



Reviews of Literature

GOODS & SERVICE TAX: REFORMING & RESTRUCTURING INDIA

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ABSTRACT

GST is a standout amongst the most pivotal backhanded duty changes in India which has been significant lot pending assessment charge. It gathered be executed from the most recent multi year, however because of political issues and clashing interests of different partners it is as yet pending. It is an extensive duty framework that will subsume all backhanded duties of states and focal governments. It is relied upon to resolve wrinkles of existing aberrant expense framework and assume an imperative part in development of country like

India. This paper presents of GST idea, clarifies its tendency. The paper featured on advantages of GST and issues looked by India for its usage.

KEYWORDS : Tax, Indirect tax, Goods and Service Tax (GST), India.

INTRODUCTION :

The proposed GST is probably going to change the entire situation of current backhanded expense framework. It is considered as greatest assessment change since 1947. As of now, in India confounded aberrant assessment framework is taken after with imbrications of charges forced by association and states government independently. GST will bring together all the aberrant assessments under an umbrella and will make a smooth national market. GST will



accommodating to rebuild all backhanded assessments in India. The vast majority of the nations took after brought together GST while a few nations like Brazil, Canada take after a double GST framework where assess is forced by focal and state both. In India additionally double arrangement of GST is proposed including CGST and SGST and additionally IGST.

OBJECTIVE OF STUDY

The study has following objectives:

- 1) To define the concept of GST

- 2) To study the features of GST
- 3) To evaluate the advantages and challenges of GST

CONCEPT

GST is an aberrant expense which will subsume all the roundabout charges of focal government and states governments into a bound together assessment . As the name recommends it will be exacted on the two products and ventures at all the phases of significant worth expansion. It has double model including focal products and administration charge (CGST) and states merchandise and administration assess (SGST). CGST will subsume focal roundabout expenses like focal extract obligation, focal deals impose, benefit charge, exceptional extra obligation on traditions, counter veiling obligations though circuitous assessments of state governments like state vat, buy charge, extravagance charge, octroi, assess on lottery and betting will be supplanted by SGST. Incorporated merchandise and administration assess (IGST) additionally called interstate products and administration impose is likewise a part of GST. It's anything but an extra expense yet it is a framework to look at the interstate exchanges of merchandise and enterprises and to additionally guarantee that the duty ought to be gotten by the shipper state as GST is a goal based assessment.

Features of the GST Bill

- 1. Exempted goods and services which include alcohol, electricity and real estate. Petroleum products are to be brought under GST from a later date.
- 2. Goods and services outside the purview of GST.
- 3. Transaction below threshold limit.
- 4. Central Goods and Service Tax levied and collected by Centre (CGST)
- 5. State Goods and Service Tax levied and collected by state (SGST)
- 6. Intestate purchase transaction are under categorized (IGST)

GST rates on Goods

Commodities	GST RATE
Essential farm produced mass consumption items like milk, cereals, fruits, vegetable, jaggery (gur), food grains, rice and wheat	NIL
Common use and mass consumption food items such as spices, tea, coffee, sugar, vegetable/ mustard oil; newsprint, coal and Indian sweets	NIL
Silk and jute fibre	NIL
Gold, Silver and Processed Diamonds	3%
Fertilizers, Biogas	5%
Branded atta, wheat, pulses, maida, gram flour (besan)	5%
Railway freight	5%
Pharma (Life saving drugs)	5%
Footwear up to Rs. 500	5%

Cotton and natural fibre	5%
Packaged foods like pickles, tomato sauce, mustard sauce and fruit preserves	12%
Ayurvedic and homeopathy medicines	12%
Processed foods	12%
Fruit juices, live animals, meats, butter & cheese	12%
Mobile phones	12%
Readymade garments	12%
Computer printers	18%
Footwear above Rs. 500	18%
All FMCG goods like hair oil, soaps, toothpaste and shampoos; chemical and industrial use intermediaries	18%
LPG stoves, military weapons, electronic toys	18%
Pastries, cakes, pasta, ice creams, soups	18%
Man made fibre and yarn	18%
White and brown goods like TV, refrigerator, AC, washing machines, microwave ovens; soft drinks and aerated beverages	28%
Cement, wall putty, paint, wallpaper	28%
Perfumes, revolver, pistols	28%
Chocolates, chewing gum, waffles containing chocolate	28%
Luxury and de-merits goods and sin category items e.g. tobacco, pan masala	28% + cess
Small cars – petrol driven	28% + 1% cess
Small cars – diesel driven	28% + 5% cess
Cigarettes	28% + 5% cess
Luxury cars	28% + 15%
Heavy bikes, Luxury yachts, private jets	31%

GST rates for Services

Services	GST RATE
Sleeper, metro tickets and seasonal passes	NIL
Outsourcing (in industries such as gems and jewellery, textiles)	5%
Railways (AC)	5%
Restaurants with annual turnover less than Rs. 50 lakhs	5%
Cab aggregators like Ola, Uber	5%
Airlines (Economy class)	5%
Hotels with tariff Rs. 1,000 - 2,500	12%
Non-AC restaurants without liquor license	12%
Real estate (Work contracts)	12%
State run lotteries	12%
Airlines (Business class)	12%
Telecom, financial service	18%
Hotel room tariff Rs. 2,500 - 7,500	18%
Hotel room tariff above Rs.7,500	28%
AC restaurants with liquor license	18%
Movie tickets below Rs. 100	18%
Movie tickets above Rs. 100	28%
5 star hotels	28%
State authorized lotteries	28%

Types of GST

POINTS	Central GST - CGST	State GST - SGST	Integrated GST - IGST
Taxes that it will replace	Service tax, excise duty, countervailing duty (CVD), special additional duty (SAD), Additional duties of excise(ADE), and any other indirect central levy	VAT, sales tax, luxury tax, entry tax ,entertainment tax, purchase tax, Octroi, taxes on lottery	Central sales tax (CST)
Applicability	Supplies within a state	Supplies within a state	Interstate supplies and import
Input Tax Credit	Against CGST and IGST	Against SGST and IGST	Against CGST,SGST and IGST
Tax Revenue Sharing	Central government	State government	Shared between state and central governments
Exemption Limit	Rs. 20 Lakhs annual turnover	Rs. 20 Lakhs annual turnover	Exemption limit not defined
Composition Scheme	The dealer may use the benefit of turnover of Rs 50 Lakh	The dealer may use the benefit of turnover of Rs 50 Lakh	Composition Scheme is not available in this regard
Free Supplies	CGST is applicable on free supplies	SGST is applicable on free supplies	IGST is applicable on free supplies
Registration	Not applicable till the turnover exceeds Rs 20 Lakh	Not applicable till the turnover exceeds Rs 20 Lakh	Registration is necessarily mandatory if supply is made outside the states

Impact of GST on Common Man

1. Assembling expenses will be lessened, henceforth costs of customer merchandise liable to descend. Decreased costs implies a few items like autos
2. FMCG and so forth will end up less expensive.
3. Lower prices will increase demand/consumption Increased demand will lead to increase supply.Hence, rise in production of goods.
4. The increased production will lead to more job opportunities in the long run. But, this can happen

only if consumers actually get cheaper goods.

5. Brought together duty administration will prompt less defilement which will by implication influence the normal man.

6. Services will become expensive e.g. Telecom, banking, airline etc.

7. It shall take considerable time to understand its implications.

CONCLUSION

The movement of goods will now become much simpler and easy 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 system base with minimum exemptions, it will help trade and industry, which will be able to reap benefits of common procedures and claim credit for taxes paid on services & Commodity. GST, as per government estimates, will boost India's GDP by around 2 per cent in nearest future for the development of India with international perspectives.

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