, our GST council has finalised the rates for all the goods and major service categories under various tax slabs, and the GST is expected to fill the loopholes in the current system and boost the Indian economy. This is being done by unifying the indirect taxes for all states throughout India.

Footwear & Apparels/Garments: Footwear costing more than INR 500 will have a GST rate of 18% from an earlier rate of 14.41 rate but rates for the footwear below INR 500 has been reduced to 5%. So, you need to shell out more for buying a footwear above INR 500/-. And with respect to the ready-made garments, the rates have been reduced to 12% from an existing 18.16% which will make them cheaper.

Cab and Taxi rides: Now, taking an Ola or an Uber will be cheaper because the tax rate has come down to 5% from an earlier 6% for a cab booking made online.

Airline tickets: Under the GST, tax rate for economy class for flight tickets is set at 5% but the tax for business class tickets will have a higher tax rate of 12%.

Train Fare: There will not be much of an impact. The effective tax rate has increased from 4.5% to 5% in GST. But, passengers who travel for business trips can claim Input Tax Credit on their rail ticket which can help them to reduce expenses. People travelling by local trains or in the sleeper class will not be affected, but first-class & AC travellers will have to pay more.

Movie Tickets: Movies tickets costing below INR 100 will be charged a GST rate of 18% but prices above INR 100 will have a higher tax rate of 28%.

Life Insurance Premium: The Premium Amounts on policies will rise; with an immediate impact can be seen on your term and endowment policy premiums as the rates have been increased under GST across life, health and general insurance.

Mutual funds Returns: GST impact on your returns from mutual funds investments will largely be marginal as the GST will be charged on the TER i.e. Total Expense Ratio of a mutual fund. The TER is commonly called as expense ratio of a mutual fund company, and the same is set to go up by 3%. The return what you get as an investor will be reduced to that extent unless the respective mutual fund company i.e. AMC absorbs it but that anyhow will be a marginal difference.

Jewellery: The gold investment will become slightly expensive because there will be 3% GST on gold & 5% on the making charges. The earlier tax rate on gold was around 2% in most of the states and the GST is increased from the existing rate to around 2% to 3%.

Buying a Property: Under construction properties will be cheaper than ready-to-move-in properties. The GST rate for an under-construction property is 18% but the effective rate on this kind of property will be around 12% due to input tax credits the builder will avail of.

Education & Medical Facilities: Education and Medical sectors have been kept outside the GST ambit and both the primary education & healthcare is exempt from GST. It means a consumer will not pay any tax for the money you spent on these services. But due to increase in the rate of taxes for certain goods & services as procured by these organisations, they may pass on the additional tax burden to the consumers.

Hotel Stay: For your hotel stay, If your room tariff is less than Rs 1,000, then there will be no GST, but anything above Rs 5,000 will attract 28% tax.

Buying a Car: Most of the cars in the Indian market will become slightly cheaper, except for the hybrid cars because the GST rate will be 28% tax on all the vehicles irrespective of their make, engine capacity or model. However, over and above this 28%, an additional cess will be levied which can be either 1%, 3% or 15 %, depending on the particular car segment.

Mobile Bills: People will have to pay more on mobile phone bills as GST on telecom services is now 18%, as opposed to the earlier tax rate of 15%. However, telecom companies may absorb this 3% rise due to fierce competition.

Restaurant Bills/EATING OUT: Your restaurant bill would depend on whether you dined at an AC or Non-AC establishments which do not serve alcohol. Now dining at five-star hotels will be charged at 18% GST rate and the Non-AC restaurants will be charged 12% and a 5% GST will be charged from small hotels, dhabas and restaurants that do not cross an annual turnover of INR 50 Lakh.

IPL & other related events: Events like IPL i.e. sporting events will have a 28% GST rate which is higher than the earlier 20%.rates. This will increase the price of your tickets. And the GST rate for other events like theatre, circus or Indian classical music shows or a folk dance performance or a drama show will be at 18% GST rate, this is lesser than the earlier tax rate.

DTH and cable services: The money you pay towards your DTH (Direct-To-Home) connections or to your cable operator will reduce a bit as the rate is fixed at 18%, which is lower than the earlier taxes which were comprising of entertainment tax in the range of 10% to 30%, apart from the service tax of 15%.

Importance and Benefits of GST

One of the major parts of revenue income of a country is direct and indirect taxes, on with the industrial tax covering over 30 percent of **GDP** and is very important role in the economic development. Every country should require providing good health, education, transportation and communication to the public at free of cost or at concessional rate and it cannot deny by any one. Many Indian public sectors are very essential to run to the fulfillment of the standard life of their own countries even though they met loss. So, to maintain the sustainability they need of regular income by the way of direct and indirect taxes.

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

Negative Impact of GST

India has adopted dual GST instead of national GST. It has made the entire structure of GST complicated in India. The centre will have to coordinate with 29 states and 7 union territories to implement such tax regime. Such regime is likely to create economic as well as political issues. The states are likely to lose the say in determining rates once GST is implemented. The sharing of revenues between the states and the centre is still a matter of contention with no consensus arrived

regarding revenue neutral rate. Pre GST service tax of 15%, which would increase to 18-20% in post GST. Hence, although prices of goods and products can come down, service industry will bear the brunt of higher taxes. Air travel, hotels would become more expensive. Currently, economy class tickets are taxed 6% and non-economy class tickets are charged 9%. Once GST is implemented, it would increase to 18%, thereby leading to direct increase of 9-12% tax on the tickets. Unless the airlines absorb this increase, the additional tax has to be paid by the consumer.

Conclusion

The proposed GST regime is a half-hearted attempt to rationalize indirect tax structure. More than 150 countries have implemented GST. The government of India should study the GST regime set up by various countries and also their fallouts before implementing it. At the same time, the government should make an attempt to insulate the vast poor population of India against the likely inflation due to implementation of GST. No doubt, GST will simplify existing indirect tax system and will help to remove inefficiencies created by the existing current heterogeneous taxation system with few interstate remarks it will high scope to positive impact and insist an overall economic development in our nation. Until the consensus is reached, the government should resist from implementing such regime.

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A POSITIVE REFORM FOR GOODS AND SERVICES TAX SYSTEM IN INDIA

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ABSTRACT

The Good and services tax (GST) is the biggest and substantial indirect tax reform since 1947. The main idea of GST is to replace existing taxes like value-added tax, excise duty, service tax and sales tax. It will be levied on manufacture sale and consumption of goods and services. GST is expected to address the cascading effect of the existing tax structure and result in uniting the country economically. The paper highlights the background, objectives of the proposed GST and the impact of GST in the present tax scenario in India. The paper further explores various benefits and opportunities of GST. Finally, the paper examines and draws out a conclusion.

Keywords: Value Added Tax, Central Value Added Tax, GST, Input Credit

INTRODUCTION

The word "tax" is derived from Latin word "taxare" which means to estimate. A tax is an enforced contribution, exacted pursuant to legislative authority. Indian Taxation System comprise of- Direct and Indirect Tax. Goods and Services Tax (GST) is one of the most discussed Indirect Taxation reforms. It is a comprehensive tax regime levied on manufacture, sales and consumption of goods and services. It is expected to bring about 2% incremental GDP growth of the country. So, GST is the need of the hour. Section 1 of the article introduces the GST, its objectives and Present Indirect Tax structure as well as its major reforms. Section 2 of the article examines the impact of GST on the economy and studies the effect of GST on certain sectors. Section 3 of the article discusses various benefits and opportunities of GST. Section 4 laid down the key suggestions and conclusion of the article.

INTRODUCTION OF GOODS AND SERVICE TAX

Section 1, India is one of the 123 countries across the world that is following the VAT mode. White Paper with basic design for VAT was released on January 17, 2005 by the Finance Minister P.Chidambaram. VAT was introduced both at centre and state level. It was implemented in Haryana in 2003 and later on 1st April 2005 it was introduced in remaining states as an Indirect Tax in the Indian taxation system. VAT replaced central excise duty at the national level and the sales tax system at the state level. Thus, it improved the indirect taxation system of the country. Goods and Service tax bill officially known as the constitution (one hundred and twenty second amendment) bill, 2014 proposes a national value added tax to be implemented in India from June 2016. The GST implementation in India is "Dual" in nature, i.e. it would consist of two components: one levied by Centre (CGST) and another levied States and Union Territories (SGST). However, base of tax levy would be identical. Initially the idea was that there would be a national level Goods and Services tax. But as the release of first discussion by the empowered committee of the state Finance Ministers on 10.11.2009, it has been made certain that there would be a "Dual GST" in the country. Centre and state both governments are entitled to charge taxes on the goods and services. Almost 150 countries have introduced GST in some form. While countries such as Singapore and New Zealand tax virtually everything at a single rate, Indonesia has five positive rates, a zero rate and over 30 categories of exemptions. In China, GST applies only to goods and the provision of repairs, replacement and processing services.

GST rates of some countries are given below in Table 1:-

Table 1: Rate of GST (Some Countries)

Country	Rate of GST
Australia	10%
France	19.6%

Canada	5%
Germany	19%
Japan	5%
Singapore	7%
Sweden	25%
New Zealand	15%

World over in almost 150 countries there is GST or VAT, which means tax on goods and services. Under the GST scheme, no distinction is made between goods and services for levying of tax. This means that goods and services attract the same rate of tax. GST is a multi-tier tax where ultimate burden of tax fall on the consumer of goods/services. It is called as value added tax because at every stage, tax is being paid on the value addition. Under the GST scheme, a person who was liable to pay tax on output, whether for provision of service or sale of goods, is entitled to get input tax credit (ITC) on the tax paid on its inputs. Since VAT was beneficial for the taxation system but with certain shortcomings which are expected to be overcome by the Goods and Service Tax. Thus, it would definitely a positive reform for the Indirect tax system in India.

OBJECTIVES OF GOODS AND SERVICE TAX:-

GST is proposed to fulfill the following objectives:

- GST would help to eliminate the cascading effects of production and distribution cost of goods and services. This would help to increase GDP and then to economic condition of the country.
- GST would eliminate the multiplicity of indirect taxation and streamline all the indirect taxes which would be beneficial for manufacture and ultimate consumer.
- GST would be able to cover all the shortcomings of existing VAT system and hopefully serve the economy health.
- Incidence of tax falls on domestic consumption
- The efficiency and equity of system is optimized
- There should be no export of taxes across taxing jurisdiction
- The Indian market should be integrated into single common market
- It enhances the cause of co-operative federalism.
- Present Indirect Tax structure in India is very complicated and complex in nature. It consists of cascading effects of tax. These add to cost of goods and services through “tax on tax” which the final consumer have to bear.
- There are manifolds in indirect taxation structure. It is bifurcated in five parts as depicted in Table 2 below:

Table 2: Five Major types of Indirect Taxes in the country

Excise Duty	Service Tax	Sales Tax /VAT / CST	Custom Duty	Party Tax / Entertainment Tax

Entry no.84 List I, Schedule VII	Residuary Entry no. 97, List I, Schedule VII	Entry no. 54 of List II (VAT) and 92 A of list 1(CST)	Entry no.83, Unit I, Schedule VII	Entry no. 52 & 62 List II, Schedule VII
Taxable event is manufacture.	Taxable event is provision of service.	Taxable event is sales.	Taxable event is import & export.	Taxable event is entertainment and entry of Goods.502

The major reforms being undertaken in Indian Taxation System in reference to Indirect Taxation System is presented in Table 3 below:

Table 3: Reforms in Indirect Taxation System

Year	**Reforms**
1974	Report of LK Jha Committee suggested VAT should be introduced
1986	Introduction of a restricted VAT called MODVAT
1991	Report by the Chelliah Committee recommended either VAT or GST which was accepted by Government
1994	Introduction of Service Tax @ 5%
1999	Formation of Empowered Committee on State VAT
2000	Implementation of uniform floor rate of tax for VAT at the rate 1%, 4% and 12.5%. and Abolition of tax related incentives granted by States
2003	VAT implemented in Haryana in April 2003
2004	Significant progress towards CENVAT, MODVAT was abolished and credit account was merged with service tax and excise to provide for cross utilization.
2005-06	VAT implemented in 26 more states
2007	First GST released By Mr. P. Shome in January Finance Minister announces for GST in budget Speech and CST phase out starts in April 2007. Then, Joint Working Group formed and submitted report
2008	EC finalizes the view on GST structure in April 2008
2009	First discussion paper on GST was released and commission submitted report proposing GST to be implemented from 1.4.2010
2010	Department of Revenue commented on GST discussion paper and Finance Minister

	suggested probable GST rate.
2011	Team was set up to lay down road map for GST and 115th Constitutional Amendment Bill for GST was laid down in Parliament
2012	Negative list regime for service tax was implemented
2013	Parliamentary Standing Committee submitted its report on the Bill
2014	115th Amendment Bill lapsed and was reintroduced in 122nd Constitutional Amendment Bill

REVIEW OF LITERATURE

Empowered Committee of Finance Ministers (2009) introduced their First Discussion Paper on Goods and Services Tax in India which analyzed the structure and loopholes if any in GST Vasanthagopal (2011) in the article GST in India: A Big Leap in the Indirect Taxation System discussed the impact of GST on various sectors of the economy. The article further stated that GST is a big leap and a new impetus to India's economic change. Seventy Third Report of Standing Committee on Finance (2012-2013) The Constitution (One Hundred Fifteenth Amendment) Bill, 2011 Bird (2012) summarizes in the article The GST/HST: Creating an integrated Sales Tax in a Federal Country the impact of GST will be on Canada. Garg (2014) in the article named Basic Concepts and Features of Good and Services Tax in India analyzed the impact and GST on Indian Tax scenario and concluded that it will strengthen out free market economy. Kumar (2014) studied in the article Goods and Services Tax in India: A Way Forward background, silent features and concluded with the positive impact of GST on present complex tax structure and development of common national market. Indirect Taxes Committee of Institute of Chartered Accountants of India (ICAI) (2015) submitted a PPT naming Goods and Service Tax (GST) which stated in brief details of the GST and its positive impact on economy and various stakeholders. The Institute of Companies Secretaries of India (ICSI) (2015) published a Reference on Goods and Service Tax to provide the information on the concept of GST in details. Parkhi did an exploratory research in an article Goods and Service Tax in India: the changing face of economy and stated that implementation of GST is a changing face of India and the government is well equipped for that which is a symptom of fast paced economy.

OBJECTIVE OF THE STUDY

The paper uses an exploratory research technique based on past literature from respective journals, reports, newspapers and magazines covering wide collection of academic literature on Goods and Service Tax. According to the objectives of the study, the research design is of descriptive in nature. Available secondary data was extensively used for the study. The objectives of the paper are:

1. To study about Goods and Service Tax and its impact on the economy.
2. To examine benefits and opportunities of Goods and Service tax. Impact of goods and service tax:-Section 2, GST has a positive impact on the economy and on various sectors which are as follows:

- **Fast moving consumer goods sector:-**

With the implementation of Goods and Service Tax, FMCG sector would really change. FMCG sector consist 50% Food and Beverage sector and 30% is Household and Personal care. FMCG sector is the major taxation contributor both direct and indirect in the economy. The multiplicity of the taxation influences the company's decision onmanufacturing location and distribution of Goods. FMCG companies set their manufacturing units and warehouses where they can avail tax benefits. To transfer the stocks from the warehouses among the states they have to pay taxes. So, GST would surely impact on FMCG sector as taxes affect the cost to the company.

- **Food Industry:-**
  Since food constitutes a large portion of the consumer expense of lower income households, any tax on food would be regressive in nature. Therefore, extending GST to food processing sector will also cause difficulty in view of the fact that production and distribution of food is largely unorganized in India. On global front, most of the countries tax food at a lower rate keeping in view the considerations of fairness and equity. Even in countries such as Canada, UK and Australia where food constitute a relatively small portion of the consumer basket, food is taxed at zero rates. While in some countries, food is taxed at a standard rate which is as low as 3% in Singapore and Japan at the inception of the GST. Even in international jurisdictions, no distinction is drawn on the degree of processing of food. Hence, the benefit of lower or zero tax rates should also be extended to all food items in India regardless to degree of processing.

- **Information Technology enabled services:-**
  The proposed GST rate under the IT industry is not yet decided. While the discussed combined rate of GST for the product is 27%. According to proposed GST if the software is transferred through electronic form it would be regarded as service (intellectual property).and if it is transferred through media or any other tangible property then it should be treated as goods. Implementation of GST will help in uniform simplified and single point taxation and thereby reduced price.

- **Infrastructure sector:-**
  The Indian infrastructure sector largely comprises power, road, port, railways and mining. And the indirect tax levy is different and unique for each of them, and this is complex in nature. Although this sector enjoys different exemptions and concessions as it is important on national front. With the implication of GST the multiplicity of taxes will be removed and it would increase the tax base with continuation of exemptions and concessions for national interest and growth.

- **Impact on small enterprises:-**
  In the small scale enterprises there are three categories:-

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

In respect of the central GST the situation is slightly complex.GST is expected to encourage compliance and which is also expected to widen tax base adding up to 2% to GDP. Manufacturers, traders will have to pay less tax with the implication of GST.

Benefits and opportunities of GST:-

Section 3, The Goods and Services Tax have many benefits and will create various opportunities on various stakeholders like business, industry, government and consumers which are being discussed in Table 4 below:

Table 4: Benefits on various Stakeholders

- **For Business and Industry:**
  - o Easy Compliance
  - o Removal of Cascading
  - o Improved Competitiveness
- **For Centre and State Governments:**
  - o Simple and easy to administer
  - o Better controls on leakage
  - o Consolidation of Tax base
  - o Higher Revenue Efficiency
- **For the consumer:**
  - o Single and Transparent tax proportionate to the value of goods and services
  - o Reduction of Prices

The major benefits and opportunities from the Integrated Goods and Service Tax (IGST) as stated by Institute of Companies Secretaries of India (ICSI) are given below in **Table 5:-**

Table 5: Benefits from IGST

- Maintenance of uninterrupted Input Tax Credit (ITC) chain on inter-State Transactions.
- No upfront payment of tax or substantial blockage of funds for the inter-state seller or buyer.
- No refund claim in exporting State, as Input Tax Credit (ITC). It is used up while paying the tax.
- Self monitoring model
- Level of computerization is limited to inter-State dealers. Central and State Government will be able to computerize their process expeditiously.
- As all inter-State dealers will be e-registered and correspondence with them will be by e-mail, thus compliance will improve substantially.
- Model can take "Business to Business" as well as "Business to Consumer" transactions into account.

Source: Reference on Goods and Services Tax, ICSI

Apart from the above the other benefits available for the assessee are:
o Reduction in multiplicity of taxes
o More efficient neutralization of taxes especially for exports
o Development of common national market
o Simple tax regime, fewer rates and exemptions as well as conceptual clarity.

Key findings and suggestions:-
Section 4, GST has the following implications:

- GST will widen the tax base, improve tax compliance and will remove unhealthy competition among states. It will redistribute the burden of taxation equitably among manufacturing and services.
- It ensures uniformity of tax system across the states. It will integrate the tax base and allow seamless flow of Input Tax Credit (ITC) resulting in reduced cost of goods and services.
- It will improve disclosure of economic transactions.
- It will mitigate cascading and double taxation thus enables better compliance. It will also lead to transparency in tax system resulting in difficulty of tax evasion.
  The suggestions which are being drawn out from the study are as follows:
  - Tax payer education or public awareness campaign need to be provisioned by Central Government. Public Workshops, training and various seminars on GST must be conducted in all states by their respective State Governments.
  - States must analyze and deduce their revenue neutral rates, revenue implications as well as compensation packages.
  - Government should construct a proper monitoring system for monitoring the dummy registrations and refunds problems.

CONCLUSION

It can be concluded from the above discussion that GST will provide relief to producers and consumers by providing wide and comprehensive coverage of input tax credit set-off, service tax set off and subsuming the several taxes. Efficient formulation of GST will lead to resource and revenue gain for both Centre and States majorly through widening of tax base and improvement in tax compliance. It can be further concluded that GST have a positive impact on various sectors and industry. Although implementation of GST requires concentrated efforts of all stake holders namely, Central and State Government, trade and industry. Thus, necessary steps should be taken.

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A STUDY ON IMPACT OF GST ON MANUFACTURING SECTOR

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Abstract

This paper is an analysis of what the impact of GST (Goods and Services Tax) will be on Indian Tax Scenario. The Goods and Services Tax (GST) is another such undertaking that is expected to provide the much needed stimulant for economic growth in India by transforming the existing base of indirect taxation towards the free flow of goods and services. GST is also expected to eliminate the cascading effect of taxes. India is projected to play an important role in the world economy in the years to come. The expectation of GST being introduced is high not only within the country, but also within neighboring countries and developed economies of the world. GST has be detailed discuss in this paper by the authors as the background and the impact of GST in the present tax scenario in India.

Keywords: GST, Goods and Services Tax, Indian economy, Indian Tax Scenario

Introduction

GST is one 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.

Previous Taxation System in Indian Manufacturing Sector

The Indian Taxation system can be broadly divided into two major categories- Direct Taxes and Indirect Taxes. The nomenclature is purely based on whether the tax burden is borne the by the payer directly or shifted to others in the value chain. The Manufacturing sector itself is majorly governed by the Indirect Taxes regime. The Indirect Taxes are further notoriously named as Excise Duty, Sales Tax and Service tax.

Excise Duty

As per section 3 of the "Central Excise Act" 1944, Excise Duty is levied on manufacture of goods, if not otherwise exempted like Salt produced or manufactured in India. The rates are defined in the schedule to the Central Excise and Tariff Act, 1985. It is to be noted that the Excise Duty is not on sale but on removal or clearance of goods which may or may not coincide with sale of the goods. Based on Harmonized system of classification Excise Duty rates are different for each product. Also, apart from Basic Excise Duty, there are Special Excise Duty, Additional Duties of Excise (Textiles and Textile articles) and Additional Duties of Excise (Goods of Special Importance). National Calamity Contingent Duty (NCCD) is another such duty charged on specific goods like tobacco products and mobile phones, as section 136 of Finance Act, 2001. Presently the general rate is 12.5% for excisable goods.

Sales Tax

This tax is levied on sale of goods. Sales Tax is charged both by State as well as Central Government. The State government can charge Sales Tax for intra-state sales and is known as Value

Added Tax (VAT) and Central government is empowered to collect Central Sales Tax (CST) on inter state sale of goods. So each state has its own VAT specific rules.

Local Body Taxes

Sometimes for some specific areas or states or local authority applies local tax which is Local Body Tax (LBT) or Octroi.

Service Tax

It is charged by Service Provider to the Service Recipient and finally is payable to the Central Government. It is governed by the Finance Act, 1994 and its relevant notifications.

Custom Duty

As per Customs Act, 1962 read with Customs Tariff Act 1975, Customs Duty is payable to Central Government on Import of Goods to India. Anti-Dumping Duties, Countervailing Duty of Customs (CVD) like excise duty are applied to boost Indian Manufacturing industry by making imported goods costlier than local produced.

Deficiency in the Present System

Suppose a manufacturer of product A procures raw material at Rs. 100 and pays sales tax of 10%, incurs processing cost of Rs. 25 and keeps operating profit of Rs. 50, so total price of the product Rs. 185, now when this product is bought by another company they pay 10% tax on this product so total cost becomes Rs. 203.5 and when this company sells it to a consumer it again charges Sales Tax, so effectively it becomes a Tax on Tax.

The biggest problem with Indirect Taxes is prevailing since its inception. It is a well-known issue called Tax on Tax or Cascading Effect of Taxes. Let's explore this issue:

- To overcome this problem VAT concept was evolved through which the buyer gets credit of the Tax paid at earlier stage. But still there is a problem, the VAT is calculated on the value which includes Excise Duty and the credit of VAT is not available against Excise Duty and vice versa.
- Further VAT rates generally vary across states and the states tend to undercut rates to attract investment which ultimately results in loss of revenue for state as well as central government.
- In the present tax system a organization that pays all four major indirect taxes such as VAT, CST, Excise Duty and Service Tax has to file four returns to 4 different departments to get benefit of input tax adjustment against output tax, though it is not available for CST.
- The involvement of so many departments and tax personnel's makes tax a haunting topic and increases corruption manifold.

Previous Tax System	
Input Cost	15000
CST @5%	750
Total Cost	15750
Margin	2000
Sales Price	17750
VAT@14%	2485
Total Sale Price	20235
VAT Payable	2485

The VAT payable is inflated due to double taxation as Input Tax credit is not available.

The multiple taxation system from state to state creates the necessity create barriers across states, which affects the Logistics Efficiency and requirement of paperwork and road permits , which leads to more corruption and high cost of compliance that ultimately gets compensated by the common man in the form of inflationary prices.

Brief History of GST

- GST was first introduced in France in 1954.
- In India, in 1974 the L K Jha committee first highlighted the need to move into Value Added Tax regime.
- In 1991, Chelliah committee recommended VAT or GST implementation.
- In 1994, Service Tax implemented in India
- In the year 2000, the Central Government under the Prime Minister ship of Mr. Atal Bihari Vajpayee set up a committee headed by Mr. Asim Dasgupta to design a model taxation scheme for a universal tax in India.
- In 2003, Haryana become the first State to implement VAT
- In 2004 CENVAT introduced to integrate Central Level taxes
- In 2006, Union Finance minister Mr. Chidambaram proposed roll out of GST by April 2010.
- In 2007, the report on GST submitted by Joint Working Group got accepted by the Empowered Committee.
- The committee released its First Discussion Paper (FDP) on GST in November 2009.
- In 2011, Mr. Nandan Nilekani released Information Technology Strategy for GST.
- After several years of political drama, the Lok Sabha in 2015 passed the 122nd Constitutional Amendment Bill for GST.
- As per present proposal, GST will become effective from 2nd July 2017.

GST and it Functions

The Goods and Service Tax system is a proposed indirect taxation system which is supposed simplify the present tax system and merge it into a single taxation system. It is being implemented vide the 101st Constitution Amendment Act 2016. It is a consumption based tax. The basic principle is to tax the value addition at each transaction. The Tax paid on purchases is allowed as a credit against liability on output / income. It will be levied on all transactions of services and goods. It is proposed to implement "Dual GST" system in India. All the transactions of services and goods would attract the following two GST:

1. Central GST- tax collection by Central Government
2. State GST- tax collection by State Government
3. IGST - Integrated GST - collection by Central Government

Impact of GST on Manufacturing Sector

The complex tax system in India has affected the progression of manufacturing sector of India for a long time now. With the Make in India initiative India is on its way to become a major manufacturing hub for Asia and the world, but unless the Tax system is simplified the dream will not be fulfilled. The implementation of the unified taxation system will be a positive step towards this mission and will help the manufacturing sector to stand up and recover.

Impact on Production Cost

As already explained above GST removes the cascading effect of taxes. This will sufficiently reduce raw material cost and production cost. Further easier Tax credit system will allow better accounting and cash-flow situation for the organizations.

Reduction of Transportation time and costs

GST will ensure removal of multiple checkpoints and permits at state border checkpoints. Almost 60% of logistics effort and time will be saved which ensure more road hours and faster delivery. This will make the manufacturers more competitive and will effectively reduce the price of goods at better quality.

Less requirement of Warehouses

Earlier the state based indirect tax system required manufacturers to set up local warehouses to save cost. The GST system will ensure lesser Warehouse setup requirement. These savings will help the manufacturers in capacity buildup and produce more economically. This will lead the pathway to Just in Time (JIT) production philosophy and less wastage. This would allow a firm to take advantage of economies of scale and consolidate warehouses at the same time reduce capital deployed in the business. At the same time, IT costs of having ERPs deployed at many small warehouses can be saved. This will pave the way for improved service levels at lower cost in the overall supply chain.

Removal of Area Based Incentives

GST will effectively absolve the Area based incentive scheme and this will ensure the attractiveness of business to other locations and widely spread across the nation.

Easy Credit availment

Removing the restrictions, now service providers can also avail the credit of VAT/ GST paid on inputs procured, which ultimately will get passed on to the Supply Chain as cost savings.

The advent of geographical business locations

The decision of setting up business/ logistics/warehousing location will now be dealt by geographical positioning and not on tax based decisions. Many new locations will come up as attractive warehousing or logistic bases. Ultimately this savings will pass into the supply value chain and help in optimizing end product cost. The integration of tax on Goods and Services through GST would provide the additional benefit of providing credit for service tax paid by manufacturers. With the implementation of GST, cost of any services, including logistics, will be considered a value adds, and the manufacturer will get tax credit for the service tax paid. As per the process depicted above Inter State sales will become effectively tax neutral due to the credit mechanism and will be lucrative then intra-state sales, which will help in One India set up.

Larger Warehouses Setup

With lesser location constraint, the manufacturers can club there warehouses and consolidate into one large warehouse with state – of –the art handling facilities and equipments. At the same time, with larger warehouses, transportation lot sizes will automatically increase, making way for more efficient bigger trucks.

Savings in Taxes payable

	Before GST	**After GST**

Input Cost	15000	15000
CST @5%	750	750
Total Cost	15750	15750
Margin	2000	2000
Sales Price	17750	17000
VAT@14%	2485	2380
Total Sale Price	20235	19380
VAT Payable	2485	1630

The savings in tax cost is clearly visible and this will ensure overall benefit to the economy and the society.

Development of Common National Market

GST will be levied only at the final destination of consumption based on VAT principle and not at various points (from manufacturing to retail outlets). This will help in removing economic distortions and bring about the development of a common national market.

Export Business

GST is not applied to goods/ services exported out of India, hence it would offer some incentive to develop the export business.

Less Corruption

Less involvement of reporting and regulating bodies would ensure good governance and less corruption. It will enable reduction of Black money while need for financial compliance will increase, but will be easier with online accessibility.

Conclusion

The GST regime will be a game changer for Indian Economy and will provide competitive advantage to the Indian Manufacturing industry which accounts for 16% of the GDP. Thus GDP will also get boost with the proper implementation of these changes. However, the Indian political system needs to be adjustable to and mature to understand the cause of the nation rather than vote bank and petty political gains which has plagued the nation till now. It is shame for a great nation like India that it took more than 15 years to implement such a beneficial system and slowed the progress of the nation. In the upcoming years Indian citizens and the world would like to see Indian manufacturing industry to lead the nation, and then only India can become world leader and prosperous nation. It will accelerate Make in India and the Digital India initiatives and ensure optimized use of the nation's tax revenue. With the new GST, the cost of manufacturing goods is expected to reduce while the consumption goes up. India's GDP is expected to grow by 1 to 2% with the proposed GST. Let's hope for the GST to be implemented as per present plan and a safe progression into the economy with all proposed benefits being availed.

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IMPACT OF GST IN INDIAN HOTEL INDUSTRY

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Abstract

Hotel Industry in India has witnessed tremendous boom in recent years. Hotel Industry is inextricably linked to the tourism industry and the Growth in the Indian tourism industry has fuelled the growth of Indian Hotel industry. The thriving economy and increased business Opportunities in India have acted as a boon for Indian hotel industry. The growth of domestic and international tourism and consequently the hotel industry. GST has been one of the most 'used' terms of 2016 and did take the service industry by storm. While we are in 2017 now and GST has become a household term, most of us are still unaware of the implications it will have, especially on the hotel industry. So let us figure out what it means for the hotel industry. Is it looking merry all the way or taking the profit cherry out of the way. On 3rd August 2016, the bill to introduce The Goods and Service Tax (GST) was passed in the Upper House of the Indian Parliament – The Rajya Sabha. To be implemented from 01st July 2017, GST, touted as one of the biggest fiscal reform since the 1991 liberalisation policy, was passed with a unanimous approval. The proposed rate for GST is a four-tiered structure of 5%, 12%, 18% and 28%.

Introduction

Hotel Industry like others pays multiple taxes. Service tax rate in current regime is 15% but abatement of 40 % brings it down to an effective rate of 9%.In addition Value Added Tax (ranging between 12 percent to 14.5 percent) and luxury tax applies. Hoteliers and hospitality businesses do not get any input tax credit on the taxes they pay currently, as central taxes cannot be set off against state taxes (VAT) and vice-versa/Under GST the final cost to end user decreases. Although, the Goods and Service Tax paid at 18% is higher than the prevalent rates, but benefit comes in the form of Administrative ease, Clarity for Consumers and Improved Service Quality

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 is still very 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 stood waiting in the hotel lobby wondering if you would miss your flight back home, because your bill was still not 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.

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

Because of Increased Technological burden hotel's might have to spend on Technology And Businesses might 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 neighbours 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 wish lists.

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 has been lobbying for a GST rate of 5% as it believes that a lower rate will bring in more tourists and allow Indian businesses to compete with global chains. The Tourism and Hospitality industry in India is expected to grow to US$ 280.5 billion by 2026, and the initial hiccups after GST implementation are highly unlikely to impede this growth. However, it remains to be seen whether the cons outweigh the pros for this sector.

GST India: Impact on Hotel / Restaurant Sector:

The hospitality and restaurant industry in plagued by multiple taxes (Service tax, VAT and luxury tax) in the current indirect tax regime. For hotels with room tariff in excess of Rs 1,000 and above, service tax is applicable at 60% of room tariff (8.7%) in addition to VAT (ranging between 12 to 14.5%) and luxury tax wherever applicable. In case of restaurants on the F&B bills, service tax is applicable on 40% of the bill or effective rate of 5.8% apart from VAT @ 12 to 14.5%. In case of social functions (marriage, seminars etc.) the applicable service tax rate after 30% abatement is 10.15%. As input credit from central taxes cannot be set-off against VAT liability and vice-versa, this leads to cascading effect. Under GST, the single largest advantage would be uniformity of tax rates and applicability of single rate, better utilization of input credit and benefits to end user in terms of lower prices. India would be able to attract more tourists in comparison to neighbouring countries and lead to enhanced revenues to the government. However the standard rate of GST @ 18% would be higher than prevailing rates and as a resultant might lead to a black economy without bills.

Impact on restaurants of luxury hotels

A slight relief to the luxury hotel segment is that the GST on their restaurants has been revised. Initially, the council planned to impose a GST of 28% on the restaurants at luxury and five-star hotels, but after a lot of opposition from the Indian hospitality sector they brought it down to 18%.

Impact of GST in hotel industry

Goods and Services Tax, or GST! This seems to be the word everyone is treating with complete trepidation. There is still a lot of uncertainty and wariness in what the next few months will bring, and what all changes need to be made. So how does GST affect the Indian hospitality sector? Just a few days back, the GST council provided a slight sigh of relief to mid- market and luxury hotels by stating that only rooms with a tariff of Rs.7,500 and more, and not Rs.5,000 as declared earlier, would have a GST of 28%. Hotel rooms with a tariff between Rs. 2,500 to Rs. 7,500 would have a GST of 18%. The GST on room tariffs proves to be a double-edged sword; before GST a hotel room with a tariff of Rs. 5000 would attract about taxes amounting to about 20%, therefore, the same room would be priced at Rs. 6000 before GST and Rs. 5900 after GST. On the flip side a room with a tariff of Rs. 7500 with taxes would be priced at Rs. 9000 before GST and Rs. 9600 after GST. It will only be logical if the hotelier fixes the price at Rs. 7499 so that the final amount to the customer will be around Rs. 8850 as it falls under the 18% tax slab. Many hotels, nowadays, have some sort of dynamic pricing (done manually), which fluctuates depending on demand and supply. Now since the GST also varies depending on the tariff, hotels need to ensure that their billing system or PMS is able to alter the tax as per the pricing of the room across all their distribution channels. The first few months may require some double checking, but PMS software, such as Hotelogix is already GST ready to make the transition trouble free for hotels.

A slight relief to the luxury hotel segment is that the GST on their restaurants has been revised. Initially, the council planned to impose a GST of 28% on the restaurants at luxury and five-star hotels, but after a lot of opposition from the Indian hospitality sector they brought it down to 18%. Thus there wouldn't be much of a difference to what customers would be paying, if anything it works in the guest's favour. Luxury hotels may see a drop in occupancy in the coming months since there would be a significant increase in their pricing, but for the other hotels, it would pretty much be work as usual, apart from just double checking that the GST norms are being followed accurately. `India already has a higher hotel tariff due to multiple taxes, both at centre and those levied by states. With revenue neutral rate being higher than the present tax rates, the industry is likely to suffer higher rates which will discourage tourists and users of services. In case of restaurants, presently, there is double taxation in the form of VAT and Service Tax being levied on the same transaction.

The GST, once implemented, is expected to rationalise indirect tax structure and usher in seamless tax credit. However, the impact for the hotel sector is more likely to be neutral depending on the final GST rate. Since hotels/restaurants are mainly subject to service tax, VAT (state subject), luxury tax (state subject), the impact of GST would depend on the tax levied by various states. If the GST rate gets capped at 18%, the impact is likely to be neutral as presently service tax payable by hotels is around 8.7% and luxury tax at around 8-12% (depending on the state and type of service). Restaurants have to pay service tax at around 5.6% and VAT at around 12%-14.5%. GST tax regime will help reduce multiple taxation, giving a significant boost to the hospitality and tourism industry. The GST is supposed to replace both service tax and luxury tax as hotels are presently suffering from multiplicity of taxation. But in order to be globally competitive, the new tax rate must be maintained under 10 per cent in the hospitality industry. Failure to do which, the industry continue to suffer due to high taxation.

The Effect of GST on the Hotel Industry

As India is on disengagement state from socialist to capitalists philosophy, Indians are on a roll. All are dreaming per se and the wages are good to catalyze eating out a necessary vice. So even if the GST is going to be 1/3rd of hotel bills, I don't think the demand will subside. Though I suspect the it is also another way to apply brakes on economy as Indian system does depend on lot of factors outside mainstream economic theories to apply contractionary pressure on the now high wage economy. The impact of GST on Hotel sector seems to be neutral (depending on the final GST rate) For Example If the GST rate gets capped at 18 % to 20%, the impact is likely to be neutral as presently service tax payable by hotels is around 8.7% and luxury tax at around 8-12% following will be effect for hotel,

- The GST, once implemented, is expected to rationalise indirect tax structure and usher in seamless tax credit.
- However, the impact for the hotel sector is more likely to be neutral depending on the final GST rate. Since
- hotels/restaurants are mainly subject to service tax, VAT (state subject), luxury tax (state subject), the impact of
- GST would depend on the tax levied by various states. If the GST rate gets capped at 18%, the impact is likely to be
- neutral as presently service tax payable by hotels is around 8.7% and luxury tax at around 8-12% (depending on
- the state and type of service). Restaurants have to pay service tax at around 5.6% and VAT at around 12%-14.5%.

Conclusion-

There wouldn't be much of a difference to what customers would be paying, if anything it works in the guest's favor.Luxury hotels may see a drop in occupancy in the coming months since there would be a significant increase in their pricing, but for the other hotels, it would pretty much be work as usual, apart from just double checking that the GST norms are being followed accurately.

CHALLENGES OF GST

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Abstract

India's GST model is based on the Canadian GST model but is a failure in country like India because in Canada throughout there is uniformity and same culture but country like India which is a diversified country and is not uniform throughout as in the North there is an entirely different culture compared to the South. In North where people demand wheat, in south there is huge demand for rice, so by the implementation of GST uniformly in India would lay adverse impacts in near future, as the

demands in different areas differ in a huge country like India, unlike small ones like Singapore. According to the previous tax system in our country, one had to file tax twice a year but now the system has been made so complicated that one has to file GST thrice a month on the 10, 15 and 20 dates of the month respectively, only through online system. So in a simple way one has to file 36 GST taxes then has to file 12 TDS returns. So now 36+12=48 and 1 annual return so total 49 taxes are filed in a year which is really tedious process and hence lays overburdening on the Tax department of India and businessmen too and if a person owns 13 outlets in 13 states of country then he has to file 49*13= 637 taxes in same year which is simply very irrelevant system.

Introduction

A challenge is something new and difficult which requires great effort and determination. For example I like a big challenge and they don't come much bigger than this. The new government's first challenge is the economy. A challenge to something is a questioning of its truth or value. A challenge to someone is a questioning of their authority. For example, The demonstrators have now made a direct challenge to the authority of the government. India's Goods and Services Tax (GST), is being called a 'game changer' for its far-sweeping impact on business. Manufacturers, traders, and service providers across India have been placed under one unified tax umbrella, and no longer need to work with a tedious array of 17 distinct types of taxes they currently need to comply with. The industry, at present, is struggling to get on with the destination-based tax from an origin-based tax structure. The shift from the previous tax regime and carry forward the input credits into GST is the biggest challenge that businesses are facing today. GST is a value-added tax levied at all points in the supply chain, with credit allowed for any tax paid on input acquired for use in making the supply. It would apply to both goods and services in a comprehensive manner, with exemptions restricted to a minimum. The Goods and Services Tax commonly known as GST was introduced in India on 1st July 2017. The basic idea to introduce GST in India to remove the multiple tax system which was a part of central and state government and to provide uniform tax system throughout the country. The present GST tax model is inspired from the Canadian GST model and is divided into different tax slabs ranging from 0% to 28%.

CHALLENGES OF GST

Change in Business Software

Most businesses use accounting software or ERPs for filing tax returns which have excise, VAT, and service tax already incorporated in them. The transition to GST will require businesses to change their ERPs, too; either by upgrading the software or by purchasing new GST-compliant software. This will lead to increased costs of buying new software and training employees on how to use it. Clear Tax is the first company in India to launch a ready-to-use GST software. It is currently available at reduced prices for SMEs, to help them to transit to GST to smoothly. To ease f the pain of the people, it doesn’t require you to update the existing software and provide free services for first 3 months.

GST Compliance

SMEs are still not completely aware of the nuances of the new tax regime. Changing over to a completely new system of taxation requires understanding of the minutiae, which businesses lack right now. Most of them are worried about filing timely returns, but it is important to note that even before businesses can reach the filing stage they have to issue GST-compliant invoices. For a traditionally pen-and-paper economy like India, this change to digital record-keeping is going to be massive. Invoices after 1st July will need to be GST-compliant with all details such as GSTIN, place of supply, HSN code etc. as mandated by the law. The Clear Tax Bill Book web application, which is

available for free on their site, is an easy solution to this problem. It will help every business issue GST-compliant invoices to their customers. These same invoices can then be used for return filing through the Clear Tax platform.

Increase in Operating Costs

Most small businesses in India do not employ tax professionals, and have traditionally preferred to pay taxes and file returns on their own to save costs. However, they will require professional assistance to become GST compliant as it is a completely new system. While this will benefit the professionals, the small businesses will have to bear the additional cost of hiring experts. Also, businesses will need to train their employees in GST compliance, further increasing their overhead expenses.

Policy Change during the Middle of the Year

GST will go live three months into the financial year 2017-18. So, for FY 2017-18, business will follow the old tax structure for the first 3 months, and GST for the rest of the time. It is impossible to cross over from one tax structure to the other in just a day, and hence businesses will end up running both tax systems in parallel, which might result in confusion and compliance issues.

Online Procedure

GST compliance, return filing and payments all have to be done online. Many small businesses are not tech-savvy and do not have the resources for fully computerized compliance. Even as the rest of the nation gets ready to go digital, businesses in small cities across India face a huge technology problem in the days ahead. Cloud-based software like the Clear Tax GST software could be an answer to this problem. This does not require any downloads, and the process for return filing on Clear Tax GST is very simple. Business owners need only upload their invoices, and the software will populate the return forms automatically with the information from the invoices. Any errors in invoices will be clearly identified by the software in real-time thus increasing efficiency and timeliness.

Higher Tax Burden for Manufacturing SMEs

Small businesses in the manufacturing sector will not have it easy in the GST regime. Under the excise laws, only manufacturing business with a turnover exceeding Rs. 1.50 crores had to pay excise duty. Whereas, under GST the turnover limit has been reduced to Rs. 20 lakh, thus increasing the tax burden for many manufacturing SMEs. However, SMEs with a turnover of upto 75 lakhs can opt for the composition scheme and pay only 1% tax on turnover in lieu of GST and enjoy lesser compliances. The catch though is these businesses will then not be able to claim any input tax credit. The decision to choose between higher taxes or the composition scheme (and thereby no ITC) will be a tough one for many SMEs.

No clarity on tax holidays

Many manufacturers (textile, pharmaceutical, FMCG industries) enjoy tax holidays and state benefit schemes. There is still no notification regarding these benefits. This will mean increased costs for these industries, which will probably be passed on to the end consumers.

Disruption to Business

Cloth merchants (unorganized) are going on strike to protest against GST. Eateries and drug shops in Chennai are also threatening to protest the regime change - and this is only the tip of the iceberg. In the coming days, we can expect to see more of these protests happening across the country and these will undoubtedly disrupt business. If there's any solace, it's in knowing that other countries who implemented GST never had it easy either. Malaysia recently introduced GST in 2014 and faced nationwide strikes and protests. How the Indian government will handle these events is left to be seen.

Key challenges to the implementation of GST in India

- ✓ The big challenge in GST could be integrating the small and medium enterprises. Remember, GST makes the entire process from invoicing to tax payment entirely online. The invoice creation under GST-1 will be online and the approval by the client under GST-2 will also be online. Once it is approved, it becomes GST-3 for tax records. Most small and medium enterprises may not have the technical savvy to adapt to this massive change. GST assumes a much higher level of technology readiness that we have in the industry today.
- ✓ One of the key features of GST is the seamless input tax credit (ITC) that will be available under the GST system. But the seamless credit has a lot of assumptions. For example, many products like petrol, diesel and alcohol have been kept out of the purview of GST. Integrating tax credits across products will be a nightmare as equivalent audit trails may not be available for all transactions.
- ✓ The GST was originally designed to simplify the entire tax structure and therefore a single rate of tax was suggested. That is the experience in other countries that have implemented GST across the world. The unwritten principle in GST is that you reduce the slabs, which is why most countries have kept just one slab of GST. But in the Indian context, there is 0 % slab, 5 % slab, 12 % slab, 18 % slab and 28 % slab. In addition, a new slab of 3 % has been introduced specifically for gold. These multiple slabs are going to be a challenge in actual implementation.
- ✓ If you thought that GST is going to make the job of corporates simpler that may not necessarily be the case. For example, under the GST an assessee will have to file 37 returns per year (3 returns per month and one annual return). This is in contrast to the 13 returns that an assessee is filing today. This is, of course, only for one state. If you are operating across multiple states, then your number of return filings will go up proportionately. So, if you operate with business locations in 10 Indian states, they you will have to file a total of 370 (37x10) tax returns each year. That will surely be an additional cost in terms of logistics and compliance.
- ✓ There is also a logistical challenge to the implementation of GST. Till date, not all the 31 states have passed the State GST Acts. Some key states like West Bengal and Punjab are yet to pass the GST Bill and if the bills are not passed before July 01st, it could create a massive mismatch for trans-India trade. More so, considering that both these states are important pivots in all-India trade. However, it is hoped that these states will be in a position to pass this bill through an ordinance before the implementation date.
- ✓ There is likely to be a complication regarding the payment of service tax. Currently, service tax comes under the purview of the centre. In the GST regime, it will come under the single GST umbrella. Therefore all intra-state services will be subject to State GST while inter-state provision of service will be subject to central GST. For an intangible delivery of services, this likely to lead to unnecessary complications. Also, in case of services supplied inter-state, the question of state jurisdiction will become critical and is going to be hard to define.
- ✓ The anti-profiteering clause in the GST Bill could again lead to another practical challenge. Under this clause, the business is required to pass on any tax cuts to the customer in entirety. While this will not be an issue in case of services invoicing, it could be an issue in case of products where the maximum retail price (MRP) includes many items apart from GST.

Delineating the impact of GST from these set of factors may be practically difficult and may open the doors to endless litigation.

- ✓ Last, but not the least, the biggest challenge for GST is going to be IT-related. Companies need to revamp their tax and IT infrastructure in entirety to be GST-ready. Secondly, banks will have to handle the entire payment interface online and the IBA has already sought more time from the GST Council. Lastly, the CBEC now needs to integrate old taxes with new taxes and achieve the entire thing seamlessly. That is easier said than done!

A lot of challenges may lie ahead once the GST is implemented on July 01st. But, the GST Council will have to take it along the way. That is the only way to address such a complex rollout.

Challenges faced by tax & accounting professionals due to GST

GST preparedness among clients is missing

Clients' understanding of GST provisions and its impact on their business is still at a nascent stage, and many are still identifying the locations and places they need to be registered in. These businesses are also assessing the mandated GST-compliance their relevant functional departments need to adhere to, including their Supply Chain, IT Systems, and Legal. This is necessary for identifying their new Working Capital, Cash Flow, and Fund Flow needs. To be on the right side of the GST anti-profiteering clause, businesses are also assessing their cost sheets while performing Comparable Analysis of the pricing of goods and services, pre-and post GST.

Lack of Clarity on GST Provisions (Rules and Regulation)

Various provisions of GST are still ambiguous. Categorisation of goods and services in various cases is still unclear. Provisions for anti-profiteering, as well as the now-deferred e-way bill, which tracks consignments across states, are unclear. The new tax regime requires transporters to generate e-way bills on the GST portals which include incurring substantial costs to install radio frequency identification devices (RFIDs). Currently there is no clarity on who will bear the bill for the infrastructure. The government has also made the rules related to assessment and audit public, but the absence of actual forms in the public domain challenges the effectiveness of the rule. Businesses will need to file multiple returns, a minimum of 37 in most cases for assesses, and this can increase multifold in accordance with business models. Clients will need to ensure timely compliance by registered suppliers to ensure there is no loss of input credit. This will necessitate correct data and reports to fill accurate GST returns.

Preparedness of IT Systems

Various businesses are yet to map the accounting software and IT systems in line with the new tax provisions, to create GST invoices, and extract required reports. Tax and accounting professionals jointly need to ensure that their clients' current systems are compatible with their GST Service Provider (GSP). With GST demanding compliance, only days after guidelines were issued in their entirety, India Inc is rushed for time to modify the entire IT framework. Seamless implementation will require six million micro, small, and medium enterprises (MSMEs) to adapt their invoicing approaches for which they do not have adequate IT support and systems.

Conclusion

The government is trying to reduce the burden of compliance for businesses by relaxing the return filing requirements for the first two months post implementation. Also, the provisions of TCS

on e-commerce and registration for online sellers have also been relaxed for the time being. Change is definitely never easy. The government is trying to smoothen the road to GST. It is important to take a leaf from global economies that have implemented GST before us, and who overcame the teething troubles to experience the advantages of having a unified tax system and easy input credits. Once GST is implemented, most of the current challenges of this move will be a story of the past. India will become a single market where goods can move freely and there will lesser compliances to deal with for businesses.

IMPACT OF CASHLESS PAYMENT SYSTEM -A VIEW

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Abstract

Payment systems in any country are the most essential part of the economic system of that country. Efficiency in these is required to guarantee the timely completion of all transactions. As the payment system is one of the most important components of the financial system, innovative ways of making payments which are less hassle some are being focused upon. The BPSS is trying to effect a change in the mode of payments in India, from paper to electronic. Since electronic means are both safer and more efficient efforts are continuously being made to change the mindset of people and make them shift to electronic-payments. An efficient payment system forms the backbone of economic wellbeing of nation.

Key words: e-payment, customer satisfaction, and service.

Introduction

This work examines electronic payment in cashless economy of India: Problems and Prospect. The new policy by Reserve Bank of India (RBI) on cashless system of payment has raised a lot of concern to the growth of Indian economy, with the objective of reducing robbery, high cost of processing cash, revenue leakages, inefficient treasury management, promoting economic development through financial intermediation, among others. Electronic payments are financial transactions made without the use of paper documents such as cheques. Electronic payments include debit card, credit card, smart card, e-wallet, e-cash, electronic cheques etc. E-payment systems have received different acceptance level throughout the world; some methods of electronic payments are highly adopted while others are relatively low.

Electronic payment system is a mode of payments over an electronic network such as the internet. In other words we can say that e-payment is a method in which a person can make Online Payments for his purchase of goods and services without physical transfer of cash and cheques, irrespective of time and location. Electronic payment system is the basis of on-line payments and on-line payment system development is a higher form of electronic payments. It makes electronic payments at any time through the internet directly to manage the e-business environment. In real world we have two distinct types of payment systems:

(1) Internet–Based payment system-

There are four models of Internet-Based payment system, e-cash, Credit Card, Debit Card, Smart Card.

(2) Electronic Transaction-Based payment system there are four models of Internet-Based payment system, Secure Electronic Transaction, Cyber Cash, Net Bill, First Virtual Holdings.

Every country has a financial system: The financial system of any country consists of banking and non banking financial institutes, these institutes are providing various types of financial services to the customers. In the financial services, financial clearing and fund transfer service is most important service than other services. Payment systems improve financial intelligibility, stimulating business growth and consumption.

Statement of the Problem

E-Payments are growing at a highest rate ever. Having card has been become the need of every person. Nowadays everybody wants to use these services. The need of the study is to find out Which type of e payment most suitable Present study covers pursuing an interesting and daring task: user acceptance of e-payment that their acceptance by end users will be maximized, and the number of joined users will justify the system's rollout and its further development. Without ignoring the importance of marketing, business and technological factors, this research focuses on user acceptance e-payment system (EPSs).The study to know the factors which are supporting and which are opposing while implementing a particular e-payment in India. To analyze the emerging trends of e-payment. This study is also carried out the future outlook of e-payment in India.

Objectives of the study

1. To create awareness about online payment systems.
2. To identify various methods of cashless payment system.
3. To examine what are the risk associate with electronic payments system.

Scope of the study

The effect of the cashless policy on economic growth has been one of the most debated and controversial issues in present economy. The policy was introduced by Reserve Bank of India (RBI) it show that cashless policy increased employment; reduce cash related robbery thereby reducing risk of carrying cash; cashless policy was also reduce cash related corruption and attract more foreign investors to the country. It is expected that its impact has been felt in modernization of Indian payment system, reduction in the cost of banking services, reduction in high security and safety risks and also curb banking related corruptions. Electronic – based transaction seeks to drive the development and modernization of Indian's payment system.

Review of Literature

James (2012) used Statistical Package for Social Sciences (SPSS) to investigate the acceptance of E-banking in Nigeria. The result shows that acceptance of e-banking in Nigeria is significantly influenced by Age, Educational Background, Income, Perceived Benefits, Perceived Ease of Use, Perceived Risk and Perceived Enjoyment. Morufu and Taibat (2012) used qualitative survey to ascertain banker's perceptions of electronic banking in Nigeria. The results suggest that bankers in Nigeria perceive electronic banking as a tool for minimizing inconvenience, reducing transaction costs, altering customers queuing pattern and saving customers banking time.

Olajide (2012) used theories to investigate cashless banking in Nigeria and its implications on the economy. He found out that cashless banking will boost the economy on the long run. Zeithaml and Gilly (1987) used technology acceptance theory to determine the Characteristics affecting the acceptance of retailing technologies: a comparison of elderly and non-elderly consumers in developed country. He opined that there is existence of a positive relationship between

education, income, and exposure to mass communication and the adoption of Electronic Funds Transfer (EFT) and the relationship was greater for younger than for older consumers.

Research Design

A research design is a systematic plan to study a scientific problem. The design of a study defines the study type descriptive is applicable, data collection methods and a statistical analysis plan. The research design adopted for this research is survey. It is a research design that attempt to describe and explain conditions of the present by using many subjects and questionnaires to fully describe a phenomenon. The survey will facilitate the collection of data required for the work.

Sources Of Data Collection

In the course of this research, both primary and secondary data was used. Primary data was gathered from structured questionnaires which were administered to the number of bank customers who serve as respondents for the study, while secondary data was gathered from journals, hand books and related textbooks. The instrument for data collection is questionnaires.

Period Of Study:

The research work was carried out for the period of starting from December 2016 to April 2017.

Limitation of the Study:

Though the research study has been designed carefully, it is subject to the following limitations.

- The study is limited to Tirunelveli only and therefore results cannot be generalized.
- It is limited to the data collected through the structured and closed ended questionnaire.
- The respondents (customers) views and opinions may hold good for the time being and may vary in future.

Data Analysis

S.No.	Reason for choose	No of respondents	%	Mode of payment	No of respondents	%
1.	Easy transaction	16	27	Point of sale-pos	9	15
2.	Avoid rush/crowd	16	27	Internet web	17	28
3.	Time saving	17	28	NEFT/RTGS	10	17
4.	Fast transaction	11	18	Mobile banking	24	40
	Total	60	10	Total	60	100

Satidfaction Factor

Sl. No.	Satis faction factor	Highly satisfy	Satisfy	Neu tral	Dis Satisfy	Highly dis satisfy	percentage	
							Weigh ted score	mean
1	How do you feel and accept the cashless payment system	60	160	18	4	0	242	4.03
2	Opinion about operating the technology e-payment	40	128	51	4	1	224	3.73

3	How cashless economy will prevent laundering and corruption	15	64	81	13	1	187	3.12
4	What is your opinion about monthly charges of e-payment	25	60	51	30	8	174	2.9

The main findings are given below.

- ✓ 28 percent of the respondent are reason for choose time saving .
- ✓ 48 percent of the respondent are influencing by friends and relatives.
- ✓ 40 percent of the respondent are payment through mobile banking.
- ✓ 57 percent of the respondents are use of cashless payment system in good.
- ✓ 30 percent of the respondent except guideline from the banker in customer friendly environment & 30 percent of the respondent are except guidelines from the banker in educate new users.
- ✓ 42 percent of the respondents are majority of the people problem faced in not giving fast response.
- ✓ 42 percent of the respondents are the people problem faced for leaving operation unfinished.
- ✓ 35 percent of the respondents are risk factor of e-payment in identity theft.

Suggestions and Strategies to Improve the Cashless Culture

This research offers suggestions and strategies that could help improve and accelerate the cashless culture in India.

Awareness/Education of non-literate

The regulatory body should adopt diverse strategy to educate non-literate Indians about the cashless economy. The people cannot adopt a system that is unfamiliar to them. For cashless system to be widely accepted and used the people must be educated, they need to know the essence of the system and the benefits accrued to it.

Computer Literacy

Our government should make education free at all levels and encourage the use of computers right from the school levels by making available laboratories where computers are massively stationed.

Provision of Technological Infrastructure

RBI must improve and invest more in technology, to make the adoption of cashless economy total.

Provision of Internet Facilities

Provide a framework and support that will make available affordable broadband through mobile telecommunication operators since they are present in almost all communities in the country.

Security of the System

More sophisticated security measures are required to handle the new set of technical and organizational capabilities to govern security development.

Conclusion

The cashless transaction system is reaching its growth day by day , as soon as the market become globalised and the growth of banking sector more and more the people moves from cash to cashless system. The cashless system is not only requirement but also a need of today society. All the online market basically depends on cashless transaction system.

The cashless transition is not only **safer** than the cash transaction but is less **time consuming** and **not a trouble of carrying** and trouble of **wear and tear** like paper money. It also helps in **record of the all the transaction** done. So, it is without doubt said that future transaction system is cashless transaction system is best in our country.

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IMPACT OF GST – IN THE VIEW OF A COMMON MAN

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ABSTRACT

GST is a major taxation reform in India in the 21st century. The Goods and Services Tax (GST) in India has replaced several taxes levied earlier. It has replaced VAT, service tax and taxes of excise. For a common man, GST is different than for a businessperson. A common man does not have to do GST registration or pay GST via input credits, he/she will still be affected directly under the new tax system in many ways because as GST is an indirect tax, which will ultimately affects every consumers. The present paper attempts to reveal the impact of GST on a common man. It is obvious that GST is a major taxation reforrm in our country in 21st century. Since it is in the initial stages of implementation, it has some problems. If the problems of common men are duly considered, it can be made as a good Tax system. We hope that the Government will do the same which will make our citizens to lead a better life in our country.

Key Words: GST, indirect tax, CGST, SGST, IGST

Introduction

GST is a major taxation reform in India in the 21st century. The Goods and Services Tax (GST) in India has replaced several taxes levied earlier. It has replaced VAT, service tax and taxes of excise. For a common man, GST is different than for a businessperson. A common man does not have to do GST registration or pay GST via input credits, he/she will still be affected

directly under the new tax system in many ways because as GST is an indirect tax, which will ultimately affects every consumers.

Why GST is needed?

Currently there are different tax laws in different states. This creates problems, especially when trade between different states. Also, most businesses have to pay 3 different taxes – excise, VAT, and service tax. GST 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. The aim of GST is thus to simplify tax for the entire economy.

Who will have to pay GST?

GST will be paid by all manufacturers and sellers. It will also be paid by service providers such as telecom providers, consultants, chartered accountants etc. However, being an indirect tax, GST will be ultimately borne by the end consumers.

GST Impact on Common Man in India

The impact of GST on the common man in India is manifold. Not only has this tax system brought down the prices of necessity goods but also helps Indian citizens to attain better standard of living.

Readymade garments get cheaper – Shopping at fashion brands and buying readymade clothes is cheaper now, thanks to GST. With this reform, the previously existent rate of about 12.5% inclusive of Excise Duty and Value Added Tax has been subsumed. In the previously existent scenario, a readymade garment that cost Rs.1,000 attracted a tax of about Rs. 125. But under this bill, the same readymade garment costs Rs. 1,120 with a levy of 12%.

Owning a four-wheeler becomes more affordable – With this reform, buying a car has become easier, majorly due to the price similarity in the manufacturing and non-manufacturing states. Buying a car is a pocket-friendly option now. Earlier, for instance, on a car worth Rs. 5 Lakhs, the consumer used to pay an Excise Duty of 12.5% along with the Value Added Tax which brought the price of the car close to Rs.6.25 Lakhs. But with the new regime, the tax price has slashed down to as much as Rs. 35,000 which is a rate of 18% making the price of the same car come down to Rs. 5.9 Lakhs, inclusive of taxes. The new and competitive prices of cars are bound to attract more consumers in the near future.

Increase in Mobile Phone Price – Previously, purchasing an imported mobile phone called for a payment of up to 12.8% of taxes. With the GST slab of 18% incorporating cell phones too, the price of a phone which was Rs. 11,280 earlier, costs about Rs. 11,800 now.

Prices of LED televisions get slashed – As a part of the Make in India campaign, buying LED televisions and watching your favorite daily soaps are cheaper now. Earlier, a LED TV would call for a levy of about 24.5% making its price worth Rs. 20,000 accelerate to a hefty Rs. 24,900. After the new regime, the price of the same TV attracts a levy of 18% bringing down the price to ₹ 23,600 which makes a difference worth Rs.1,300.

Buying jewelry articles– According to experts, the jewelry articles attract a levy of about 6% which originally was about 2%, making it more difficult for the consumers to buy jewelry and impacting the market altogether.

The impact on online shopping – The e-commerce industry is included in a tax net and under the new tax system pays the tax that is deducted at the source for every purchase from the sellers. This has made buying bags, electronics, shoes and many more things more expensive through the

online mode. GST has eventually shrunk the profit margins and revision in tax compliance leading to an eventual slash in discounts and freebies for the customers. However, the consumer might benefit from the lower logistical costs and faster delivery in the days to come.

Benefits of GST to consumers

The impact of GST on the consumers in India has been a mixed bag as the prices of goods and services have seen both depreciation as well as escalation this year. However, one can ponder over how GST will benefit consumers in the near future after considering the following points.

Simpler tax structure – The merger of all the taxes levied on goods and services has led to a simpler taxation structure. GST bears the character of being extremely simple and transparent in function leading to lesser accounting complexities. This regime has made the manufacturing sector extremely competitive while saving money and time.

Uniform tax system – GST has brought uniformity in the tax regime as it will float only one or two tax rates across the complete supply chain. This is simpler and more uniform against th previously existent structure. Also, it provides a fair chance to all stakeholders while drawing attention to efficiency and not vantage points.

High tax revenues – One can expect greater tax revenues with this Bill as a simpler taxation regime would lead to greater and more efficient compliance, eventually leading to a larger number of taxpayers. This way, the government will be able to earn greater revenues as the cascading effect of the taxes would not affect anymore.

Competitive pricing – On an average, the total tax levied on any commodity manufacture in India ranges between 27% to 30%. This takes up the major chunk of the pricing of the goods and services leading to an incredible rise. With GST, these prices are have come down as the consumer pays a single tax in place of layers of taxes. This has risen the consumption which will be beneficial for the companies and would eventually benefit the market.

Encourages exports – As a result of the decline in production costs in Indian market, Indian goods will become more competitive in the international market. This will boost the exports from the country and would give us an edge over the global manufacturers that operate different cost structures. According to a study by the National Council of Applied Economic Research, the GDP of India can be expected to rise anywhere between 0.95 to 1.7% if GST keeps ruling for the next 3 to 5 years.

23rd Meeting Of GST Council

The GST Council in its 23rd meeting on November 10, 2017 recommended many changes in the Goods and Services Tax (GST). The council has decided to keep the highest 28% tax on on luxury items as a result 177 items have been transferred to the 18% tax rate. GST on many items have also been reduced. The government has categorised items in five major slabs - 0%, 5%, 12%, 18% and 28%.

Here is the updated list of goods and services taxed under various GST slabs

No tax (0%)

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.; hoof meal, horn meal, Cereal grains hulled, Palmyra jaggery, Salt - all types, Kajal, Children's' picture, drawing or colouring books, Human hair, Khadi purchased from Khadi and

Village Industries stores, Clay idols, brooms, Cotton seed oil cake,Charkha, Guar meal, hop cone, certain dried vegetables, unworked coconut shell and fish, and bangles of lac/shellac.

Services

Hotels and lodges with tariff below Rs 1,000, Grandfathering service has been exempted under GST. Rough precious and semi-precious stones will attract GST rate of 0.25 per cent, admission to "protected monuments",

5% GST

Goods

Items such as fish fillet, apparel below Rs 1000, packaged food items, footwear below Rs 500, cream, skimmed milk powder, branded paneer, frozen vegetables, coffee, tea, spices, pizza bread, rusk, sabudana, kerosene, coal, medicines, stent, lifeboats, Cashew nut, Cashew nut in shell, Raisin, Ice and snow, Bio gas, Insulin, Agarbatti, Kites, Postage or revenue stamps, stamp-post marks, first-day covers, Branded food, walnuts, dried tamarind, roasted gram, Dhoop batti, Corduroy fabric, saree fall, Paper mache items,Oil cakes, Duty Credit Scrips,Cotton quilts(quilts not exceeding Rs 1000 per piece),corals,Rosaries and prayer beads,Hawan samagri,Grass, leaf and reed and fibre products,including mats, pouches, wallets, mangoes sliced dried, Khakra and plain chapati / roti, branded Namkeens, Ayurvedic, Unani, Siddha, Homeopathy medicines; Paper waste or scrap; Real Zari; Plastic waste, parings or scrap; Rubber waste, parings or scrap; Hard Rubber waste or scrap; Paper waste or scrap; Real Zari; Cullet or other waste or scrap of Glass; E-Waste; Biomass briquettes; Desiccated coconut, Narrow woven fabric including cotton newar [with no refund of unutilised input tax credit; Idli and dosa batter; Finished leather; chamois and composition leather; Coir cordage and ropes, jute twine, coir products; Fishing net and fishing hooks; Worn clothing; Fly ash brick; aircraft tyres, puffed rice chikki, flour of potatoes, chutney power, fly sulphur recovered in refining crude and fly ash.

Services

All restaurants, restaurants of hotels with room tariff of less than Rs 7,500, Food parcels, Textile job work, Transport services (Railways, air transport); Supply of e-waste

12% GST

Goods

Apparel above Rs 1000, frozen meat products , butter, cheese, ghee, dry fruits in packaged form, animal fat, sausage, fruit juices, Bhutia, namkeen, Ayurvedic medicines, tooth powder, agarbatti, colouring books, picture books, umbrella, sewing machine, cellphones, Ketchup & Sauces, All diagnostic kits and reagents, Exercise books and note books, Spoons, forks, ladles, skimmers, cake servers, fish knives, tongs, Spectacles, corrective, Playing cards, chess board, carom board and other board games, like ludo, rubber band, Wood, stone, metals, marble idols,Table and kitchenware,Batters, including idli / dosa batter, Textile caps,sprinklers,Cotton quilts(quilts exceeding Rs 1000 per piece),Statues, statuettes, pedestals,ceramic articles, porcelain items, ornamental articles, bells, gongs, non-electric of base metal,animal carving material, synthetic filament yarn, such as nylon, polyester, acrylic, etc; artificial filament yarn, such as viscose rayon, Cuprammonium; Sewing thread of manmade staple fibres; Yarn of manmade staple fibres;

On Nov 10, 2017, these items have been shifted from 18% to 12% tax bracket: Condensed milk, Refined sugar and sugar cubes, Pasta, Curry paste, mayonnaise and salad dressings, mixed condiments and mixed seasoning, Diabetic food, Medicinal grade oxygen, Printing ink, Hand bags and shopping bags of jute and cotton, Hats (knitted or crocheted), Parts of specified agricultural,

horticultural, forestry, harvesting or threshing machinery, Specified parts of sewing machine, Spectacles frames, Furniture wholly made of bamboo or cane

Services

State-run lotteries, Non-AC hotels, business class air ticket, fertilisers, Work contracts

18% GST

Goods

Most items are under this tax slab which include footwear costing more than Rs 500, Trademarks, goodwill, software, Bidi Patta, Biscuits (All categories), flavoured refined sugar, pasta, cornflakes, pastries and cakes, preserved vegetables, jams, sauces, soups, ice cream, instant food mixes, mineral water, tissues, envelopes, tampons, note books, steel products, printed circuits, camera, speakers, Kajal pencil sticks, Headgear and parts thereof, Aluminium foil, Weighing Machinery [other than electric or electronic weighing machinery], Printers [other than multifunction printers], Electrical Transformer, CCTV, Optical Fiber, Bamboo furniture, Swimming pools and padding pools, Curry paste; mayonnaise and salad dressings; mixed condiments and mixed seasonings, Tractor parts, raincoats, Medical grade disposable gloves, Computer monitors(up to 20 inch),Custard powder,Rice rubber rolls for paddy de-husking machine,Kitchen gas lighters, poster Colour; Modelling paste for children amusement; Fittings for loose-leaf binders or files, letter clips, letter corners, paper clips, indexing tags and similar office articles, of base metal; staples in strips; aircraft engines

On Nov 10 these items were moved from 28% to 18% bracket:

Wire, cables, insulated conductors, electrical insulators, electrical plugs, switches, sockets, fuses, relays, electrical connectors

Electrical boards, panels, consoles, cabinets etc for electric control or distribution

Particle/fibre boards and ply wood. Article of wood, wooden frame, paving block

Furniture, mattress, bedding and similar furnishing

Trunk, suitcase, vanity cases, brief cases, travelling bags and other hand bags, cases

Detergents, washing and cleaning preparations

Liquid or cream for washing the skin

Shampoos; Hair cream, Hair dyes (natural, herbal or synthetic) and similar other goods; henna powder or paste, not mixed with any other ingredient;

Pre-shave, shaving or after-shave preparations, personal deodorants, bath preparations, perfumery, cosmetic or toilet preparations, room deodoriser

Perfumes and toilet waters, Beauty or make-up preparations

Fans, pumps, compressors, Lamp and light fitting

Wall paper and wall covering, Glass of all kinds and articles thereof such as mirror, safety glass, sheets, glassware

Electrical, electronic weighing machinery,Fire extinguishers and fire extinguishing charge

Fork lifts, lifting and handling equipment, Bull dozers, excavators, loaders, road rollers,

Earth moving and levelling machinery,Escalators,

Cooling towers, pressure vessels, reactors, Crankshaft for sewing machine, tailor's dummies, bearing housings, gears and gearing; ball or roller screws; gaskets

Electrical apparatus for radio and television broadcasting, Sound recording or reproducing apparatus

Signalling, safety or traffic control equipment for transports, Physical exercise equipment, festival and carnival equipment, swings, shooting galleries, roundabouts, gymnastic and athletic equipment,All musical instruments and their parts

Services

Restaurants in hotel premises having room tariff of Rs 7500 and above, telecom services, IT services, branded garments and financial services, Outdoor catering

28% GST

Goods: In total 50 luxury and sin products will be taxed at 28% which includes Bidis, molasses, pan masala, aerated water, paint, sunscreen, wallpaper, ceramic tiles, water heater, dishwasher, weighing machine, washing machine, ATM, vending machines, vacuum cleaner, automobiles, motorcycles, aircraft for personal use

Services: Private-run lotteries authorised by the states, race club betting, cinema will attract tax 28 per cent tax slab under GST

CONCLUSION

The present paper attempts to reveal the impact of GST on a common man. It is obvious that GST is a major taxation reforrm in our country in 21st century. Since it is in the initial stages of implementation, it has some problems. If the problems of common men are duly considered, it can be made as a good Tax system. We hope that the Government will do the same which will make our citizens to lead a better life in our country.

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Jeyasingh Ebenezar *Editor*

Recent Trends in Materials Science and Applications

Nanomaterials, Crystal Growth, Thin films, Quantum Dots, & Spectroscopy (Proceedings ICRTMSA 2016)

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Biosynthesis of Novel Zinc Oxide Nanoparticles (ZnO NPs) Using Endophytic Bacteria *Sphingobacterium thalpophilum*

Neethipathi Rajabairavi, Chellappan Soundar Raju, Chandrasekaran Karthikeyan, Kandhan Varutharaju, Shanmugam Nethaji, Abdulrahman Syedahamed Haja Hameed and Appakan Shajahan

Abstract In the present work, we describe the synthesis of zinc oxide nanoparticles (ZnO NPs) using culture supernatant of endophytic bacterial isolate *Sphingobacterium thalpophilum* and their antibacterial efficiency against bacterial pathogens. In the process of reduction aqueous zinc nitrate being extra-cellular which lead to the development of an easy bioprocess for synthesis of ZnO NPs. The ZnO NPs were characterized by X-ray Powder Diffraction (XRD), Field emission scanning electron microscopy (FESEM) and Energy dispersive X-ray analysis (EDAX). Ultraviolet-Visible (UV-Vis) Spectrometer and Fourier transfer infrared rays (FTIR) analysis. Antibacterial efficiency of ZnO NPs are tested with two bacterial pathogens *Pseudomonas aeruginosa* and *Enterobacter aerogens* using the disc diffusion method to determine their ability as potential antimicrobial agents. This ZnO NPs showed improved antibacterial activity on both tested strains. This was confirmed by zone of inhibition measurements.

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