


# **GST: POSITIVE AND NEGATIVE EFFECTS ON COMMON MAN IN INDIA**

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# Introduction

The Goods and Services Tax was implemented on 1 July 2017. GST is applied on goods and services at a national level with a purpose of achieving overall development. The Goods and Services Tax (GST) is one of the biggest economic and taxation reforms undertaken in India. GST is a broad based, single, comprehensive tax levied on goods and services at each point of sale of goods or provision of service, in which, the seller or service provider may claim the input credit of tax which he has paid while purchasing the goods or availing the service; the final consumer will thus bear only the GST charged by the last dealer in the supply chain.




# Objectives of the Study


- ▶ To study the Structure of GST
- To study the positive and negative effects of GST on common man in India.

# Taxes subsumed

## Central Taxes Subsumed

- Central Excise duty (CENVAT)
  - Additional duties of excise
  - Excise duty levied under Medicinal & Toiletries Preparation Act
  - Additional duties of customs (CVD & SAD)
  - Service Tax
  - Surcharges & Cess
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## State Taxes Subsumed

- State VAT / Sales Tax
  - Central Sales Tax
  - Purchase Tax
  - Entertainment Tax (not levied by the local bodies)
  - Luxury Tax
  - Entry Tax ( All forms)
  - Taxes on lottery, betting & gambling
  - Surcharges & Cess
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# GST STRUCTURE

GST comprise of


- 1) CGST–Central Goods and Services Tax
- 2) SGST–State Goods and Services Tax
- 2) IGST– Integrated Goods and Services Tax




# GST Council: Apex body

- ▶ Goods and Services that may be subjected or exempted from GST.
  - ▶ Model GST laws.
  - ▶ Principles that govern Place of Supply, threshold limits.
  - Special rates for raising additional resources during natural calamities / disasters.
  - Special provisions for certain States, etc.
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# Features of GST


- ▶ The GST would be applicable on the supply of goods or services.
  - ▶ It would be a single GST on any item out of which 50% will go to Central Govt and 50% will go to State Govt / Union Territory.
  - ▶ The GST would apply on all goods or services or both other than alcoholic liquor for human consumption and five petroleum products.
  - ▶ Destination based consumption tax
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- ▶ Tax payers with an aggregate turnover in a financial year up to Rs. 20/40 lakhs would be exempt from tax.
  - ▶ Small taxpayers with an aggregate turnover in a financial year up to Rs. 150 lakhs shall be eligible for composition levy.
  - ▶ An Integrated GST (IGST) would be levied and collected by the Centre on inter-State supply of goods and services.
  - ▶ Exports and Supplies to SEZs shall be treated as zero-rated supply.
  - ▶ Import of goods/services would be subject to IGST in addition to Basic Customs duty.
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# Positive Effects of GST

- ▶ At present we pay service tax and vat both, but after implementation of GST eating out would be cheaper as there will be a single tax.
  - ▶ As the GST reaches its final stages, the historic legislation promises to unify the tax system for the nation and increase the GDP by 2 per cent.
  - ▶ FMCG products, etc. may become cheaper.
  - ▶ Television cheaper
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- ▶ Health care products and Medicines at affordable prices
  - ▶ Use of Technology
  - ▶ Boost Export and manufacturing activities
  - ▶ Poverty elimination by generating employment
  - ▶ Simplified Tax regime
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# Negative effects of GST

- ▶ Service industries
  - ▶ Online shopping
  - ▶ Health insurance and Diagnostic centers.
  - ▶ Some essential items have become costly
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# 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 tax credit set-off. Efficient formulation of GST will lead to resource and revenue gain for both Centre and States. A single rate would help maintain simplicity and transparency by treating all goods and services as equal without giving special treatment to some 'special' goods and/or services. It can be further concluded that GST have a positive impact on Indian sectors and industry.

