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'GST – The Game Changer for Indian Economy'
2nd Nov, 2017 at Madhav University, Pindwara, Sirohi, Rajasthan, India.

INTEGRATED GOODS AND SERVICE TAX - AN INDIAN INNOVATION

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Abstract: *The introduction of Goods and Services Tax (GST) is a landmark tax reform in the history of India. GST is a single comprehensive tax that subsumes all major indirect taxes of Centre and States and makes the country single unified common market. GST is a tax on supply of goods or services. It is a multi-point tax levied on value addition at each stage of supply chain from production till consumption. Under GST regime, on imports and inter-State supplies of taxable goods or services, Integrated GST (IGST) would be levied by the Central Government as per the Integrated Goods and Service Tax Act, 2017. GST is a consumption based tax i.e. the tax should be received by the state in which the goods or service are consumed not by the state in which such goods are manufactured. IGST is designed to ensure seamless flow of input tax credit from one state to another. It is an Indian innovation which would help tax move along with goods/services across states. In this paper an attempt has been made to give an overview of IGST model in India. The paper mainly focuses on the key provisions for determining place of supply of goods/services and nature of supply i.e. intra-state or inter-state. The paper also illustrates how cross utilization of credit is to be done and adjustments to be made between centre and states.*

Key Words: *Goods and Service Tax (GST), Integrated Goods and Service Tax (IGST), Nature of Supply, Place of Supply, Input Tax Credit (ITC).*

1. INTRODUCTION:

The introduction of Goods and Services Tax (GST) is a landmark tax reform in the history of India. Multiple indirect taxes levied and collected by the Centre and the States are replaced by one tax called the Goods and Services Tax (GST). GST is a tax on supply of goods or services or both. It is a tax on the value addition at every stage of the production-distribution chain, with applicable set offs in respect of the tax paid at previous stages. It is basically a tax on final consumption. Being the last person in the supply chain the end consumer of such goods and services has to bear ultimately the burden of GST.

2. TAX ON INTRA-STATE TRANSACTIONS:

In India, a **"Dual GST"** model has been adopted in view of the federal structure of our country. Centre and States will simultaneously levy GST on every supply of goods or services or both, which takes place within a State or Union Territory. The Central Government will levy Central GST (CGST) and State Government will levy State GST (SGST).
This means that on intra-state transactions there will be two components of GST:

- Central tax (CGST): Levied & collected as per CGST Act, 2017 passed by the Parliament.
- State tax (SGST): Levied & collected as per SGST Act, 2017 passed by respective State.

Input Tax Credit of both CGST and SGST paid at the previous stage will be available, which can be utilized for payment of output tax liability at the subsequent stage.

3. TAX ON INTER-STATE TRANSACTIONS:

3.1 CURRENT REGIME: CENTRAL SALES TAX (CST):

Presently on inter-state sales of goods Central Sales Tax (CST) is applicable. The Central Sales Tax Act, 1956 regulates the inter-State trade or commerce. The Act prescribes the principles for determining when a sale or purchase of goods takes place in the course of inter-State trade or commerce. The Act also provides for the levy and collection of Central Sales Tax (CST) on sales of goods in the course of inter-State trade.

DRAWBACKS OF CST:

- CST is collected and retained by the origin State, which is an aberration. Any indirect tax, by definition, is a consumption tax, the incidence of which, is borne by the consumer. Logically, the tax must accrue to the destination state having jurisdiction over the consumer.
- Input Tax Credit (hereinafter referred to as ITC) of CST is not allowed to the buyer which, results in cascading of tax (tax on tax) in the supply chain.
- Various accounting forms are required to be filed in CST viz., C Form, E1, E2, F, I, J Forms etc. which add to the compliance cost of the business and impedes the free flow of trade.
- Another negative feature of CST is the opportunity for “arbitrage” because of the huge difference between tax rates under VAT and CST being levied on intra-State sales and inter-State sales respectively.

3.2 GST REGIME: INTEGRATED GST (IGST):

Under GST regime, on imports and inter-State supplies of taxable goods or services, Integrated GST (IGST) would be levied by the Central Government as per the Integrated Goods and Service Tax Act, 2017. This Act shall be applicable to whole of India, i.e., including the State of Jammu & Kashmir. The IGST rate would be equal to CGST + SGST rate. GST is a consumption based tax i.e.; the tax should be received by the state in which the goods or service are consumed not by the state in which such goods are manufactured. IGST is a mechanism to monitor the inter-State trade of goods and services. It is designed to ensure seamless flow of input tax credit from one state to another. It is an Indian innovation which would help tax move along with goods/services across states. This would remove all the major deficiencies of current tax regime.

4. ADVANTAGES OF IGST

The major advantages of IGST model are as under:

- Maintenance of uninterrupted ITC chain on inter-state transactions.
- No upfront payment of tax or substantial blockage of funds for the interstate seller or buyer.
- No refund claim in exporting state, as ITC is used up while paying the tax.
- Self-monitoring model.
- Ensures tax neutrality while keeping the tax regime simple.
- Simple accounting with no additional compliance burden on the taxpayer.
- Would facilitate in ensuring high level of compliance and thus higher collection efficiency. Model can take into account ‘Business to Business’ as well as ‘Business to Consumer’ transactions.

5. NATURE OF SUPPLY

It is very important to determine the nature of supply – whether it is **Inter-State or Intra-State**, as the kind of tax to be paid (IGST or CGST and SGST) depends on that.

5.1 Inter-State Supply:

Subject to the place of supply provisions, where the location of the supplier and the place of supply are in:

- Two different States;
- Two different Union territories; or
- A State and a Union Territory.

Such supplies shall be treated as the supply of goods or services in the course of inter-State trade or commerce.

Inter-State Supply incudes following:

- Supply of goods from one State or Union Territory to another State or Union Territory
- Import of goods till they the cross customs frontier
- Import of services
- Export of goods or services
- Supply of goods/services to/by SEZ
- Supplies to international tourists
- Any other supply in the taxable territory which is not intra-State supply

5.2 INTRA-STATE SUPPLY:

It has been defined as any supply where the location of the supplier and the place of supply are in the same State or Union Territory. Intra state supply includes following:

- Supply of goods within the State or Union Territory
- Supply of services within the State or Union Territory

Nature of the supply depends on the location of the supplier and the place of supply.

6. LOCATION OF SUPPLIER:

Broadly, it is the registered place of business or the fixed establishment of the supplier from where the supply is made. Sometimes, a service provider has to go to a client location for providing service. However, such place would not be considered as the location of the supplier. It has to be either a regular place of business or a fixed establishment, which is having sufficient degree of permanence and suitable structure in terms of human and technical resources.

6.1. PLACE OF SUPPLY:

Provisions for deciding the place of supply have been prescribed in IGST Act, 2017. Place of supply provisions have been framed for goods and services, keeping in mind the destination/consumption principle. In other words, the place of supply is based on the place of consumption of goods or services. As goods are tangible, the determination of their place of supply, based on the consumption principle, is not difficult. Generally, the place of delivery of goods becomes the place of supply. However, the services being intangible in nature, it is not easy to determine the exact place where services are acquired, enjoyed and consumed.

6.2. PLACE OF SUPPLY OF GOODS (OTHER THAN IMPORT AND EXPORT):

Section 10 of IGST Act specifies the provisions for identifying the Place of supply of goods in case of Inland/domestic supply. The summary of the provisions, along with the examples, is as under:

Nature of Supply	**Place of Supply**	**Example**
Normal Case scenario	Place of supply shall be the location of goods where goods terminates for delivery	A Ltd in Jaipur was to supply some Material to B Ltd in Mumbai. However A Ltd delivered the material to agent of B Ltd in Baroda. Place of supply shall be **Baroda.**
Third Party Scenario	Where material was supplied to a party on the direction of a third person, place of supply shall be Principal Place of	A Ltd in Ahmedabad directed B Ltd in New Delhi to deliver goods to C Ltd in Bangalore; Place of supply shall be Ahmedabad and B Ltd shall charge IGST.

	Business of that third person.	
Where there is no movement	Where there is no movement involved; Place of supply shall be the location of goods at the time of delivery to recipient.	A Ltd a Mining unit in Raipur made available lumps of Marble to B Ltd. However since lumps were huge, B Ltd asked A Ltd for permission to break them into pieces do some preliminary work and then transfer from there to Ranchi; Place of supply shall be Raipur.
When goods are assembled/ Installed	Place of supply shall be place of such Installation or assembly.	A Ltd in New Delhi installed a lift in the hospital of B Ltd in Mumbai; Place of supply shall be Mumbai.
Goods supplied in Train, Bus, Aircraft or vessel	The Place of supply shall be the place where such goods are taken on Board	Aircraft of Indigo airlines started from Mumbai and food items were taken on board. The flight went on to Delhi and then on to Kathmandu. The Place of supply shall be Mumbai.

6.3. PLACE OF SUPPLY OF GOODS IN CASE OF IMPORT & EXPORT:

Section 11 of IGST Act specifies the provisions for identifying the Place of supply of goods in case of Export/Import. The summary of the provisions, along with the examples, is as under:

Nature of Supply	Place of Supply	Example
Import	Place of supply shall be location of importer	A Ltd in Bhopal imported goods from the USA. The place of supply shall be Bhopal
Export	Place of supply shall be location outside India	A Ltd exported goods from Jamnagar to Abu Dhabi. Place of supply shall be Abu Dhabi.

6.4. PLACE OF SUPPLY OF SERVICES:

Provisions with respect to determining the place of supply of services vary depending upon the nature of services. For example, place of supply for immovable property (such as architects designing a building), will be the location of the immovable property. IGST Act prescribes in detail the specific provisions for determining the place of supply of services such as catering, sporting events, transportation of goods, advertisement, telecommunications, among others.

6.5. ZERO RATED SUPPLY:

Exports and supplies to SEZs are considered as 'zero rated supply' on which no tax is payable. However, ITC is allowed, subject to such conditions, safeguards and procedure as may be prescribed, and refunds in respect of such supplies may be claimed by following either of these options:

- Supply made without the payment of IGST under Bond and claim refund of unutilised ITC,

or

- Supply made on payment of IGST and claim refund of the same

7. CROSS UTILISATION AND TRANSFER OF INPUT TAX CREDIT:

- IGST payment can be done by utilising the Input Tax Credit (ITC) of IGST, CGST and SGST respectively.
- IGST paid will be available as credit, which is allowed to be utilised towards the payment of IGST, CGST and SGST respectively.
- The exporting state will transfer to the centre the amount equal to the credit of SGST used in the payments of IGST.
- The importing dealer will claim credit of IGST while discharging his output tax liability in his own state.
- The centre will transfer to the importing state the amount equal to the credit of IGST used in the payment of SGST.
- The relevant information is also to be submitted to the central agency which will act as a clearing house mechanism, verify the claims and inform the respective government to transfer the funds.

7.1. Example: How is Input Tax Credits adjusted between States and Centre?

Suppose goods worth Rs.10,000 are sold by manufacturer A in Maharashtra to Dealer B in Maharashtra. B resells them to trader C in Rajasthan for Rs.17,500. Trader C finally sells to end user D in Rajasthan for Rs.30,000. Suppose CGST= 9%, SGST=9%. Therefore, IGST=9+9=18%. Since A is selling this to B in Maharashtra itself, it is an intra-state sale and both CGST @9% and SGST@9% will apply. B (Maharashtra) is selling to C (Rajasthan). Since it is an interstate sale, IGST@18% will apply. C (Rajasthan) is selling to D also in Rajasthan. Once again it is an intra-state sale and both CGST @9% and SGST@9% will apply.

SGST, CGST and IGST will be collected as under:

			Amount Received as Tax by				
Step		**Sale Price**	**Maharashtra**	**Rajasthan**		**Central**	
I	A to B	10,000	10,000*9%= **900**	------		10,000*9%= **900**	
II	B to C	17,500	------	------		17,500*IGST @18%	3,150
						(-) CGST credit	900
						(-) SGST credit	900
						Net	**1,350**
III	C to D	30,000	------	30,000*SGST @9%	2,700	30,000*CGST @9%	2,700
				(-) IGST credit balance (3150-2700)	450	(-) IGST credit ***	2,700
				Net	**2,250**	Net	0
	Total Receipt		**900**		**2,250**		**2,250**
IV	Adjustment		(-)900 Going to Centre		(+)450 Coming from Centre		(+)450
	Final		**0**		**2,700**		**2,700**

- Any IGST credit will first be applied to set off IGST then CGST. Balance will be applied to setoff SGST.
- GST is a consumption based tax, i.e., the state where the goods were consumed will collect GST. So, Maharashtra (where goods were sold) should not get any taxes.
- Maharashtra (exporting state) will transfer to the Centre Rs.900 SGST credit used in payment of IGST. This way the exporting state will not get any revenue from tax.
- The Centre will transfer to Rajasthan (importing state) Rs.450 IGST credit used in payment of SGST. This way the importer's state will get the full amount of SGST.
- This way any tax earned by exporting state in such goods is transferred to the importing state and the net result is that the Central government and importing state both get their respective share of Rs.2,700 each (30,000*9%).

8. CONCLUSION:

GST is a destination-based tax. A shift from present origin-based taxation to a destination-based tax structure is likely to have significant impact on not only the operating business models but also the revenues of the centre and states. IGST will be levied on inter-state supply of goods and services. So, it will be payable on inter-state stock transfers and branch transfers also. This will have significant impact the cash flow, working capital, pricing and the entire supply chain. So, taxable person operating in various states have to strategically plan their business activities to develop a cost effective distribution network. Under GST regime, the seemless Input Tax Credit will be available throughout the supply chain even in case of inter-state supplies. This will remove the cascading effect of taxes and is likely to bring reduction in the cost and prices of goods and services.

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IMPACT OF GST ON INDIAN ECONOMY AND ON COMMON MAN

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Abstract: *This paper is an analysis of what the impact of GST (Goods and Services Tax) will be on Indian economy as well as common man. Here stated with a brief explanation of the historical scenario of Indian taxation along with its tax structure. In that case, the need arose regarding the change in tax structure from traditional to GST model. GST has been detailed talk about in this paper as the background, silent features and of course the impact of GST in the current 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.*

Key Words: *GST, TAX, GDP growth,*

1. INTRODUCTION:

The introduction of Goods and Service Tax (GST) in India has touched the surfaceand will soon enter the surface of India. At present GST is on the horizon and will rise soon so that everyone is able to see clearly its benefits or any demerits if have. The Constitution Amendment Bill was introduced to replace existing multiple indirect taxes by uniform GST throughout across whole India, which is likely to be taken up for maximum review from RajyaSabha during this week as LokSabha has already passed this Bill and has successfully given the confirmation for the same. The ambitious goods and services tax (GST) on the consumption will be the reality very soon. GST will de-shackle India free from its complex undefined heavy indirect tax structure and will introduce a single unified indirect tax structure subsuming majority of the indirect taxes of India, which will reshape India's indirect tax structure to bring all Indians under one roof.

Economists, as well as tax experts which in our local language are known as charted accountant, clearly reveals that it is one of the biggest tax reform in independent country like India which has removed the earth under everyone. But exactly what does it mean for a common man is still questionable? This article help us to strive to achieve the better understanding about the impact that the GST will last on the key sectors of the Indian economy and ripple effect of the same on the ultimate customers.

Recently, India continues to be abuzz with criticism on its archaic taxation structure, also is pushing for a simpler, flat tax structure that will potentially eliminate the complicated policy. Clearly as the next level policy reform in indirect taxation, Goods and services tax (GST) has implemented a center stage in this respect and is hoped to iron out the wrinkles in the existing tax system. Tax policies play a necessary role on the economy via their impact on both of them efficiency & equity as well it's high time India braced by itself for a relook at the current status. Commonly, India has relied a lot on indirect taxation due to political compulsions, an agrarian economy; low-income levels and is lacking the infrastructure to track personal income. As a consequence simplifying and rationalize indirect tax structures are existing, the government of India tried various tax policy reforms at different points of time. Whereas VAT was a welcome as a change during 2005, over the years, people have identified disadvantages in the structure while levying VAT both at the Central level and State level. Also, CENVAT has the limitation of non-inclusion of several taxes for instance VAT, ACD, surcharge etc. In the current state-level VAT scheme, there is a cascading effect on account of CENVAT element. In conclusion, there is a lack of integration of VAT on goods with tax on services at the state level and thus cascading the effect of service tax.

1.1. WHAT IS TAX:

The term tax comes from the Latin word 'taxare' meaning to estimate. A tax is not a voluntary payment or donation, however an enforced contribution, exacted pursuant to legislative authority" and is any contribution levied by government it doesn't matter whether it is under the name of toll, tribute, impost, duty, custom, excise, subsidy, aid, supply, or any other name." GST will remove cascading effect of taxes embedded for the cost of production of goods along with services which enable us to actually provide seamless credit through the value chain. This will significantly reduce the cost of indigenous goods and will promote 'Make in India'. The sectors which actually have long value chain from basic goods to ultimate consumption stage along with operation spread in numerous states, for instance, FMCG, Pharma, Consumer Durables, Automobiles as well as Engineering goods becomes the major beneficiaries of GST.

1.2. BASIC IDEA OF GST:

GST is a complete and comprehensive tax levied on manufacture, sale, and consumption of goods as well as services at a national level. GST is a part of proposed tax reforms in India having an extensive base that instigates the applicability of a highly effective and harmonized consumption tax system. GST has been generally accepted by the whole world and even more than 140 countries have acknowledged the same. Usually, the GST ranges between 15%-20% generally in most of the countries.

1.3. HISTORY OF TAX IN INDIA:

The initial 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 prove that the pharaoh conducted a biennial tour of the kingdom, collecting tax revenues from the people. Various other records are granary receipts on limestone flakes as well as papyrus. Early taxation is likewise explained in the Bible. In Genesis2, it was shown "But when the crop comes in, gives a fifth of it to Pharaoh. The other four-fifths we may keep as seed for the fields and also as food for ourselves and our households and for our children."

2. GST:

Goods and Services Tax (GST) was introduced in France in 1950s and has been implemented by more than 120 countries, such as all member states of the European Union (EU). Goods and Services Tax (GST) is a percentage tax on value added (the difference in between sales and of course the cost of purchased material inputs) at each stage of production. There are actually three basic kinds of value-added taxes (VAT) based on how the investment is treated in the tax base, GDP-type GST, consumption-type GST, and income-type GST. Below the GDP-type GST system, in which no deductions are allowed for capital investment as well as depreciation of capital while calculating the tax base. The tax is equivalent to a sales tax applies to both consumers as well as to capital goods. Under the consumption-type GST system, capital investment is subtracted from the value added throughout the year of purchase. The tax is equivalent to a sales tax applicable to consumer goods. Under income-type GST system, the tax base excludes the depreciation of capital. The tax is imposed on the net domestic product, which is close to national income. Almost in every countries that have established the Goods and Services Tax (GST) system adopt the consumption-type GST in which all purchases of capital goods and various other firms are deductible from a firm's sale **(Shoup, 1990).**

Nonetheless, some countries namely Argentina, Peru, and Turkey have chosen income-type GST, and countries such as China, Finland, Morocco, and Senegal have employed a GDP-type GST. GST rates vary significantly among countries. The standard GST rates range from 25% (Denmark, Hungary, Sweden, and Norway) to 5% (Singapore). Reduced rates and tax exemption are applied to certain goods and services. Revenues from GST account for a significant portion of government revenue in a number of countries. Total central government revenue, general sales tax and GST accounted for 33.25% in Greece in 1998, 31% in U.K. in 1999, 28% in France in 1997, 42.58% in Argentina in 2000, 35.7% in Hungary in 2000, 30.20% in Russia, and 33.7% in Ukraine in 2000.

2.1. OBJECTIVES OF GST:

One of the primary 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. taxes on tax is going to significantly improve the competitiveness of original goods and services which may have beneficial impact to the GDP growth. It is felt that the GST would serve a superior reason to achieve the stated objective of streamlining indirect tax regime in India which could remove cascading effects ofthe supply chain until the level of final consumers are met and it could be only when these kinds of previously discussed indirect taxes are completely covered in GST.

3. FEATURES OF GST:

The GST Framework or Structure can usually be one of the essential tax reforms which has to be formulated for discussion in the Parliament. It does come with some problems, like the division of taxation power in between

Centre and State. The GST will be applicable according to the Destination principle. The GST shall have two components: one levied by the Centre (referred to as Central GST), and of course the other levied by the States (referred to as State GST). Rates for Central GST as well as State GST would be approved appropriately, reflecting revenue considerations and acceptability.

- The Central GST and of course the State GST would be applicable to all transactions of goods as well as services made for a consideration except the exempted goods as well as for the services.
- The Central GST and State GST are to be paid for the accounts of the Centre and the States individually.
- Since the Central GST, as well as State GST, are to be treated individually, taxes paid against the Central GST shall be permitted to be taken as input tax credit (ITC) for the Central GST and could be accessed only against the payment of Central GST.
- Cross utilization of ITC in between the Central GST as well as the State GST would not be permitted except in the case of inter-State supply of goods and services.
- Of course, the trouble related to credit accumulation on account of refund of GST should be avoided by both the Centre and of course by the States except in the cases such as exports, purchase of capital goods, input tax at the higher rate than output tax etc.
- To the extent feasible, uniform method of collection of both the Central GST and State GST is suggested in the respective legislation for Central GST and State GST.
- The States are more over of the view that Composition/Compounding Scheme for the purpose of GST needs to have an upper ceiling on the gross annual turn over as well as for floor tax rate almost about gross annual turnover.
- The tax payer would need to submit periodical returns, in common form at almost possible, for both the Central GST authority and then for the concerned State GST authorities.
- Each tax payer should be allotted with a PAN-linked tax payer identification number with atotalof14/15digits. This would bring the GSTPAN-linked system in accordance with the prevailing PAN-based system for Income tax, facilitating data exchange and tax payer compliance.

So the GST has two components:-

One levied by Centre (hereinafter referred to as **Central GST)** and the other levied by the States (hereinafter referred as **State GST)** Yet, the essential and basic elements of law such as changeability, the definition of the taxable event as well as a taxable person, a wide range of levy including valuation provisions, the basis of classification etc. will be uniform across these statutes as far as practicable.

The GST would be levied in 3 different forms.

CGST	**SGST**
This is applicable in the case of **Inter-State** sale of goods and provision of service	In case of sale of goods **Intra-state** then tax will be charged as per this form.
Taxes/Duties Covered under CGST	**Taxes/Duties Covered under SGST**
Central Excise Duty	Entry tax (not octroi)
Service Tax	Entertainment tax
CVD, SAD	VAT/Sales Tax
Excise duty on M&TP etc.	Luxury tax etc.

3.1. Integrated GST (IGST)

- The scope of IGST Model is that centre would levy IGST which would be CGST along with SGST on all inter-state transactions of taxable goods and services in addition to the appropriate provision for consignment or stock transfer of goods and services.
- IGST will be a mixture of CGST and SGST and of course the same will be collected by the Centre in the Origin State.

4. BENEFITS OF GST:

- GST provides comprehensive as well as wider coverage of input credit set off, you can use service tax credit for the payment of tax on sale of goods etc.
- CST will be removed and no need to pay. At present, there is no input tax credit available for CST.

- Many indirect taxes in the state and central level are 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 reduction.
- By decreasing tax burden the competitiveness of Indian products in the international market is expected to further increase and along with it there will be development of the nation.
- Prices of products or goods are expected to be reduce in the long run clearly as the benefits of less tax burden would be passed on to the consumer.

5. IMPACT OF GST ON INDIAN ECONOMY:

Amidst economic crisis around the world, India has posed as a beacon of hope with ambitious growth targets, supported by a slew of strategic missions like ‘Make in India’, ‘Digital India’, etc. Goods and Services Tax (GST) is predicted to provide the much-needed stimulant for economic growth in India by transforming the present basis of indirect taxation towards free flow of goods and services within the economy and likewise eliminating the cascading effect of the tax over tax. Because of the important role that India is expected to play in the world economy in the many years, the expectation of GST being introduced is high not only within the country but as well as in neighboring countries and in developed economies of the world.

5.1. IMPACT OF GST ON INDIA

- **Increased FDI:** The flow of Foreign Direct Investments may increase, once the GST is implemented. It is very much clear that the present complicated/ multiple tax laws are one of the reasons why foreign Companies are wary of coming to India for additionally widespread corruption.
- **Growth in overall revenue:** It is estimated that India could get revenue of $15 billion per annum by implementing the Goods and Services Tax as it would promote exports, raise employment and boost growth. Over the period, the dilution of the principles may even see that only part of this is accruing.
- **Single point taxation:** Uniformity in tax laws will lead to single point taxation for the supply of goods or services throughout India. This increases the tax compliance and more assess will come into the tax net.
- **Simplified tax laws:** This reduces litigation and waste of time of the judiciary and the assesse as a consequence of frivolous proceedings at various levels of adjudication and appellate authorities. The present law appears to be significantly worse and an amalgam of the bad parts of VAT/ ST/ CE.
- **Increase in exports and employment-** GST could also result in increased employment, promotion of exports as well as consequently a significant boost to entire economic development and factors of production -land labor and capital.

6. IMPACT OF GST ON INDIAN ECONOMY:

- Eliminate or reduce the tax burden on producers and foster growth through more production. This double taxation prevents manufacturers from producing to their optimum capacity and retards growth. GST would take care of the problem by providing the tax credit to the manufacturer.
- Various tax barriers for instance check posts and toll plazas lead to a lot of wastage for perishable items being transported, a loss that translated into major costs through higher need of buffer stocks and warehousing costs as well. One single taxation system could eliminate this roadblock for them.
- A single taxation on producers would furthermore translate into a lower final buying price for the consumer.
- Also, there is going to be more transparency in the system as the customers would know exactly how much taxes they are actually charged as well as on what base.
- GST would add to government revenues by widening the tax base.
- GST provides credits regarding the taxes being paid by producers earlier in the goods/services chain. This would encourage these producers to buy raw material from different registered dealers and would certainly bring invendors increasingly and suppliers under the purview of taxation.
- GST also wipes out the custom duties applicable on exports. Our competitiveness in foreign markets would probably increase on account of lower cost of transaction and dealing.
- The proposed GST regime, which should sublime most of central and state-level taxes, is predicted to possess a single unified list of concessions/exemptions against the current mammoth exemptions as well as concessions available across goods as well as services.

6.1. POSITIVE IMPACT ON INDIAN ECONOMY:

- Speeds up economic union of India

- Much better compliance as well as revenue buoyancy which will replace the cascading effect [tax on tax] stimulated by existing indirect taxes. Tax incidence for consumers may lower the transaction cost for final consumers
- By merging all levies on goods and services into one, GST acquires an easy to use as well as transparent character
- Uniformity in tax regime with just one or two tax rates across the supply chain as toward the multiple tax structure of the present
- Increased tax collections as a consequence of wide coverage of goods and services
- Improvement in cost competitiveness of goods and services in the international market

7. REVIEW OF LITERATURE

As per the Kumar (May 2014) studies, "Goods and Service Tax in India is-A way forward" and discovered that GST will be levied on all the goods and services but those exempted, dual model of GST will be there, which will include Central GST (CGST) collected by Center and State GST (SGST) collected by State. Central tax such as Central excise tax, even more excise duty, service tax, surcharges, countervailing duty, special additional duty of customs and state tax such as VAT/Sales tax, entertainment tax, luxury tax, taxes on lottery, betting as well as gambling, state ceases and entry tax not really in lieu of Octroi to be subsumed. GST is not going to be charged on export material, it will only be charged on import good and Input Tax Credit will be available on the GST paid on import of goods and services. Some benefits associated with GST are higher revenue efficiency, easy compliance, as well as reduction of prices, improved competitiveness and better control on leakage. contribution, exacted pursuant to legislative authority" and is any contribution levied by government whether under the name of toll, tribute, impost, duty, custom, excise, subsidy, aid, supply, or other name. The difficulties confronted for the implementation of GST bill are with respect to tax threshold, nature of taxes, number of enactments of statutes, rates of taxation and a tax. A Benefit Study of Petroleum Inclusion in GST Bill management and infrastructure conversely state that the opportunities are – end to cascading effect, growth of revenue in States and Union, reduces transaction costs as well as unnecessary wastages, one point single tax, avoids the multiplicity of taxes, reduces average tax burden and reduces corruption. All sectors of economy whether the industry, business such as Govt. departments and service sector shall have to bear the impact of GST. All sections of economy viz., intermediaries, importers, exporters, traders, professionals as well as consumers will be directly affected by GST.

The previous Discussed Paper on Goods and Services Tax in India has actually been prepared and released by the Empowered Committee of State Finance Ministers (EC). Department of Revenue, Government of India, has sent its feedback or comment on it to the EC. The Discussion Paper and of course the comments of Department of Revenue sent to Empowered Committee are being placed here.

The First Discussion Paper on Goods and Services Tax in India has actually been prepared and basically released by the Empowered Committee of State Finance Ministers (EC). Department of Revenue, Government of India, has sent its feedback and has commented on it to the EC. The Discussion Paper and of course the comments of Department of Revenue despatched to Empowered Committee are now being placed here.

7.2. IMPACT OF GST ON COMMON MAN:

Indirect taxes are born by the ultimate consumer of goods or services and thus, there is no denying fact that GST will impact every single person in India. Common man can be categorized into three classes;

- Below poverty line
- Average middle class
- Rich class

Here in India, the maximum population is middle class and more than that lower middle class where people either belong to service class or they depend on agriculture for their living. In this particular circumstance or scenario, the most significant question is what will be the impact of GST on a common man or a middle-class family. There are lots of question in the mind of a common man in these days such as: Is there anything new for him or it's like an old material in a new package? Might there be a tax refile for him in new tax provisions or it will increase the prices of goods as well as services for him? For the people in general, this is the actual impact on any economy,this is when the prices of their necessity become affected. For public in large when prices of something become low day by day for goods as well as services which are consumed by them, then the economy is good in other case if the inflation rate is higher then the public gets unsatisfied with the changes made by the government. (http://mgchoksi.com/impact-of-gst-on-common-man/) For any government policy, it is essential that the satisfaction in public ought to be there because without satisfaction the policy will not succeed in a similar way thegovernment has planned.

Here author is trying to understand the new thing in GST from current taxation system of India. Presently, we pay indirect tax on each and every service which we have consumed, which is already taxed at the different point of time. In certain cases we pay the taxes on tax amount too. It's called cascading effect. The result is that the burden of the increased price is afforded by the end consumer only and he doesn't know that exactly how much tax he has paid and what is the actual cost of the material. In accordance with the different study on current indirect taxation provisions, the prices of goods will increase twice or thrice after the taxation at different levels. Yet again, if there is no coordination in the supply chain then tax evasion is possible and it is unjust enrichment which isagainst the rule of natural justice too. For a middle-class family, the main issues are "Roti, Kapda, and Makaan" . Just after GST, when a single taxation procedure will roll out we can say that inflation will come down. it can anticipate that the rate of taxation on necessary materials like agriculture product, medicines will be low or needs to be exempted. So it can state that soon after GST become applicable around the country, it will spread the positive energy among the people of the nation. (http://blog.saginfotech.com/gst-impact-on-common-man). Yet, GST implementation will have a favourable impact on this category of population. People in this particular category are starving for basic facilities, and these basic facilities have been kept out of GST bracket. Additionally, goods of mass consumption have also been kept under a marginal bracket of 5% tax rate. This is definitely awelcome step taken by the government of India. 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. Regardless of the fact that services could get costlier, it's a mixed bag for all the consumers for goods.

But how does it impact on the consumer? Here is a quick cheat sheet on how this tax legislation will impact your budget.

- EATING OUT TO GET EXPENSIVE
- PHONE BILLS TO GET EXPENSIVE
- READYMADE GARMENTS TO GET CHEAPER
- BUYING CAR IS CHEAPER
- BUYING PHONES TO GET EXPENSIVE
- LED TVs TO GET CHEAPER
- JEWELLERY TO GET EXPENSIVE
- ONLINE BUYING

Eventually, the lower tax rate could interpret for lower costs on products for shoppers. The tax structure also will turn quite easy and simple. All Indirect charges will chop down to one duty, useful for common man to comprehend and apply to use. Fall in Prices of some of Goods: evacuating such layered tax collection will lead to lower prices for the consumers. Lower corruption rate – Number of offices will decrease which thus may prompt less corruption.

8. CONCLUSION:

Goods and Services Tax is going to 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, possibly the most beneficial will be in terms of decreasing the overall tax burden on goods and services. GST will likewise make Indian products competitive in the domestic and international markets. Finally, the GST, due to its transparent character, will be easier to administer. Once implemented, the proposed taxation system holds great promise in terms for sustaining growth of the Indian economy. In general, GST is the change India needs at present to have tomorrow as a better one.

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International Conference on
'GST – The Game Changer for Indian Economy'
2nd Nov, 2017 at Madhav University, Pindwara, Sirohi, Rajasthan, India.

IMPACT OF GST ON HOTEL AND TOURISM INDUSTRY

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Abstract: *The hotel industries play a prominent role in providing facilities for the transaction of business, for meetings as well as for conference, for recreations and also for entertainments. From a very humble starting of in the relatively past, the hospitality field has moved to a situation of undisputed importance in our national economy. Hotels are necessary for the material well-being of our countries as well as for communities and societies, similar to how adequate transport, communication as well as retail distribution system are for the different varieties of goods and services. The role of hotels in attracting tourists or vacationers is critical. The Goods and Services Tax (GST) is a vast concept that makes the giant tax structure simpler by supporting and enhancing the economic development of a country. GST is a complete and comprehensive method of tax levying on manufacturing, sale as well as in the case of intake of goods and services at the national level. In this article, author marked the reviews of various employees of the hotels about the GST.*

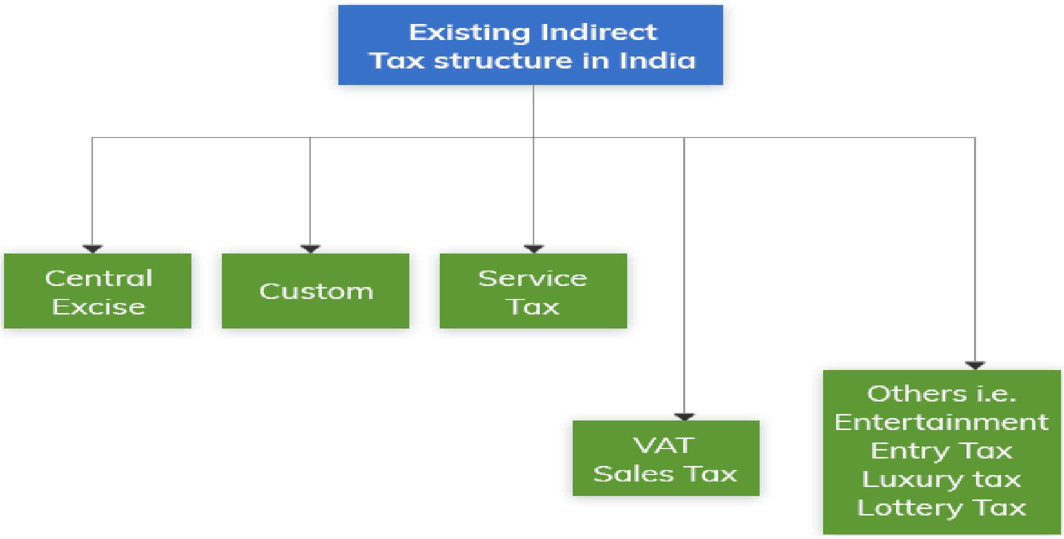
Key Words*: GST, tax, hotel and tourism industry*

1. INTRODUCTION:

"Athithi devo bhavha" (Guest is God) has actually been one of central tenets or belief of Indian culture since times immemorial. Now, hospitality sector (which involves tourism also) is probably one of the fastest rising sectors of India and is estimated to grow with the rate of 8 % in between 2007 and 2016. Tourism represents world's third major export Avenue in regards to global earnings right after fuel and chemicals as reported by a representative from the UN World Tourism Organization (UNWTO). Tourism is one of the liable job out of 11 jobs and is contributing 10% of the world's economic output. Hotel industry all over the world is enduring a period of rapid growth and development, India is no exception. The expansion or growth of tourism and emergence of the new culture of 'eating out' and 'staying out' have added a new impetus to the industry. The travel and tourism industry worldwide is growing at a very fast rate. The boom in travel, as well as in tourism, has led to the furthermore development of hospitality sector. For this reason, the hospitality industry is increasing globally and promoting its growth in a changing multicultural surroundings. Hotels contribute the results of material goods and related services which actually build the well-being of their nations as well as the communities. The tourism and hospitality industry is extremely diverse. It includes a variety of elements such as food, entertainment, accommodation, as well as services for example spa, yoga, etc. for the visitors/travelers. The Goods and Services Tax (GST) is a vast concept that makes ease for the giant tax structure by helping and enhancing the economic growth of a country. GST is a complete and comprehensive tax levy on manufacturing, sale, and consumption of goods as well as on services at a national level. The Goods and Services Tax Bill or GST Bill, also called 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 for all the stages of production to bring about uniformity in the system **(www.omicsonline.com).** by the State Legislature of all the 31 States of Union of India and will then become a law when the Governor of the State will grant the assent to the said Act. The Indian hospitality as well as the tourism industry, which was pegged at US$ 136.2 billion at the end of last year, is probably one of the sectors which will see major changes after July 1st. Experts observe that the enactment of GST will provide an edge to the sector by decreasing costs for customers, harmonizing taxes, and by reducing business transaction costs.

2. CURRENT TAX SCENARIO IN INDIA:

The present taxation scenario in India states two major as well as distinct kinds of tax regimes in India: Direct Tax and Indirect Tax, contrasting primarily in the way they are carried out. Direct taxes are those which you pay directly to the government, especially, income tax, wealth tax, corporate tax, property tax, including others. But, indirect taxes are those which are not straight levied on the taxpayers but instead levied on the goods as well as services you consume; which can include, the value added tax (VAT), service tax, sales tax, excise duty, customs tax, as well as others. The indirect taxes are added to Evidently, really a lot going on here, and in fact, now the government has ultimately issued taxation slabs under the GST bill, the impact of the same will be on the tourism as well as hospitality sector would be considered a major one. There are confusion and nervousness among the business owners like Hotels and Restaurants owners for the purpose of their liability of tax under CGST Act and SGST Act. The CGST Act and of course the SGST Act have more or less identical provisions and there is no change of tax liability under these Acts. SGST Act has not become a law yet. As SGST Act have to be passed the price of the goods and services, which leads to a higher amount being paid for them



2.1. GST AS A TAX REFORMS:

Migrating to Goods and Services Tax (GST) it is a time to revise the taxation and remove the anomalies if any. Hotel industry (includes tourism) contributes to 6.23 % to the National GDP and 8.78 % of the total employment in the nation. Goods and Service Tax (GST) is a destination centered consumption tax which is a chargeable tax on all goods and services with the objective of expanding the tax base through the wide coverage of economic activities, mitigating the cascading effect, reducing the exemptions, allowing better compliances etc. thereby resulting in formation of common national marketplace for goods and services .

2.2. PRESENT SCENARIO:

Currently, the hotel industry is affected by multiple of taxes i.e., Service tax, luxury tax as well as VAT which ultimately outcomes into cascading effect. All three taxes that might be levied are the VAT and luxury tax by the States and service tax by the Centre. The VAT rate differs from state to state (generally levied between "12% to 14.5 %"), luxury tax depends upon the room tariff and the state (generally varies from Nil to 12%). Alike, service tax varies on the type of service. For hotels with room tariff of more than a Rs 1,000 and above, service tax of 60% is applicable on room tariff additionally, VAT (ranging from 12 to 14.5%) and luxury tax regardless of where they are applied, is made applicable. In situations 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%. If in the case about social functions (marriage, seminars etc.) the applicable service tax rate after 30% abatement is 10.15%. The hospitality industry, like every other sector in the Indian economy, pays multiple taxes (VAT, luxury tax, and service tax) in the existant indirect tax regime. A hotel in which the room tariff exceeds Rs 1,000 is liable for service tax of 15 percent. An abatement of 40% is allowed on the tariff value bringing the effective rate of service tax down to 9%. The Value Added Tax (varying in between 12 percent to 14.5 percent) and luxury tax are still relevant. Nonetheless, for restaurants, there is 60% abatement which implies the service tax is charged at an effective rate of 6% on the F&B bills, except VAT (12 percent to 14.5%). Bills for bundled services like social functions (seminars, marriage etc.), are taxed using an abatement of 30%. The cascading effect of the existent indirect tax regime is in which the end consumer pays a tax on tax which increases the end cost. Hoteliers and hospitality businesses fail to get any input tax credit on the taxes they are paying currently, as central taxes cannot be set off against state taxes (VAT) and vice-versa.

2.3. IMPACT OF GST:

The GST of 18 % will thus lead to banquets becoming reasonable, hence for this reason current situation is offering an enormous haul to the hospitality industry. Nonetheless, alcohol is known to be outside the purview of GST, varying from state-to-state as per the current scenario. Basically, the GST will undoubtedly have a neutral influence on the Indian hospitality industry for the most part, excluding the banqueting services. Be confident to speak about the fact that the effect of GST will surely be positive, leading to a considerable reduction of 3.5-7% in taxes respectively. Conversely, the states which actually levy lower luxury rates like in Maharashtra, the impact of GST will fairly be neutral; with total tax as 19%, resulting in the reduction of 1% tax. Moreover, the food & beverage sector will undoubtedly have a neutral to marginally positive impact as a consequence of GST. Owing to the high abatement rate of 60% in the sector, the whole tax comes close to 18.5-20.5% presently, decreasing it by 0.5-2.5% under GST.GST is a glimmer of hope for the Hotel and Tourism Industry if we can maintain the GST rate in between 10 to 15%. GST might herald with its uniformity of tax rates, a better utilization of input credit as well as benefits the ultimate user in terms of affordability. Our country which stills reigns high on tourism even though the tourism industry is not as economical as about neighboring countries which are possibly attracting more tourists, bypassing the GST law, which then will indirectly amount to much more revenues generated for the government. Nonetheless, at present, the implementation of the GST in the Hotel and Tourism industry is looking at an expected Tax impact of 17-27%, and consequently sparking a plethora of views by top names of the industry.

2.4. HOTELS –NEUTRAL IMPACT:

The GST, once implemented, is anticipated to rationalize indirect tax structure and lead to seamless tax credit. Yet, the impact for the hotel sector is more likely to be neutral dependent upon 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 rely on the tax levied by various states. In case the GST rate gets capped at 18%, the impact may very well be neutral as presently service tax payable by hotels is around 8.7% and luxury tax around 8-12% (based on the state and type of service). Restaurants need to pay service tax of around 5.6% and VAT of around 12%-14.5% (http://www.careratings.com).

2.4. POSITIVE IMPACT :

Nowadays the hotel and tourism industry tend to be influenced by multiple taxes. There are actually three taxes that are levied on hotel and tourism industry, which are VAT and luxury tax by the state, the service tax by the state and of course the service tax by the center.

Each of these tax like VAT, luxury tax, and service tax are combined then the total tax goes up to 20-27%. Right after the GST implementation, multiple taxes would be substituted with one single tax, which is more likely to be between 17-19 percent.

3.. IMPACT OF GST ON HOSPITALITY AND TOURISM INDUSTRY :

GST can be proved as a game changer for the tourism industry. Currently, multiple taxes are been levied by the center and the state. So under

3.1. GST:

- Supplies of hotels and restaurants will be taxed under single rate.
- Input tax credit will be available on services related to renovation or construction of hotels and resorts.

3.2. DISBELIEF:

- Existing benefits under foreign trade policy will be availed or not.

3.3. TAX LIABILITY ON HOTELS UNDER GST REGIME

- Luxury Tax on services offered in a Hotel is leviable @10% on receipt basis. As all services under GST regime are going to be taxed @18% even though the present rate of Service Tax is 15%.
- The product or service provided under GST regime via lodging accommodation in a hotel, inn, guest house, home stay, club or campsite by regardless of by whatever name it is being called and including a house boat or various other vessels will be taxed @18% on the transaction value of supply of services in all probability.
- There is no Luxury Tax under LEAT, in which the rate per day for accommodation is up to Rs. 3,000/-. These types of exemption on daily rate basis may not be available under GST regime.
- The threshold limit under GST regime on the supply of services is an aggregate turnover of Rs.20 lacs per annum. On discount, some of the people who are paying tax under LEAT is probably not liable to pay tax under GST regime.
- Several of the owners of the Hotel who are enjoying exemption from payment of Luxury Tax will likely not get the benefit of exemption under GST regime.
- The supplier of Hotel services will be entitled to input tax rebate on the inputs, capital goods as well as input services which are being used by them in the course or furtherance of business.
- Alcoholic liquor for human consumption also together with Perto Products has been retained on number 54 of entry List –II, i.e., State List of the Seventh Schedule of the Constitution. As such, tax on Alcoholic liquor for human consumption, as offered to customers in restaurants will continue to attract Vat under VAT Laws of the states. Being a super luxury, it may attract a higher rate of interest for state revenue.
- No Input Tax credit will be available for the sale of alcoholic liquor for human consumption as it is outside the GST regime.

4. REVIEW OF LITERATURE

- The original stated objective of the New Zealand GST was to 'lower the burden of personal direct tax and enhance the overall fairness of the tax system' **(Cotton & Tooley, 1993).** It was viewed as important that the tax reform raises tax revenue in a way that would enforce the lowest possible cost to New Zealand in general. Since its introduction, the government has received reduced compliance and administrative expenses associated with raised GST revenue.

- **Fish (1982),** explained that the cost and price primarily being affected with the price elasticity of the demand and supply. The present literature shows that the hotel room price which are affected with the tax gives the impact on the tourist demand. If the demand is well enough elastic, the hotel will not have to increase their accommodation price and will not shift the tax to the guest for them to bare. In accordance with **Bratic et. All (2012),** based on the study made by Deloitte and Touche in 1998, the higher tax burden will have an impact on the hotels and tourism revenue. Simply because the tax rate will influence the decisions made by the tourist. For this reason, tourist will neglect to select the destination as a result of which can be said that the sensitivities information are related with prices.

In a similar way **Gunz, Macnaughton & Wensley, (1995)** focused on identifying the factors which may give rise to GST compliance costs and it also shows that the compliance costs vary significantly as stated by the business size, type of industry, as well as either business activities are all taxable or a mix of free, exempt or taxable supplies. Larger businesses have higher economies of scale compared to small businesses and typically have more resources to deal with the change **(Sandford and Hasseldine, 1992).** The experience of staff, use of accountants and attitudes to the GST were some of the factors, which impacted on the effectiveness of the implementation (Pope, 2000). Yet, interestingly **Sandford (1981)** state that there are actually three separate elements or factors for the costs of compliance which are fiscal cost, time cost as well as psychological cost. These costs are extremely significant for the relationship in between government tax legislation and firms or the taxpayers **(Palil, Ramli, Mustapha, & Hassan, 2013).**

4.1. OBJECTIVE OF THE STUDY

- To study the impact of GST on hotel and tourism sector.
- To study the perceptions of employees of hotel industry about the GST.

5. RESEARCH METHODOLOGY:

To achieve the objective of the analysis author has collected reviews of employees of hotel industry regarding goods and service act. For collecting data researcher went to various hotels of Rajasthan to know the perceptions about GST.

Data collected from primary as well as the secondary source.

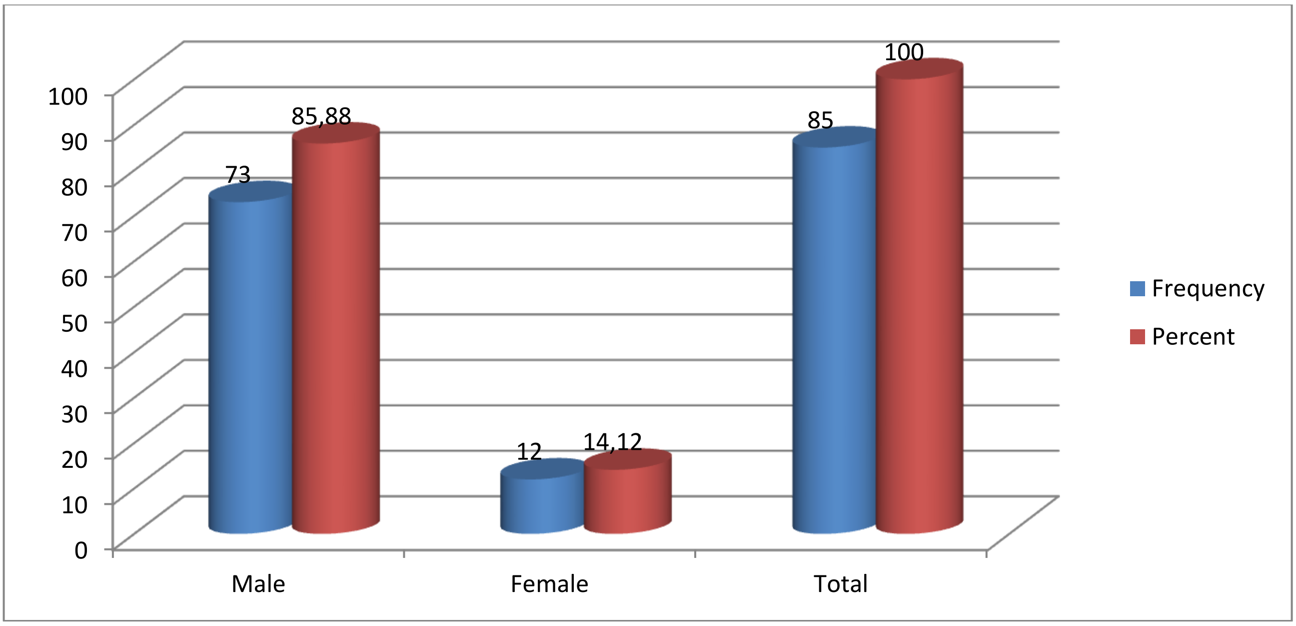
H_{01}:- There is no significant difference between male and female respondents towards the perception about GST.

H_{01}:- There is a significant difference between male and female respondents towards the perception about GST.

Table 1:- Frequency table of gender class of respondents

GENDER (A3)					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	73	85.88	85.88	85.88
	Female	12	14.12	14.12	100.0
	Total	85	100.0	100.0	

Graph 2:- Frequency graph of gender class of respondents

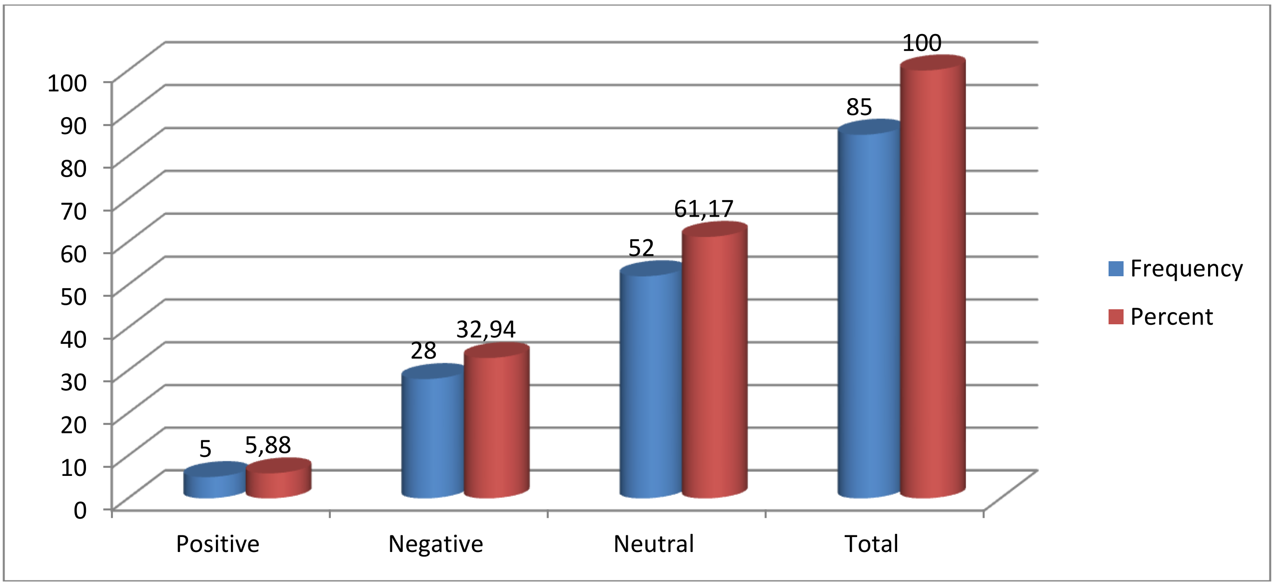


According to **Table 1 and graph 2**, out of 85 respondents 73 (85.88%) of respondents were male and remaining 12(14.12%) were female. It represents that responses collected are male dominated, which directly indicates that almost in majority of the hotels the males are working more in number rather than female.

Table 3:- Frequency table of Impact of GST

IMPACT OF GST					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Positive	5	5.88	5.88	5.88
	Negative	28	32.94	32.94	38.82
	Neutral	52	61.17	61.17	100.0
	Total	85	100	100	

Graph4:- Frequency graph of Impact of GST



According to the above table 3 and graph,4 out of 85 respondents 52 (61.17%) respondents think that GST has the neutral impact on hotel and tourism industry. While 28 (32.94%) respondents think that the GST will have an adverse impact on hotel and tourism industry.

Table:- 5 Test of Homogeneity of Variance for Gender and Process of PMS

Test of Homogeneity of Variances			
Gender			
Levene Statistic	df1	df2	Sig.
21.267	3	394	.000

Source: Primary Data

Levene's Test for Equality of Variance is implemented to test conditions that the variances of both samples are equal or not. High-value results normally in a significant difference, but in Table 5 result sig. =.000, which is interpreted as equal variance. In Table 6 the variation (Sum of Squares), the degrees of freedom (df), and the variance (Mean Square) are given for the inter and intra-groups, as well as the F value (F) and the significance of the F (Sig.). Sig. indicates whether the null hypothesis – the population means are all equal – has to be rejected or not. As you can see, there is a small difference between the two Mean Squares (0.294 and 0.120), resulting in a significant difference (F = 2.45; Sig. = 0.034). The Sig. value is less than the Sig. level of 0.05. This means that H01 must be rejected which states that there is a relationship between the gender and Perception about GST.

Table 6:- One Way ANOVA for Gender and Process of PMS

ANOVA
Gender

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.994	2	.294	2.45	.034
Within Groups	47.478	82	.120		
Total	**49.4**	**84**			

Source: Primary Data

6. CONCLUSION:

It is clear that the hoteliers will pay Service Tax under GST regime @18%, while they are paying tax @10% on average under State Acts. They will not get any benefit of exemption as notified under State Act. Every State has exempted accommodation services for specified periods to enhance tourism in their State. Without a doubt, GST is proven to be an efficient tax collection system but for smooth implementation, there is need of acceptance of GST by general public, businesses & firms, there is requirement of advance planning through continuous dialogues in between business and administrators and timely release of legislative documents. Most essential is to decide a reasonable rate of tax which should help in reducing inflation, increase the competitiveness of business by reducing prices, increase employment by promoting startup and small business, reducing tax evasion as well as corruption. So, in general, the expected impact of GST on Indian economy will be positive.

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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 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. Impact of GST in Indian Economy – Complete Analysis. Impact of GST in India. Amidst economic crisis across the globe, India has posed as a beacon of hope with ambitious growth targets, supported by slew of strategic missions like 'Make in India', 'Digital India', etc. Goods and Services Tax (GST) is expected to provide the much needed stimulant for economic growth in India by transforming the existing basis of indirect taxation towards free flow of goods and services within the economy and also eliminating the cascading effect of tax on tax. In view of the important role that India is expected to play in the world economy in the years to come, the expectation of GST being introduced is high not only within the country, but also in neighbouring countries and in developed economies of the world. Check more details about "Impact of GST in Indian Economy" from below*

Key Words: *Goods and* ***service tax****; Indian economy.*

1. 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 [1]. 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 [2]. 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.

2. CURRENT TAX STRUCTURE IN INDIA:

There are two types of tax in India- direct tax and indirect tax. A direct tax is a tax that is directly levied on a person and collected from the same person, for example income tax. On the other hand, indirect tax is a tax that is Indirectly collected. Indirect tax is levied on one person and collected from another person, for example sales tax. We can also classify the tax structure in India on the basis of imposition. Some taxes are imposed by the central government and in some cases, states have sole power to levy and collect the tax. For example, service tax, customs duty, and excise duty are levied and collected by the central government, while value added tax, stamp duties, land revenues, and state excise taxes are levied and collected by the state government. People hire professionals to file taxes on their behalf. A lot of tax-filing firms are present in the market, but after the digitization of all the filing processes, it has become easier to get your work done. Cascading effect in current tax structure One of the main objectives of the new taxation regime is the avoidance of "taxation over taxes" or the cascading effect. Removal of a cascading effect is important to reduce deadweight loss, i.e. a slump in a total surplus of supply. The cascading is caused due to a levy of a variety of taxes by union and state governments, some of which overlap. It has raised the tax burden on Indian products, because of which, Indian products are not able to compete in the international market.

How will GST remove the cascading effect of taxes?

GST will mitigate the cascading effect in a major way and will pave the way for a unified national market. This means that there will not be a “tax on tax” situation, which is currently applicable when goods are moved from one state to another.

2.1. BENEFITS OF GST:

The implementation of GST will help create a common market in India and reduce cascading effects of the tax on the cost of goods and services. Not only the tax but also the cost of goods and services may be affected in some sectors and there will be a boost in revenue. Multiple taxes like octroi, central and state sales taxes and entry fees will no longer be present and all will be brought under the GST. All in all, we assume that life will only get simpler.

2.2. GOODS AND SERVICES TAX (GST) BILL, EXPLAINED:

The Constitution (122nd) Amendment Bill comes up in RS, on the back of a broad political consensus and boosted by the ‘good wishes’ of the Congress, which holds the crucial cards on its passage. Here’s how GST differs from the current regimes, how it will work, and what will happen if Parliament clears the Bill. 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 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 comes up in Rajya Sabha today, on the back of a broad political consensus and boosted by the good wishes’ of the Congress, which holds the crucial cards on its passage. Here’s how GST differs from the current regimes, how it will work, and

***Stage* 1**Imagine a manufacturer of, say, shirts. He buys raw material or inputs — cloth, thread, buttons, tailoring equipment — worth Rs 100, a sum that includes a tax of Rs 10. With these raw materials, he manufactures a shirt. In the process of creating the shirt, the manufacturer adds value to the materials he started out with. Let us take this value added by him to be Rs 30. The gross value of his good would, then, be Rs 100 + 30, or Rs 130. At a tax rate of 10%, the tax on output (this shirt) will then be Rs 13. But under GST, he can set off this tax (Rs 13) against the tax he has already paid on raw material/inputs (Rs 10). Therefore, the effective GST incidence on the manufacturer is only Rs 3 (13 – 10).

Stage 2 The next stage is that of the good passing from the manufacturer to the wholesaler. The wholesaler purchases it for Rs 130, and adds on value (which is basically his ‘margin’) of, say, Rs 20. The gross value of the good he sells would then be Rs 130 + 20 — or a total of Rs 150. A 10% tax on this amount will be Rs 15. But again, under GST, he can set off the tax on his output (Rs 15) against the tax on his purchased good from the manufacturer (Rs 13). Thus, the effective GST incidence on the wholesaler is only Rs 2 (15 – 13).

Stage 3 In the final stage, a retailer buys the shirt from the wholesaler. To his purchase price of Rs 150, he adds value, or margin, of, say, Rs 10. The gross value of what he sells, therefore, goes up to Rs 150 + 10, or Rs 160. The tax on this, at 10%, will be Rs 16. But by setting off this tax (Rs 16) against the tax on his purchase from the wholesaler (Rs 15), the retailer brings down the effective GST incidence on himself to Re 1 (16 –15). Thus, the total GST on the entire value chain from the raw material/input suppliers (who can claim no tax credit since they haven’t purchased anything themselves) through the manufacturer, wholesaler and retailer is, Rs 10 + 3 +2 + 1, or Rs 16.

How it would be in a non-GST regime?

In a full non-GST system, there is a cascading burden of “tax on tax”, as there are no set-offs for taxes paid on inputs or on previous purchases.

Thus, if we consider the same example as above, the manufacturer buys raw materials/inputs at Rs 100 after paying tax of Rs 10. The gross value of the shirt (good) he manufacturers would be Rs 130, on which he pays a tax of

Rs 13. But since there is no set-off against the Rs 10 he has already paid as tax on raw materials/inputs, the good is sold to the wholesaler at Rs 143 (130 + 13). With the wholesaler adding value of Rs 20, the gross value of the good sold by him is, then, Rs 163. On this, the tax of Rs 16.30 (at 10%) takes the sale value of the good to Rs 179.30. The wholesaler, again, cannot set off the tax on the sale of his good against the tax paid on his purchase from the manufacturer. The retailer, thus, buys the good at Rs 179.30, and sells it at a gross value of Rs 208.23, which includes his value addition of Rs 10 and a tax of Rs 18.93 (at 10% of Rs 179.30). Again, there is no mechanism for setting off the tax on the retailer's sale against the tax paid on his previous purchase. The total tax on the chain from the raw material/input suppliers to the final retailer in this full no-GST regime will, thus, work out to Rs 10 + 13 + 16.30 + 18.93 = Rs 58.23. For the final consumer, the price of the good would then be Rs 150 + 58.23 = Rs 208.23. Compare this Rs 208.23 — with a tax of Rs 58.23 — to the final price of Rs 166, which includes a total tax of Rs 16, under GST.

What's it like in today's mixed scenario?

Currently, we have Value-Added Tax (VAT) systems both at the central and state levels. But the central VAT or CENVAT mechanism extends tax set-offs only against central excise duty and service tax paid up to the level of production. CENVAT does not extend to value addition by the distributive trade below the stage of manufacturing; even manufacturers cannot claim set-off against other central taxes such as additional excise duty and surcharge. Likewise, state VATs cover only sales. Sellers can claim credit only against VAT paid on previous purchases. The VAT also does not subsume a host of other taxes imposed within the states such as luxury and entertainment tax, octroi, etc. Once GST comes into effect, all central- and state-level taxes and levies on all goods and services will be subsumed within an integrated tax having two components: a central GST and a state GST. This will ensure a complete, comprehensive and continuous mechanism of tax credits. Under it, there will be tax only on value addition at each stage, with the producer/seller at every stage able to set off his taxes against the central/state GST paid on his purchases. The end-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 will the Bill in Parliament today do?

It basically seeks to amends the Constitution to empower both the Centre and the states to levy GST. This they cannot do now, because the Centre cannot impose any tax on goods beyond manufacturing (Excise) or primary import (Customs) stage, while states do not have the power to tax services. The proposed GST would subsume various central (Excise Duty, Additional Excise Duty, service tax, Countervailing or Additional Customs Duty, Special Additional Duty of Customs, etc.), as well as state-level indirect taxes (VAT/sales tax, purchase tax, entertainment tax, luxury tax, octroi, entry tax, etc). Once the Bill is passed, there will only be a national-level central GST and a state-level GST spanning the entire value chain for all goods and services, with some exemptions.

WHAT GOES?

Central taxes that The GST will replace

- 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
- Cesses and surcharges in so far as they relate to supply of goods or services

State taxes that The GST will subsume

- State VAT
- Central Sales Tax
- Purchase Tax
- Luxury Tax
- Entry Tax (all forms)
- Entertainment Tax (not levied by local bodies)
- Taxes on advertisements
- Taxes on lotteries, betting and gambling
- State cesses and surcharges

3. THE GST COUNCIL:

WILL CONSIST of the union Finance Minister (chairman) and MoS in charge of Revenue; Minister in charge of Finance or Taxation, or any other Minister, nominated by each state DECISIONS WILL be made by threefourths majority of votes cast; Centre shall have a third of votes cast, states shall together have two-thirds MECHANISM for resolving disputes arising out of its recommendations may be decided by the Council itself

3.1. THE LEVY OF GST:

BOTH Parliament, state Houses will have the power to make laws on the taxation of goods and services PARLIAMENT'S LAW will not override a state law on GST EXCLUSIVE POWER to Centre to levy, collect GST in the course of interstate trade or commerce, or imports. This will be known as Integrated GST (IGST) CENTRAL LAW will prescribe manner of sharing of IGST between Centre and states, based on GST Council's views

What's Out of GST?

Alcoholic liquor for human consumption Petroleum crude, high speed diesel, motor spirit (petrol), natural gas and aviation turbine fuel — GST Council will decide until when

… AND What's In

Tobacco, tobacco products. Centre may impose excise duty on tobacco

The journey so far…

- **Budget 2006-07:** GST by April 1, 2010, announced. Subsequently, Empowered Committee (EC) of state Finance Ministers tasked with drawing up roadmap and design
- **April 2008:** EC, headed by the then West Bengal Finance Minister Asim Dasgupta, submits report to the central government, which offers its views and comments in October and December of that year. Joint working groups are then set up to examine options on exemptions and thresholds, taxation of services and inter-state supplies, etc
- **November 2009:** EC releases its First Discussion Paper
- **March 22, 2011:** The Constitution (115th Amendment) Bill is introduced in Lok Sabha; is referred to Parliamentary Standing Committee on Finance, which submitted its report on August 7, 2013. Bill lapsed as term of the Lok Sabha ended in 2014
- **December 19, 2014:** Constitution (122nd Amendment) Bill introduced in Lok Sabha
- **May 6, 2015:** Constitution Amendment Bill passed by Lok Sabha
- **May 12, 2015:** Bill referred to a 21-member Select Committee of Rajya Sabha headed by Bhupender Yadav
- **July 22, 2015:** Select Committee submits its report Monsoon and Winter Sessions 2015, Budget Session 2016: Bill not tabled in the face of opposition led by the Congress and persistence of sticking points

The President shall constitute the GST Council

The GST Council shall make recommendations on:

- Taxes to be subsumed
- Exemptions
- Model GST laws, Principles of Levy, etc.
- Threshold for exemption
- Rates, including floor and bands
- Special rate/rates for specified period
- Date from which GST to be levied on crude, high speed diesel, natural gas, aviation turbine fuel and petrol
- Special provisions for the Northeast, J&K, etc.

Parliament will have to pass legislation on central GST (CGST) and Integrated GST (IGST)

All 29 states and 9 UTs will have to pass their state GST (SGST) Acts

Dates of implementation of CGST, SGST and IGST have to be negotiated and synchronised

4. TAX GAINS:

4.1. BIGGEST BENEFIT is that it will disincentivise tax evasion. If you don't pay tax on what you sell, you don't get credit for taxes on your inputs. Also, you will buy only from those who have already paid taxes on what they are supplying. Result: a lot of currently underground transactions will come over ground.

4.2. LOWER TAX RATES will follow from GST covering all goods and services, with tax only on value addition and set-offs against taxes on inputs/previous purchases. Right now, we have more tax on fewer items; with GST, there will be less tax on more items. Ideally, no good or service should be tax-exempt, as this will break the input tax chain.

The proposed GST regime appears to be unfavourable 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 [6,7].

5. CONCLUSIONS:

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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GOODS AND SERVICES TAX IN INDIA (GST) – AN INSIGHT

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Abstract: *India's major tax reform is now realism. A comprehensive dual Goods and Services Tax (GST) has replaced the complex multiple indirect tax structure from 1st July 2017. Internationally, GST was first introduced in France and now more than 160 countries have further implemented GST/VAT in some form or other. In some countries, VAT is the substitute for GST, but conceptually it is a destination based tax levied on consumption of goods and services. Presently, only Canada has a dual GST model (somewhat similar to the Dual GST Model that India has implemented).Most of the countries, depending on their own socio-economic formation, have introduced National level GST or Dual GST, i.e. both Central GST & State GST. GST has given 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 and will also bring more transparency to indirect tax laws.Goods and Services Tax Network (GSTN) has also been set up to cater to the needs of GST. It provides shared IT infrastructure and services to Central and State Governments, taxpayers and other stakeholders. In this paper an attempt has been made to study the conceptual framework of GST and has further highlighted the Pros and Cons of the GST bill and whether it's a boon or bane for India.*

Key Words: *India, Goods and Services Tax (GST), Dual GST*

1. INTRODUCTION:

India's complex and multi-layered tax structure came to an end with the GST implementation on 1st of July 2017. Goods and Services Tax (GST) is applicable throughout India, which replaced multiple cascading taxes levied by the Central and State Governments. GST is a blanket of Indirect Tax that will subsume several taxes on production, sale and consumption of goods and services at National and State level. It is introduced to replace many indirect taxes and services like State VAT, Central Sales Tax, Entertainment and amusement Tax, Entry Tax, Purchase Tax, Luxury Tax, Tax on Betting, Lottery and gambling by the Indian State and Central Government. GST is consumption based tax, it means that the State in which final sale to consumer is made to entitled to get the tax and is applicable to all goods other than crude petroleum, motor spirit, diesel, aviation turbine fuel and natural gas. GST or Goods and Services Tax as the name implies, it is an indirect tax applied both on goods and services at a uniform rate. This means goods and services will be subject to a uniform tax rate and both will be treated at par. GST is applicable to Professionals, Service providers, Freelancers and Businesses whereas it is not applicable to Salaried Individuals. In a short span of time, all the Sates (excluding Jammu and Kashmir) approved their State GST (SGST) laws. Union Territories with Legislature, i.e., Delhi & Pondicherry, have adopted SGST Act and the balance 5 Union Territories without Legislatures have adopted Union Territories Goods and Services Tax (UTGST) Act. GST has bought a uniform taxation across the country and allows 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 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 liquor for human consumption". In terms of Section 2 (52) of the Central Goods and Services Tax (CGST) Bill "Goods" means every kind of movable property other than money and securities but includes actionable claims, growing crops, grass and other things attached to or forming part of land which are agreed to be severed before supply or under a contract of supply.

In terms of Section 2(102) of the Central Goods and Services Tax (CGST) Bill "Services" means anything other than goods, money and securities but includes activity relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged. Thus, all supply of goods or services or both would attract CGST (to be levied by Centre) and SGST (to be levied by State) unless kept out of the purview of GST.

2. REVIEW OF LITERATURE:

GST is also referred as value added tax (VAT). It is a tax government collected at the final purchase consumption. However, according to Hooper and Smith (1997), GST is actually collected at various stages of the production process. Accordingly, there is output tax, a GST tax charges by the suppliers on taxable goods and services and input tax, a tax incurred by businesses on goods and services purchases. It is noted that GST is not a cost to the sellers and would not appear in financial statements as expenditure. Recently, the Government initiative to introduce Goods and Services Tax (GST) has been a growing topic of interest in Malaysia. Despite the increasing popularity and success of GST implementation around the world (Hooper & Smith, 1997), Malaysian citizens are not entirely convinced with this new tax scheme. There are debates mainly centred on the advantages and disadvantages derived from the new tax initiative. Ehtisham Ahmed and Satya Poddar (2009) studied, "Goods and Service Tax Reforms and Intergovernmental Consideration in India" and found that GST introduction will provide simple 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. Dr. R. Vasantha gopal (2011) studied ,"GST in India: A Big Leap in the Indirect Taxation System" and concluded that switching to seamless GST from current complicated indirect tax system in India will be a positive step in booming Indian economy. Success of GST will lead to its acceptance by more than 130 countries in world and a new preferred form of indirect tax system in Asia also. Pinki et al. (2014) studied, "Goods and Service Tax- Panacea For Indirect Tax System in India" and concluded that the new NDA government in India is positive towards implementation of GST and it is beneficial for Central Government, State Government and as well as for consumers in long run if its implementation is backed by strong IT infrastructure.

As per as India is concerned Agogo Mawuli (May 2014) 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.Kumar (2014) studied, "Goods and Service Tax - A way forward" and concluded that after implementation of GST in India many indirect tax system will be finished and there will be only one tax i.e. GST which is expected to encourage unbiased tax structure. Anushuya and Narwal (2014) studied, "Application of CGE Modals In GST" and concluded that both GST & CGE are very popular all over the world but GST is a powerful concept in the field of indirect taxes. Sehrawat and Dhanda (2015) studied, "GST in India: A Key Tax Reform" and concluded that due to dis silent environment of India economy, it is demand of time to implement GST. Chaurasia et al. (2016) Studied, "Role of Goods and Services Tax in the growth of Indian economy" and concluded that in overall GST will be helpful for the development of Indian economy and this will also help in improving the Gross Domestic Products of the country more than two percent.

2.1. OBJECTIVES OF THE STUDY:

- To study the conceptual framework of GST
- To identify GST Slab rates after it's functioning.
- To swot components of GST and its Applicability.
- To find out Pros and Cons of GST after its implementation.

3. METHODOLOGY OF THE STUDY:

The study focuses on the Secondary data collected from various books, National & International journals, Government reports, publications from various websites which has been published and focused on various aspects of Goods and Service tax.

3.1. CONCEPTUAL FRAMEWORK OF GST:

3.3. HISTORICAL BACKGROUND OF GST:

- Amaresh Baghchi Report, 1994 suggests that the introduction of "Value Added Tax (VAT) 'will act as root for implementation of Goods and Services Tax in India.
- Ashim Dasgupta, 2000 empowered committee, which introduces VAT System in 2005, which has replaced old age taxation system in India.
- Vijay Kelkar Task Force 2004, it strongly recommended that the integration of indirect taxes into the form of GST in India.
- Announcement of GST to be implemented by 1st April, 2010 after successfully implementation of VAT system in India and suggestion of various committees and task forces on GST, the Union Government first time in Union Budget 2006-07 announced that the GST would be applicable from 1st April, 2010.
- The Government has formed various Joint Working Groups of state finance Ministers to study the impact of GST on the revenue of various States.
- The empowered committees of State Finance Ministers after various meetings reached on amicable formula for implementation of GST in India.
- Task force of Finance Ministers has submitted their report in December, 2009 on structure of GST in India.
- Government of India has issued first discussion paper in November, 2009.
- Constitution (115th Amendment) Bill introduced on 22nd March, 2011 and same was referred to Parliamentary Standing Committee on Finance for discussion.
- Finance Minister in his speech announced that the GST will be rolled out by April, 2011.
- In August, 2013 Standing Committee on Finance tabled its Report on GST Bill
- In December, 2014 revised Constitution Amendment Bill was tabled in Parliament
- Constitution (122nd Amendment) Bill introduced in the Parliament in December, 2014; since 115th Amendment Bill has been lapsed due completion of parliamentary terms. The Government of India has introduced Constitution (122nd Amendment) Bill on 19th December, 2014 the LokSabha has passed the bill on 6th May, 2015 but Bill is pending in RajyaSabha.
- On June 14, 2016, the Ministry of Finance released draft Model law on GST in public domain for views and suggestions.
- GST Bill Passed in RajyaSabha on 3rd August 2016 (03-08-2016) On August 03, 2016, the Constitution (122nd Amendment) Bill, 2014 was passed by RajyaSabha with certain amendments.
    - The changes made by RajyaSabha were unanimously passed by LokSabha.
    - After the passage of the Amendment Bill in the RajyaSabha and the changes subsequently ratified and passed by the LokSabha unanimously, the Bill was adopted by a majority of State Legislatures wherein approval by at least 50% of the State Assemblies was required.
    - The final step to the Constitution (122nd) Amendment Bill, 2014 becoming an Act was taken when the President of India gave his final assent on September 8th, 2016.
    - The Constitutional 101st Amendment Act came into force which empowers both the States and Centre to levy this tax.
- In 2017 – Four GST related Bills became Act, following Presidents assent & passage in Parliament:
    - Central GST Bill
    - Integrated GST Bill
    - Union Territory GST Bill
    - GST (Compensation to States) Bill
- In 2017 – GST Council finalizing the GST Rules and GST Rates
- Now GST is Applicable – Modi Government made applicable GST Bill from **1st July 2017**, which includes One Tax, One Nation.

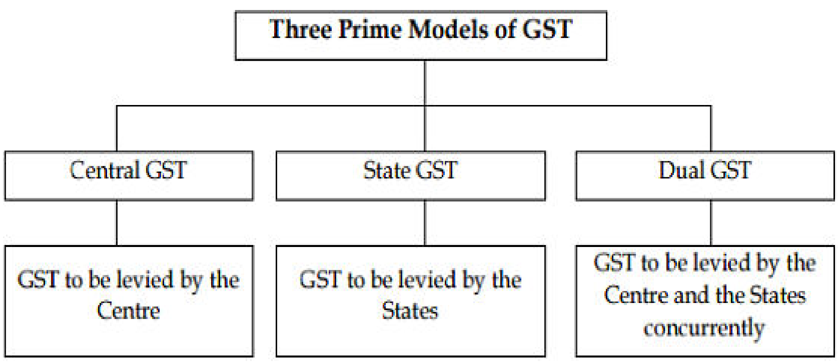
4. KEY FEATURES OF GST

- Central GST provides for a maximum tax of 20 per cent
- Actual GST rates would however be a four-tier tax structure of 5, 12, 18 and 28 per cent as approved by the GST Council
- A Union Territory GST Bill will take care of taxation in UTs of Chandigarh, Andaman and Nicobar Islands, Lakshadweep, Dadra and Nagar Haveli and Daman and Diu
- A Bill on Integrated-GST to be levied and collected by the Centre on inter-state supply of goods and services was also introduced in the LokSabha.
- The IGST law provides for a maximum tax of 40 per cent
- A fourth legislation called GST (Compensation to States) Bill, 2017 has also been introduced for mechanism for making good any loss of revenue of states from introduction of GST in first five years of rollout.

- Another mirror legislation of CGST, called State GST, will amalgamate all state taxes like VAT, will be levied by states and has to be approved by all state legislatures
- Together, CGST and SGST will enable the GST incidence of 40 per cent
- CGST law will not apply to Jammu and Kashmir
- The CGST Bill also provides for e-commerce companies to collect tax at source at a rate not exceeding 1 per cent of net value of taxable supplies, out of payments to suppliers supplying goods or services through their portals
- To protect small businesses, the CGST provides for a tax of not more than 1 per cent of turnover for manufacturers with annual turnover of up to Rs 50 lakh
- To ensure that benefit of lower taxes is passed on to consumers, an anti-profiteering measure has been incorporated in the law. It provides for constituting an Authority to examine whether input tax credits availed by any registered taxable person, or the reduction in the price on account of any reduction in the tax rate, have actually resulted in a commensurate reduction in the price of the said goods and/or services supplied by him
- The law provides for arrest, ordered by no less than a Tax Commissioner, in case of suppression of any transaction or evading taxes. A person convicted is punishable up to 5 years of imprisonment and/or fine.
- Compensation will be paid bi-monthly and the amount due would be calculated after considering a 14 per cent growth rate in taxes over the base year of 2015- 16.
- Hotels selling liquor cannot avail the composition scheme even if the turnover does not cross Rs. 50 lakhs.
- Schedule I of GST Bill provides that gifts not exceeding Rs 50,000 in value in a financial year by an employer to an employee shall not be treated as supply of goods and services. However, use of assets and many other amenities like car drops, scholarship to employees' children etc. may be covered under GST ambit.
- Leasing of land, renting of buildings as well as EMIs paid for purchase of under-construction houses will start attracting the Goods and Services Tax. Sale of land and buildings will be, however, out of the purview of GST.
- Implementation of GST in IT network is also an absolute necessity. 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.

4.1. DUAL GST (CENTRE AND STATE) IMPLEMENTED IN INDIA:

India is a federal country where under the Constitution, both the Centre and the States have been assigned the powers to levy and collect taxes through appropriate legislation. A dual GST will, therefore, be in keeping with the Constitutional requirement of fiscal federalism.



4.2. COMPONENTS OF GST:

- Central GST (CGST) levied and collected by the Centre.
- State GST (SGST) levied and collected by the States.
- In case of Union territories, the SGST would be replaced by Union Territory GST (UTGST).
- Integrated GST (IGST) would be applicable on all inter-state supplies of goods and services (including imports).IGST rate would typically be equal to the sum of CGST and SGST rates for any given product.

- CGST and SGST would be applicable on intra-state supplies of goods or services in India (generally supplies of goods made within the state).
- For Intra State Transactions, Seller collects both CGST & SGST from the buyer and CGST needs to be deposited with Central Govt. and SGST with State Govt.
- For Inter State Transactions, Integrated Goods and Service Tax (IGST) shall be levied on Inter State transactions of goods and services which are based on destination principle. Tax gets transferred to Importing state. More over it is proposed to levy an additional tax on supply of goods, not exceeding one percent, in the course of inter-state trade or commerce, to be collected by the Central Govt. for a period of two years, and assign to the States where the supply originates. Valuation of stock transfers to be determined. Exports and Supplies to SEZ units will be zero rated.

5. SCOPE AND APPLICABILITY OF THE ACTS:

- **CGST and SGST:** The Central GST(CGST) and State GST (SGST) will levy tax on all intra-State supply of goods and services (except tax on alcohol for human consumption). The rate of tax will be determined by each respective State based on the recommendations of the Goods and Services Tax Council (the "Council"). The rate of tax that can be imposed under the CGST is capped at twenty (20) percent of the value of the goods and services.
- **IGST: The Integrated Goods and Services Tax (IGST) will** levy tax on all inter-State supply of goods and services. The rate of tax will be determined by the Central Government based on the recommendations of the Council. The rate of tax under the IGST is capped at forty (40) percent of the value of the goods and services.
- **GSTCS**: The GSTCS is intended to compensate the States for losses they may suffer as a result of the change in the taxation regime that the CGST, SGST and IGST introduce. The GSTCS is time-bound and will be in force only for a period of 5 years or the period recommended by the Council.
- **UTGST**: The Union Territories GST (UTGST) is the Union Territory equivalent of the SGST for union territories that do not have their own legislatures. The UTGST will implement the taxation scheme in the same manner as the SGSTs implement it in the States.

5.1. Who will not be applicable for GST?

Agriculturist and farmers are not applicable for the GST. For example, if you are growing your own vegetables and selling it, then you are not required to pay GST. If you are dealing business in exempted goods or services, then you are not applicable to pay for GST.

GST SLAB RATES ARE:

- **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 like Air Conditioners, Washing Machines, Refrigerators, Soaps and Shampoos etc, that were taxed at 30-31% shall be now taxed at 28%.

Demerit goods like tobacco, tobacco products, pan masala, aerated drinks and luxury cars are to be charged at the **highest rate of 28%**.An **additional cess** on some **luxury goods** shall also be imposed.**Services** that are now taxed at 15% are taxed **at a higher rate of GST @ 18%**. Various goods have been classified to fit into the above categories.

India Times/ The Times of India / The Economic Times (2017) Pros /Benefits/Advantages/Merits of GST

GST bill is hypothetical to help Indian economy in long run. Replacing the entire complex and multiple indirect taxes, GST will definitely be supportive. So, let's observe what are the pros, benefits, advantages, and merits of the GST bill for India and whether its boon or bane for India.

- **No more tax evasion:** No one can evade tax by forge PAN cards or using different PAN cards as the Government imposed the rule to link PAN and Aadhar card in order to submit tax and acquire tax benefits.
- **Uniformed Rates across states:** For People of India who were unaware of various tax structure and was paying different taxes to prevail different services. Now, he/she can know the actual tax slab rate, i.e. (0% on daily food items, 5% on packed food items, 12% on entertainment and business class services, 18% on classy hotels and other tour services and 28% on all luxury items) Transforming the market by simpler rates of 0%, 5%, 12%, 18% and 28% across each state in India makes it easy for doing business.

- **Boon for SMEs:** Small and Medium Enterprises whose Annual Income does not exceed over 20 lakhs are exempted from paying any taxes and for above it has to follow the above tax system. This will provide better growth in businesses and push the dream of Start-up India ahead.
- **Farmers:** who were unaware of their privilege rights they have certain benefits for incensement of their land and crops value and correct value of their products, to gain correct information and pay less tax.
- **luxury Items:** One who is willing buy cars has also great advantage of buying luxury cars for which tax rate is low and for low priced cars taxes to be paid is high, which is going to benefit the automobile industries to make high specified cars for people to buy at normal or little reasonable price than their actual costs.
- **One GST rate and one mechanism:** GST ensures that all indirect tax rates are uniform and a product has one GST rate across the country. Hence the tax rate won't vary from state to state.
- **No overlapping of taxes:** If a product is produced and sold to the consumer, there would be a single indirect tax. There is no overlapping of taxes. As a result, seamless 'tax-credits' occurs which reduces any hidden cost in doing business.
- **GST improves competitiveness:** GST ensures significant reduction in transaction costs of doing business and hence increases competitiveness for trade and industries. The GST would help those businesses which have been paying right taxes. Since GST would greatly reduce the tax elusion, the goods business will become more competitive.
- **Better control on leakage:** On account of GST and a healthy IT platform, it will be difficult to avoid tax payments. Businessmen claim tax credit only if they have the tax invoice for the purchase. Thus, a retailer can ask for a tax invoice from the dealer and, the dealer needs to ask for the invoice from the manufacturer.
- **Common Man benefits:** Personal care products, hotels, air travel (economy class), branded clothes will get cheaper.
- **Increase in Foreign Investment:** The goods manufactured within India will become more competitive in the International markets due to decreased costs which will, in turn, foster the growth of Indian exports.
- **Ease of Travelling:** Any accommodation under 1000rs would not be taxed. It's very beneficial for people who travel a lot.
- **Generating greater revenue:** It is assumed by economists that GST will boost India's GDP rate by 1-2% and generate higher tax revenues
- **Strict rule:** A person convicted will be punishable up to 5 years of imprisonment and/or fine for any suppression or evasion of the transaction in taxes.

5.2. CONS/ DISADVANTAGES/DEMERITS OF GST:

As every coin has two sides, GST does have its own disadvantages and demerits.

- **Petroleum Products:** The Government has left petroleum out of GST for now until all States are agreed to it. Industries that require petroleum products for manufacturing cannot input for tax credits which will increase the final price.
- **Multiple State Registrations:** Businesses are required to register for GST in each State they operate in.
- **Professional Assistance:** New start-ups or small businesses who lack knowledge of GST may require hiring professionals for managing their taxes
- **Computerized GST:** Small businesses, taxpayers do not have much knowledge about online registration and filing returns. They will have to depend on professional assistance as the Government has digitized the taxation system. To initiate a payment, filing returns, submissions etc.
- **Luxury items to get costly:** Drinking tea/coffee at branded cafes, staying in hotels with tariff above 7500rs, electronic devices like TV, washing machine and bikes with engine capacity more than 350cc, Movie tickets above 100, etc. will be costlier with GST bill.
- **Unstable economy:** Right after implementation of GST bill and now GST bill India's economy will take approximately 1-2 years to become stable.
- **Better Business Platform:** It will lessen the burden of taxes on the Indian manufacturers. Now they have to pay lower taxes and it will increase the scope of the business environment and flexibility.
- **Not good for some States**: States especially, the states like Jharkhand those are more dependent upon their product, rather than their services now they have to share their revenue with the Government. It's going to be the large loss for them as they don't have their adequate services for compensation.
- **Not consumer friendly:** In GST the amount will be taken from the consumer instead of manufacturers through Tax credit system. This will make the consumer unhappy because of the burden they have to bear.
- **Alcohol:** GST is not applicable on liquor for human consumption. So alcohol rates will not get any advantage of GST.
- **Stamp duty:** Stamp dutywill not fall under the GST regime and will continue to be imposed by states.

6. CONCLUSION:

It can be concluded by saying goodbye to a big pile of indirect taxes which was very complex in nature and consists of cascading effects of tax. These add to cost of goods and services through "tax on tax" which the final consumer was bearing. GST Tax is perceived as the replacement of all those indirect taxes levied on the goods and services around the Nation by making India **One Nation, One Market and One Tax** Country. The Goods and Services Tax Network (GSTN) will also make available standard software for small traders to keep their accounts in that, so that straight away it can be uploaded as their monthly returns on GSTN website. This will make compliance easier for small traders. New modes of payment of tax are being introduced, viz. through credit and debit cards, National Electronic processing of tax returns, refunds and taxpayments through 'GSTNET' without human intervention, will reduce corruption and tax evasion. GST may assure the possibility of overall gain for industry, trade, agriculture and also to Central and State Government. No doubt it will be beneficial in the long-run and will have an extensive impact on almost all the facets of business operations in the country, such as the pricing of products and services, supply chain optimization and tax compliance systems. The prices of certain goods and services will rise, while the prices of others will fall, which will directly affect us. But there will also be certain hurdles along the way such as the initial execution period concerns and settling on a tax rate/slab and more. However the other added advantages with the implementation of GST surpass the cons and hence, realistically, GST is an essence for our Nation's best interest. Thus, it is to be ensured that GST will guide country to a new path and further create equal judgement for all folks of India to be conscious of their rights, responsibilities and to support Country with wise actions.

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A STUDY ON IMPACT OF GST ON AUTOMOBILE SECTOR

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Abstract: *Goods and Services Tax (GST) in India is proposed to be the major reform, and not the amendment, in the existing indirect taxation structure. This destination based, consumption type of GST is advocated as one of the most important contributor in the Indian growth history. Its implementation may influence many sectors in India. The aim of this paper is to spotlight the GST impact on automobiles sectors. Automobile industry is a huge sector in India that produces large number of cars and motor bikes as per the need of rapidly increasing population. A study on car industry has been covered in the present study which shows that small and medium cars came down marginally while the price of medium, luxury and hybrid cars rises up. Hybrid vehicle which are considered to be promising in the environmental sustainability has increased up to 13%. This is considered to be biggest damage in the automobile sector. Finally, overall impact of GST on automobile industry has been summarized keeping aside the final incentives or exemptions provided by various states and also the daily amendments done by the centre.*

Key Words: *GST, Automobile sector, Indirect tax, Excise duty.*

1. INTRODUCTION:

India had a complicated indirect tax system, where, overlapping of taxes imposed by both union and states existed. An indirect tax system i.e. Goods and Services Tax (GST), which has already been implemented by more than 150 countries so far, is an indirect tax structure to support and enhance the economic growth of a country. Initially in 1954, GST was introduced in France. It has also been a part of the tax system in Europe as well as in Asia Pacific regions. A Concurrent Dual GST model exists in countries like Brazil and Canada, wherein, G S T is levied by both the Union and the State governments. Here, Central G S T and State G S T operates in a parallel fashion. There has been no distinction between goods and services for the purpose of the tax with a common legislation applicable to both.

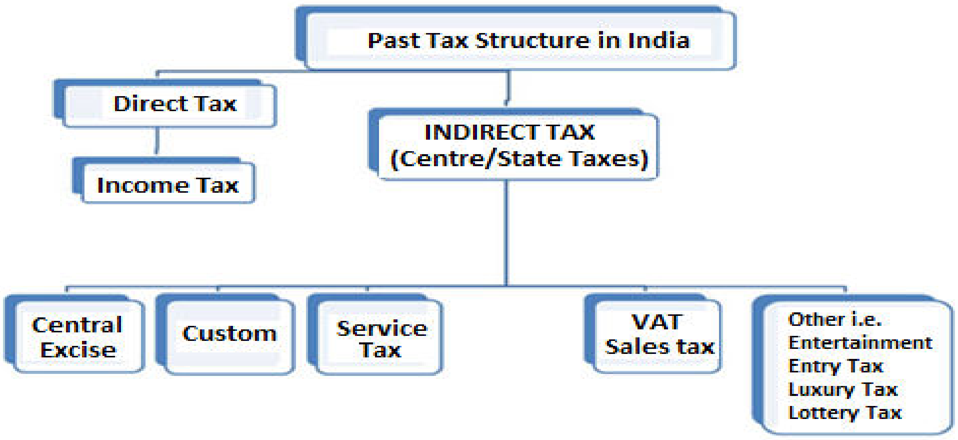

Figure 1. Past tax structure in India

The dual GST system is expected to preserve & protect the fiscal powers and rationalize the indirect tax structure by subsuming central and local taxes into a consolidated tax. In developing countries, indirect taxes comprise a higher share of total taxes; in developed countries, their contribution is significantly lower. Similarly, in India under GST, the majority of the current indirect taxes have encompassed into a single comprehensive tax on supply of goods and services. GST will not only influence companies' taxes, but also on the entire business of companies. It will affect the entire supply chain of goods, ERP system, pricing of items, working capital etc. Out of total tax collection in India, which is Rs 14.6 lakh crore (this includes both direct & indirect taxes), 34% comprises indirect taxes i.e. Rs 2.8 lakh crore coming from excise and Rs 2.1 lakh crore from service sector. Fig. 2 shows the tax structure after the implementation of GST in India.

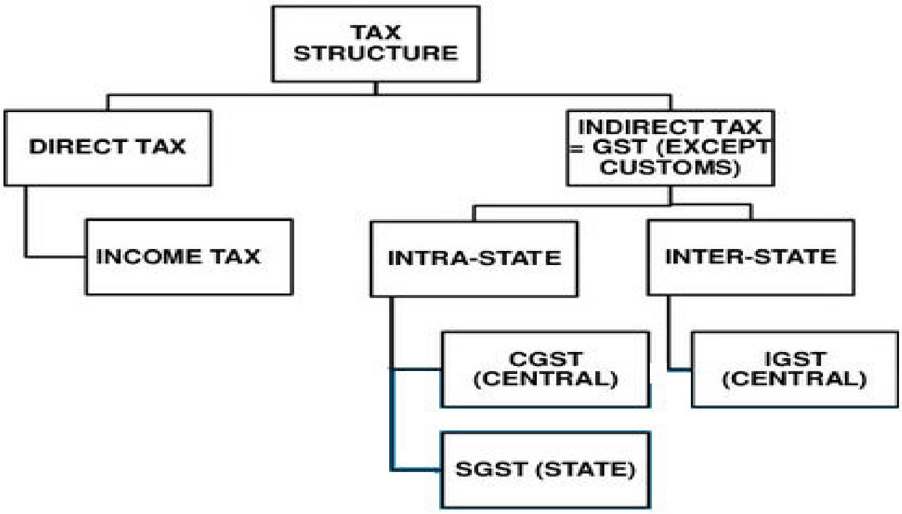

Figure 2. Tax structure in India after GST

The government has categorised items in five major slabs - 0%, 5%, 12%, 18% and 28%. It would also improve the ease of doing business and lead to a simplified, assesse-friendly tax administration system. However, there are sector-specific issues arising from aspects of the model GST law that are required to be addressed. Figure 3 shows the impact of GST on Consumer Price Index (CPI) basket. The CPI is one of the most frequently used statistics for identifying periods of inflation or deflation. It determines the weighted average of prices of a basket of consumer goods and services, like transportation, medical care, and food. It is calculated by averaging the price changes for each item in the predetermined basket of goods. Changes in the CPI are used to assess price changes associated with the cost of living.

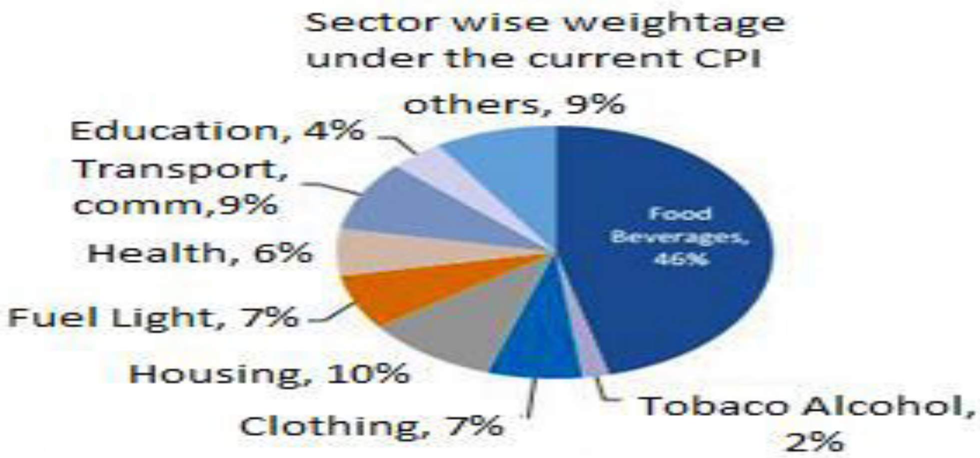

Figure 3. Impact of GST on the CPI basket

The food and beverage sector covers 46% of the CPI basket. This counts for 0% GST on essential food products and food grains. Transport and communication sector contributes 9% to the basket. Thus the study has been focused on the major source of road transportation, i.e automobile industry and car industry to be more precise.

2. LITERATURE REVIEW:

An analytical Study of the Relevance of Arthshastra in Modern India by RenuTanwar [1] examined the importance of Arthshastra in present scenario highlighting that the government should impose reasonable rate of taxes because if taxes are high, people will go for tax evasion. On the contrary if tax rate is low people will pay willingly and government's revenue will increase. Vasantha gopal [2] concluded in a study that switching to seamless GST from current complicated indirect tax system in India will be a positive step in booming Indian economy. Researchers have also found that introduction of GST will provide a simpler and transparent tax system with increase in output and productivity in India. But the benefits of GST are critically dependent on rational design of GST [3]. It has also been identified that implementation of GST in India will help in removing economic distortion by current indirect tax system and expected to encourage unbiased tax structure which is indifferent to geographical locations [4].GST will be beneficial for central and state government, and for consumers as well in long run if its implementation is backed by strong IT infrastructure. [5] According to Vasantha gopal [6], the decision of implementation of GST system in India will prove a transitional move and will boost Indian economy. The success story of GST can be found in 130 countries in world and its preference in Asia itself. GST has been considered as a need of era. It is required for simplified, user-friendly and transparent taxation system. If the government is able to successfully implement it, it will expand employment opportunities, lower cost of production, higher output, reduce the regional disparities and consequently increase GDP 1-1.5%. [7]. In this sequence, Girish Garg [8], Studied "Basic Concepts and Features of Good and Service Tax in India", and found that GST is themost logical step towards the comprehensive indirect tax reform in our country since independence. GST will create a single, unified Indian market to make the economy stronger. However, Agogo Mawuli [9] pointed out 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.

In general, 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 equally between manufacturing and services, through a lower tax rate by increasing the tax base and minimizing exemptions. To ascertain the overall impact of GST, sector wise study is essential. A report by the Institute of Cost Accounts of India has highlighted an insight of GST in India and covered the impact of GST on various sectors [10]. This paper covers the impact of GST on automobile sector.

3. IMPACT OF GST ON AUTOMOBILE INDUSTRY:

Automobile industry has already gone through some tough situations like demonetization and after which emissions norms rule hit the grounds of automobiles sector. It was assumed that with the introduction of GST in automobile sector the indirect tax regime will be simplified. Before GST, indirect tax regime used to attract several duties and taxes on the sale of vehicles, spares and accessories. The previous taxation regime included: Central Excise Duty, Additional Excise Duty, Infrastructure Cess, CVD and Additional Import Duty, VAT on intra State sales and CST on Interstate sales. All these resulted in cascading effect and increased the product price. However, now it is expected that product cost will be substantially reduced due to seamless input tax credit (ITC) across the supply chain– from manufacturer**,** to supplier, to agent, to final buyer all can claim input credit for tax paid on purchases. It is now done that the industry will get benefits out of GST with minimum hassle free procedures and rate fixation across the nation. But GST was implemented with too many rates, compliance requirements, rules and regulations. Each new rule has brought cascading confusions. It is not very clear how filing of GST returns on a quarterly basis will help if taxes still need to be paid and filed monthly. Instead of a simple broad rate that applies to everyone and the same set of rules for everyone, the current form of GST has introduced too many categories and sub categories. All this has made GST complicated and the automobile Industry is now coping up with the GST regime. The complex GST process may adversely influence the business of auto components and logistics of spare parts. Due to the complex system of GST, huge amount of fund may be struck in the form of refund. Since July, nearly Rs 1000 crores have already been struck off in refund and have lead to negative impact on e-commerce start-ups in automobile industry. Automobile exporters are in trouble as claiming of input tax credit refund is not working properly.

Table 1: GST Tax Rates on Automobiles

Category	Engine	Pre-GST	Post-GST + Cess	Final
Under 4-metres	Under 1.2-litre Petrol	31.5%	28% + 1%	29%
Under 4-metres	Under 1.5-litre Diesel	33.25%	28% + 3%	31%
Under 4-metres	Above 1.2-litre Petrol or 1.5-litre Diesel	44.7%	28% + 19%	47%
Above 4-metres	Above 1.2-litre Petrol or 1.5-litre Diesel	51.6%	28%+25%%	53%

SUVs	–	55%	28% + 29%	57%
Hybrids	–	30.3%	28% + 15%	43%
Electric Vehicles (EVs)	–	20.5%	12% + 0%	12%

Table 1 shows the comparative tax rates on various car segments before and after the implementation of GST. Small cars are under four-metre length powered by a petrol engine not greater than 1.2-litre or a diesel engine not greater than 1.5-litre by displacement. Medium cars are considered over four-metre length powered by either petrol or a diesel engine not greater than 1.5-litre displacement. The implementation of GST has slightly reduced the small and medium car prices. The current tax rules mentioned that VAT/CST is not applicable but excise duty is certainly in the tax part while transferring any goods from the manufacturers place and factories. However, electrically operated vehicles, three-wheeled vehicles, hydrogen vehicles based on fuel cell technology, vehicles used solely as taxis, the ones used by physically handicapped persons, hospital ambulances have exemptions from auto cess/Nccd. Earlier tax rates on small cars were concluded at 31.5% including VAT and other local levies while in the GST scenario, the same impact is created with 28% GST and 1% cess rate on it. Despite the promising future of hybrid vehicle in the environmental sustainability, it has been levied with 28% GST rates along with the 25% extra cess on it. This is considered to be the biggest damage in the automobile sector. There will be more or less similar case for the smaller cars due to the analytics of rates comparing from both the pre-GST and post-GST effects. The tax scenario has been adjusted in between 1 to 15 percent in which the small cars are being charged with 1% Cess rate with 28% GST while talking about the middle sized cars it is being levied with the 3% Cess and for the luxury cars segment, it is fixed at 25% Cess. A tax rate of 28 percent on the spare parts is a heavy tax rates as most of the consumer base pay the charges on a natural act of wear and tear or upon accidental damages. Bringing such a heavy tax rate upon such incidents has made the market much more sensitive regarding the price issues. As the spare parts of vehicles both commercial and private had fallen into the bracket of highest slab rate i.e. 28 percent, it made a misery moments for the spare parts trading community. Also, the complex compliance makes it more vicious for the traders to indulge in any kind of taxing activity.

The GST on two-wheelers having engines below 350cc is 28% and on those above 350cc is 31%. The past tax rate on these were 30.2%. Thus with inclusion of 1% cess, there comes approximately no difference in the price status, and hence the market of two-wheelers is likely to be unaffected. There would be neutral or marginal impact on small cars as the current tax is very much similar to that of previous system. It was thought that big sedans and SUVs would see a price cut if cess was at 15%. But by making the cess 25% this hope has been shattered. Manufacturers like Maruti Suzuki and Hyundai which derive major sales from the small cars are not in favour of this and prefer a differential rate for different segment of the cars. If the governments agrees to recommendations made by the panel, and put small cars (except luxury cars) in the standard goods and services category with 18% tax, the prices of small cars may reduce by as much as 10 percent, while the prices for luxury sedans as well as SUVs may see a drop of about 2-5 percent with the lesser cess rate. The trend among the auto industry is to pass the benefits to the customers. This is largely due to the absence of any cartels and the high cost associated with holding the inventory. For this reason, it’s believed that if the government agrees to reduce the GST rate to 18-20%, the small car prices would reduce by about 8-10%. Many of the traders complained that the present GST has made their business to the lowest rank due to its complex process and are expecting only 10 percent of the business of what they were earlier doing.

4. CONCLUSION:

The total impact of GST on any sector is the question of long debate as a sector comprises aggregate of import items, manufactured items from different states etc. Thus a variety of taxes are levied as customs, SGST, CGST and IGST which would lead to different rates in different states. Petroleum and petroleum products i.e. crude, high speed diesel, motor spirit, aviation turbine fuel and natural gas shall be subject to the GST on a date to be notified by the GST Council.1% origin based additional tax to be levied on inter-State supply of goods will be non-creditable in GST chain. The revenue from this tax is to be assigned to the Origin State. This tax is proposed to be levied for initial two years or such period as recommended by the GST Council. Stamp duties, typically imposed on legal agreements by the state, will continue to be levied by the States. Hence some of the present tax rates would be applied on various products forming part of the studied sector. Also, the rates applicable by different states would lay a significant impact on the study. The exact impact can be ascertained only when the final central and state GST rates are implemented for some while. However, the paper has tried to study the comprehensive and estimated impact on the prices of automobile sector giving utmost possible attention to culminate the impact of all the limitations. GST has created an environment of restlessness amongst the small and medium business class and also the general public.

Earlier the invoice of automobile consisted of only VAT but now the clear mention of SGCT, CGST and IGST tangle the customers with a thought that the tax rates have increased; whether they really have or not.

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GST Implementation Model - What Businessmen need to do?

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ABSTRACT: *GST is a major reform to bring uniformity in the tax system. The reset of GST need simplicity of the GST compliance system. To prepare the business ready and organized with the change of GST, a road map is the need of the hour for all businessmen to effectively implement GST. In this orientation, an attempt has been made to present the GST implementation model to suggest a road map for all businessmen. This model may provide some guidelines and steps to be taken to effectively implement the new taxation system. This model helps to convert Goods And Service Tax in the Goods and Simple Tax. Starkly, the simplicity of the GST compliance system comes out when we compare GST with old taxation system. GST is just a short term uncertainty. Especially this change will lead a better Indian economy.*

Key Words: *GST, GST law,*

1. INTRODUCTION:

India has become a single market after implementation of GST. One tax will subsume many taxes. It has enlarged the tax bases. This time is transition period for all Indian businessmen. Changes are never easy. Every change takes time and efforts to implement in the business system. GST has created multi dimensional impact on business these are on price, marketing, supply chain, accounting, business processes, IT system, Profit and loss effect and fiscal effects. To deal with these dimensions few certain steps are required to effectively establish GST regime. GST rollout may confirm to be a jarring ride for all businesses. While larger businessmen have already aligned their business systems with the GST or they are at last pace for implementing GST. Still there are some uncertainties. This paper is aimed to suggest a model for GST implementation as new change has been formed so many mystifications for businessmen. Here descriptive research approach has been used.

2. RATIONALE FOR GST IMPLEMENTATION MODEL:

As the present scenario is showing changes in business world after GST law, so the present paper is an attempt in this direction to present a model which may best suits to the Indian business community to implement GST law. Some gaps have been observed between awareness level of businessmen and proper implementation of GST. This made the concept of GST implementation model to be specifically addressed in an integrated manner covering associated parameters. So this paper is focused to cover all these parameters.

2.1. PROBLEM IDENTIFICATION:

Businessmen and GST are receiving increasing attention now a day, after enactment of new GST law. Moreover there is a need of model which may suggest business community to get by GST. In today's circumstances the notion of GST is very imperative one. Moreover now GST is key consideration issue for business world. After setting this background, a model has been prepared to comprehensively cover the issues related with GST specifically for businessmen.

2.2. OBJECTIVES:

- The main objective of this paper is to suggest a model for GST implementation.
- To highlight the associated parameters of GST implementation for business community.

3. GST IMPLEMENTATION MODEL:

The above figure no. 1 exhibits that how the GST regime can be implemented in the business system. A GST implementing model describes some specific steps to implement GST in business. These are:-

Figure 1. GST Implementation Model

- Companies should set up a core GST Committee including senior members from tax consultant, supply chain and IT representatives.
- Analysis of aspects related with business should be done to identify the impact of GST on price, marketing, supply chain, accounting, business processes, IT system, Profit and loss effect and fiscal effects.
- Engagement with Policy Makers and IT Specialized Personalities is another step to identify every thrust area to simplify tax hurdles and to restructure the business operations.
- After discussion with policy makers and specialized personalities, Formulation of Implementation Plan for GST is required to make changes to business processes (pricing, cost and supply changes), IT systems and to register GST returns.
- Training to the all Associated Departments staff is another step to effectively execute the changeover of GST with reference to the formulated plan. For this there should be a specific FAQ's session, in presence of IT specialist to resolve all confusions.
- Execution of Implementation Plan should be done after training to the operational staff. Execution will be carried out at different levels of business operations.
- Post Execution (Issues Clarifications, Filings and Returns)is the preceding step to monitor and evaluate the implemented plan. This includes the activities like resolving the problems of transition period, payment of GST and filing of documents and returns. Then this report should be communicated to the all concerned departments to plan future course of actions.

In a nutshell, in this perspective a road map for GST implementation has been suggested to implement GST regime through this GST implementation model. This may lead to the win-win situation for both government and business community. However, this change lead to the short term pain for all businessmen but definitely this will provide long term gain.

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A Study of Equity Funds and its impact on Indian Capital Market

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Abstract: *The study reflects the impact of equity schemes on market indices BSE and NSE provide correlation of return. The idea behind the research is that return increased while increased risk. Selection of schemes should be based on constant performer Equity schemes of Mutual Funds which rated by rating agency CRISAL further reflect on the inception performance of the schemes. The idea is very simple yet analytical, the Equity schemes have more risk compare to others schemes but this provided high capital appreciation. Analysis used to show the impact of equity funds NAV (independent variable) on capital market index BSE- SENSEX and NSE-Nifty (dependent variable).Equity funds NAV (independent variable) data collected from specific Mutual fund website from 1January 2010 to 31 January 2016 .Capital market index BSE- SENSEX and NSE-NIFTY(dependent variable)data collected from respective website from January 2010 to January 2016.Analysis of the data to know the impact of equity funds on Capital market done by regression analysis, variance analysis by ANOVA, relation and strength in variables calculated by Part correlation(sr)analysis and test of significance of impact calculated*

Key Words: *Mutual Funds, NAV, BSE, NSE.*

1. INTRODUCTION:

A Mutual Fund is a trust that pools the savings of a number of investors who share a common financial goal. The money, thus collected, is then invested in capital market instruments such as shares, debentures and bond. The income earned through these investments and the capital appreciation realized is shared by its unit holders in proportion to the number of units owned by them. Thus a Mutual Fund is the most suitable investment for the common man as it offers an opportunity to invest in a diversified, professionally managed basket of securities at a relatively low cost. The Indian equity market is doing well since last two decades. The benchmark SENSEX and NIFTY are continuous growing with a little up's and down's. Equities generally provide superior returns over the long term not less than 5 to 10 years other assets classes, along with fact that both long –term capital gains as well as dividend. The study included nine schemes under equity funds.

2. LITERATURE REVIEW:

Sahu R. K. (1992) Identified mutual funds as a suitable investment vehicle to strengthen capital market, as the total assets were around Rs.30,000 crores while the total resources in equity was less than 15 percent of market capitalization.

Shashikant Uma (1993) Critically examined the rationale and relevance of mutual fund operations in Indian Money Markets. She pointed out that money market mutual funds with low-risk and low return offered conservative investors a reliable investment avenue for short-term investment.

Jayadev (1996) In his study they evaluated the performance of two growth oriented mutual funds (Mastergain and Magnum Express) on the basis of monthly returns compared to benchmark returns. For this purpose, risk adjusted performance measures suggested by Jenson, Treynor and Sharpe are employed. It is found that, Mastergain has performed better according to Jenson and Treynor measures and on the basis of Sharpe ratio it's performance is not upto the benchmark.

Gupta& Sehgal (1998) Evaluated performance of 80 mutual fund schemes over four years (1992-96). The study tested the proposition relating to fund diversification, consistency of performance, parameter of performance and risk-return relationship. The study noticed the existence of inadequate portfolio diversification and consistency in performance among the sample schemes.

Narasimhan M. S. & Vijayalakshmi S. (2001) Analyzed the top holding of 76 mutual fund schemes from January 1998 to March 1999. The study showed that, 62 stocks were held in portfolio of several schemes, of which only 26 companies provided positive gains. The top holdings represented more than 90 percent of the total corpus in the case of 11 funds. The top holdings showed higher risk levels compared to the return. The correlation between portfolio stocks and diversification benefits was significant at one percent level for 30 pairs and at five percent level for 53 pairs.

Fernandes (2003) Evaluated index fund implementation in India. In this paper, tracking error of index funds in India is measured. The consistency and level of tracking errors obtained by some well-run index fund suggests that it is possible to attain low levels of tracking error under Indian conditions. At the same time, there seems to be periods where certain index funds appear to depart from the discipline of indexation.

Anand & Murugaiah (2004) Had studied various strategic issues related to the marketing of financial services. They found that recently this type of industry requires new strategies to survive and for operation. For surviving they have to adopt new marketing strategies and tactics that enable them to capture maximum opportunities with the lowest risks in order to enable them to survive and meet the competition from various market players globally.

Miller Edward M., Prather Larry J.& Mazumder M. Imtiaz (2008) The study try to examine asset class cross-autocorrelations at the macro level by exploring the return associations among mutual fund asset classes .The Granger causality tests and correlation results are employed to ascertain whether significant relationships exist among asset classes. Using a time series of 2,739 daily returns for 641 mutual funds comprising 20 asset classes, trading strategies are developed using the initial sample and evaluated out-of-sample on a risk-adjusted basis. Both the cross-autocorrelations and Granger causality tests suggest that most of the domestic equity asset class returns can predict future global and international equity returns. Further, the trading-rule portfolios provide a greater return per unit of risk (Sharpe and Treynor ratios) thus dominating all buy-and-hold portfolios.

Duguleană L, Dumitrache I,Grimm A, & Fischer S.(2009) The paper attempt to presents the performance of a mutual fund by taking a look at the timing and selectionabilities of a portfolio manager. Separating the timing and selection abilitiesof the fund manager is taken into consideration by two major models. Thedata about the mutual fund chosen for study is the German blue chip fund“DWS Deutsche Aktien Typ O”, which includes most of the DAX 30companies. The data consists of 117 monthly observations of the fund returnsfrom January 1999 to September 2008. We used EViews to analyse the data.

Kaushik Abhay, Pennathur Anita & Barnhart Scott (2010) The purpose of this paper is to analyze the market-timing skills and determinants of performance of sector funds across business cycles to see whether sector fund managers exhibit different market-timing abilities across business cycle. The benchmark used in the analysis (S&P vs sector specific) was shown to greatly influence the results.

Sharma Deepika,Loothra Poonam &Sharma Ashish (2011) The study is aimedto examine the performance of safest investment instrument in thesecurity market in the eyes of investors. Eight mutual fund schemes have been selected for this purpose. They use various financial tests like Sharpe Ratio, Standard Deviation, Alpha, Beta (b) and Coefficient of Determination (R2). Calculated results are in the favor of Reliance Regular Savings Equity in terms of returns over the last five years and Birla Sun Life Dividend Yield Plus in terms of maximum returns by taking minimum risks.

Poornima & Theivanayaki (2012) In their study attempted to understand the performance of share market and to analyze the correlation of performance of mutual funds with market indices like Sensex and Nifty.

Prajapati & Patel (2012) Studied performance evaluation of Indian mutual funds that carried out through relative performance index, risk-return analysis, Treynor's ratio, Sharp's ratio, Sharp's measure, Jensen's measure, and Fama's measure. The data was based on daily NAVs.

Hossain Md. Shahadath, Rahman A.B.M. Munibur& Rajib Md. Salah Uddin (2013) The study consider 714 day’s observations, from January 2008 to December 2010, of four variables– DSE (Dhaka Stock Exchange) general index return, DSE general index turnover, mutual funds’ return and mutual funds’ turnover– are utilized. Stationarity of the variables are tested with Augmented Dickey-Fuller (ADF) unit root test and found that variables are in different order of integration.

Nandy Subhashis (2014) The study compared the financial returns of index ETFs and matched mutual funds assuming independence of their returns. The results of the study indicated that the distributions of Sharpe Ratios and risk-adjusted buy and hold returns of index ETFs and matched index funds have same median values. This means that the investors can expect to earn the same median values of financial returns, if they invest in index ETFs or in matched index mutual funds.

Goyal M.M. (2015) Evaluates the performance of Top 10 mutual funds as per Crisil September, 2014 ranking and also compares it with the benchmark index i.e. S&P CNX Nifty. Various absolute and relative performance measures like sharp measure, treynor measure and Jensen Alpha is being used to compare the performance. The study finds that overall all the schemes provide higher and better average return than the market.

Islam Md. Rashidul & Dewri Leo Vashkor (2016) Analyzes 128 a firm years, for measuring PMFs performance. The study reveals that fund size, fund return, fund dividend payout and P/E ratio has significant relation on fund performance. Whereas, fund age and fund NAV has insignificant relation on fund performance.

Samarin Behzad Zamanian, Babazedeh Leila & Javadi Omolbanin (2016) This work aims to compare performance of active investment funds in Tehran Stock Exchange based on Sorting ratio considered as one of the post-modern ratios of portfolio evaluation. For this purpose, relevant data to 24 active investment funds in Iran during

2011-2013 were studied. According to the obtained results, it was determined that Sina Mutual Investment Fund had the highest rank among 24 funds and Omit Investment Fund had the lowest rank based on Sorting ratio.

3. OBJECTIVES AND RESEARCH METHODOLOGY:

3.1 Objectives

The objectives of study are as under.

- To study the impact of Equity Funds on NSE.
- To find out the impact of Equity Funds on BSE.
- To ascertain the best Equity Fund in NSE and BSE.

3.2 HYPOTHESES:

The hypotheses for the study are as under.

H_{01}: There is no significant impact of Equity Funds on NSE.

H_{02}: There is no significant impact of Equity Funds on BSE.

4. RESEARCH METHODOLOGY:

4.1. SAMPLING:

Regression analysis used to so the impact of equity funds NAV (independent variable) on capital market index BSE- SENSEX and NSE-NIFTY (dependent variable).Equity funds NAV (independent variable) data collected from specific Mutual fund website on daily basis from 1January 2010 to 31 January 2016 and again converted on monthly basis, and then monthly NAV of each equity scheme converted in Funds return by using the formula: Rp= ((NAVt-NANt-1)/NANt-1) ×100. Capital market index BSE- SENSEX and NSE-NIFTY(dependent variable)data collected from respective website on monthly basis from January 2010 to January 2016 and selected closing index of each month of both market separately and then converted in market return separately by using the formula: Rm=((Indext -Indext-1)/Indext-1)×100.The analysis divided in two part to show the impact of Equity funds on Capital market First is impact of Equity Funds on NSE and Second impact of Equity funds on BSE.

4.2. UNIVERSE:

The universe of the study consists of the all the assets management companies (AMC), included selected consistent performers mutual funds and Mutual funds investors under the different objective of the study.

4.3. SAMPLING UNIT:

The sample unit includes Equity Schemes growth Funds. All the schemes are constant performer funds ranked by CRISIL

4.4 SOURCES LIST:

Sample collect on secondary sources. Secondary sources included the mutual fund companies, AMFI, RBI, BSE, NSE CCIL, and magazine the - Mutual Fund Insight journals, articles, books and the published and unpublished documents of the mutual funds considered in the research.

- **Sample Period:** Sample of study take from period January 2010 to January 2016.
- **Sample Size** Sample size of the secondary data is given below:

Equity Mutual Funds

Funds	CRISIL RANK
Birla Sun Life India Gen Next Fund	1
Birla Sun Life MNC Fund	1
Birla Sun Life Top 100 Fund	1
DSP Black Rock Micro Cap Fund	1
Franklin India High Growth Companies Fund	1
Franklin India Smaller Companies Fund	1
SBI Blue Chip Fund	1
Tata Ethical Fund	1
UTI MNC Fund	1

4.5. DATA COLLECTION:

The study based on secondary data. The secondary data requirement related with NAV, SENSEX, NIFTY, T-Bill Rates and Bond Index, collected from specific mutual funds websites, BSE, NSE, RBI and CCIL websites. Also other sources specially from the journal ― Mutual Funds – Insight ― based on Value Research Magazines , and others journals, articles, books and the published and unpublished documents of the mutual funds considered in the research.

4.6. STATISTICAL TOOLS FOR ANALYSIS:

Here the researcher has used following techniques to study the impact and performance of Mutual Funds which are as under:

- **NAV:-**NAV means the market value of the assets minus the liabilities on the day of valuation. In other words, it is the amount which the shareholder will collectively get if the fund is dissolved or liquidated.
- NAV: (Assets + Accrued Income – Liabilities – Accrued Liabilities)/Number of Share or Units outstanding.
- **Average:-**Average means numbers or names, arrays or references that contained numbers. In other words average means number representations of numbers.
- **Standard Deviation:-**The Standard Deviation is a measure of how widely values are dispersed from the average value (the mean). Standard Deviation assumes that its arguments are a sample of the population.
- **Beta: -**A relative measure of the sensitivity return on security is to change in the broad market index return. Beta measure the systematic risk, it shows how prices of securities respond to the market forces. Beta is calculated by relating the return on a security with return for the market. Market will have 1.0, if the beta is greater than 1 than the stock is said to be very riskier than market risk, beta less than 1 than the stock is said to be not that much riskier as compare to the market risk. Beta involved market risk, and market risk involved political risk, inflation risk, and interest rate risk.
- **R – Square: -**R – Square measures the funds correlations to the market and R – Square are rang between the 0 and1.

4.7. ANOVA TEST:

The F- test was developed by R.A. Fisher. The object of the test is to find out whether the two independent estimates of population variance differ significantly or whether the two samples be regards as drawn from the normal populations. F- Test is based on ratio of variance. That variance represents rows and columns and degree of freedom, it's also represents how rows affect and column affect. The ANOVA single factor imply ratio of variance, the average variation with the average of the average.

5. RESULT OF EQUITY FUNDS WITH NSE

The result of an SPSS regression analysis to see the impact on NIFTY from all nine predictor variables are shown in Table 5.1 to Table.4.1.4 and figure 5.1 The tables provide fairly complete information including correlation among the all predictor and outcome variable; mean and standard deviation for each variable involved in analysis, information about overall fit of the regression model (multiple R and R – Square and associated F test);the b coefficient for the raw score regression equation and a squared part correlation (sr^2)for each predictor that represent the proportion of variance in the Y outcome variable.

Table.5.1. Descriptive Statistics

Descriptive Statistics

	Mean	Std. Deviation	N
NSE	.7217	4.78079	72
UTI MNC Fund	1.6978	4.29576	72
Tata Ethical Fund	1.1186	3.63254	72
SBI Blue Chip Fund	1.0828	4.29501	72
Franklin small company Fund	1.7258	5.05603	72
Franklin India High Growth Companies Fund	1.3097	5.18511	72
DSPBR Micro Cap Fund	1.8836	5.75588	72
Birla Sun Life Top 100 Fund	1.1442	4.59391	72
Birla Sun Life MNC Fund	1.9525	4.64360	72
Birla Sun Life India GenNext Fund	1.4953	4.57698	72

Table.5.2 Model Summary

Model Summary[b]

Model	R	R Square	Adjusted R Square
1	.980[a]	.960	954

Model	R	R Square	Adjusted R Square
1	.980[a]	.960	954

b. Dependent Variable: NSE

Table 5.3.ANOVA

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1557.619	9	173.069	164.694	.000[a]
	Residual	65.153	62	1.051		
	Total	1622.772	71			

a. Predictors: (Constant), Birla Sun Life India Gen Next Fund, Birla Sun Life MNC Fund, Tata Ethical Fund, DSPBR Micro Cap Fund, Birla Sun Life Top 100 Fund, UTI MNC Fund, Franklin small company fund, Franklin India High Growth Companies Fund, SBI Blue Chip Fund

b. Dependent Variable: NSE

Table.5.4. Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations
		B	Std. Error	Beta			Part
1	(Constant)	-0.243	.138		-1.762	.083	
	UTI MNC Fund	.028	.085	.025	.332	.741	.008
	Tata Ethical Fund	.049	.073	.037	.669	.506	.017
	SBI Blue Chip Fund	.644	.134	.579	4.825	.000	.123
	Franklin small company Fund	-0.272	.093	-0.288	-2.943	.005	-0.075
	Franklin India High Growth Companies Fund	.055	.100	.059	.545	.587	.014
	DSPBR Micro Cap Fund	-0.057	.058	-0.069	-0.987	.328	-0.025
	Birla Sun Life Top 100 Fund	.700	.104	.672	6.711	.000	.171
	Birla Sun Life MNC Fund	-0.064	.067	-0.062	-0.951	.345	-0.024
	Birla Sun Life India Gen Next Fund	-0.003	.072	-0.003	-0.044	.965	-0.001

a. Dependent Variable: NSE

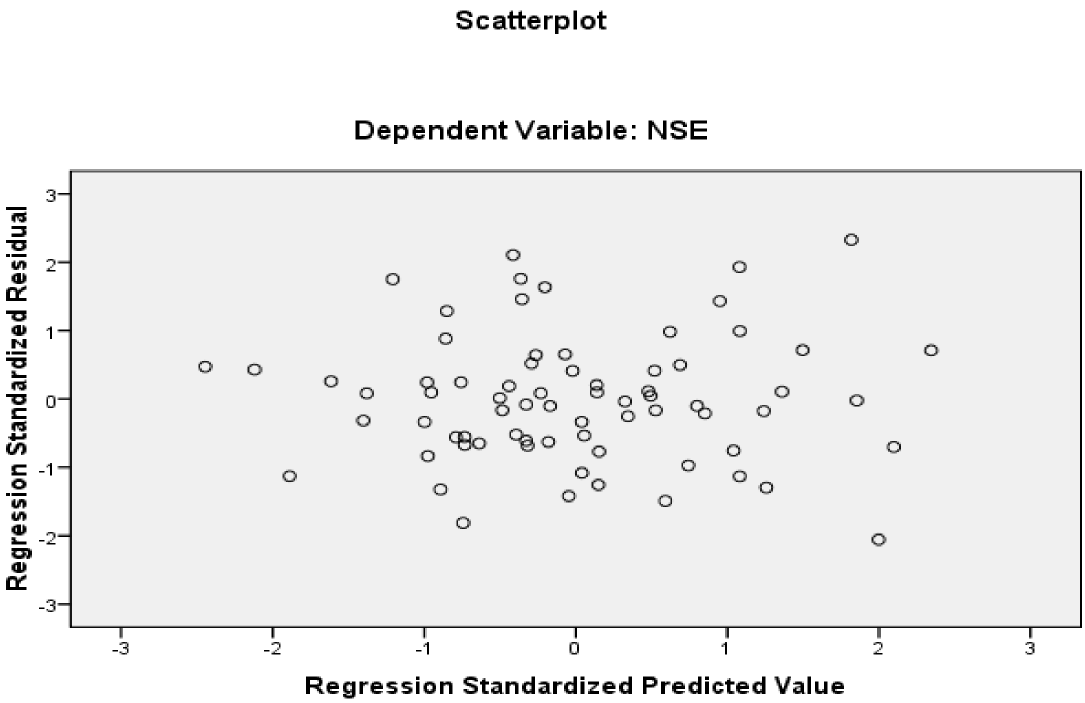

Figure.5.1. Output from SPSS Linear Regression to Predict NIFTY from predictor variables

An SPSS Regression analysis for a sample of N=72 participant show overall multiple regression of impact on NIFTY from all nine predictor variable in Table 4.1.2,R=0.980 show a very high correlation between all Equity funds with NIFTY and positive high correlation show return from equity funds and return from NSE move in same direction it indicate increasing in equity funds return and increase in NSE return, R^2=0.96 represent 96% variance in NIFTY could be predicted, Adjusted R^2=0.95 also statistically significant , Table.4.1.3 F-Ratio: F(9,62)= 164.694,p<.001 show over all multiple regression model is statistically significant it means equity fund have impact on capital market. Table.4.1.1: Descriptive Statistics: Mean return of all nine Equity Funds are high in relation of NIFTY mean return =0.72 and Birla Sun Life MNC Fund with highest return=1.95 and SBI Blue Chip Fund with lowest return=1.08; three out of nine equity funds have high Std. Deviation showing high risk in comparison with NIFTY Std. Deviation=4.78079 only Tata Ethical Fund has less risky having Std. Deviation=3.63254. The last Table 4.1.4: shows coefficients for both raw score and the standard score version of regression equation. The raw labeled constant provide the estimated value of b0,the intercept(b0= -0.243)and T-test to evaluate whether this differed significantly from 0.The intercept b0 is significant different from 0;t(72)=-1.762.p=0.083.only two equity funds are statistically significant out of nine equity funds one is Birla Sun Life Top 100 Fund with b value=0.700;t(72)=6.71,p<.001 representing 0.70 increase in return in NIFTY for a each 1 unit increase in Birla Sun Life Top 100 Funds return and its sr=0.17 (sr^2=.0289) about 3% of variance in NIFTY uniquely predicated from Birla Sun Life Top 100 Fund and Second SBI Blue Chip Fund with b value=0.644;t(72)=4.83,p<.001 representing .64 increase in return in NIFTY for a each 1 unit increase in SBI Blue Chip Fund return and its sr=0.123 (sr^2=0.015) about 1.5 of variance in NIFTY uniquely predicated from SBI Blue Chip Fund. The other seven predictor variables are not significantly related to NIFTY.

The predictive equation is as follows:

NIFTY=**-0.**243+0.028× UTI MNC Fund+0.49× Tata Ethical Fun+0.64 × SBI Blue Chip Fund + (-0.272) × Franklin small company funds+0 .055× Franklin India High Growth Companies Fund + (-0.057) × DSPBR Micro Cap Fund +0.700× Birla Sun Life Top 100 Fund + (-0.064) × Birla Sun Life MNC Fund + (-0.003) × Birla Sun Life India Gen Next Fund

The standardized residual as part of the regression analysis appears in Figure 5.1: When the assumption of regression are satisfied by the data, the point in thus plot should appear with in a fairly uniform bond from left to right and most standardized residuals should be between -3 to +3.The graph shows that the assumption for regression appear to be reasonably well satisfied.

6. RESULT OF EQUITY FUNDS WITH BSE:

The result of an SPSS regression analysis to see the impact on SENSEX from all nine predictor variables are shown in Table 4.2.1 to Table.5.1 and figure 5.1. The tables provide fairly complete information including correlation among the all predictor and outcome variable; mean and standard deviation for each variable involved in analysis, information about overall fit of the regression model (multiple R and R – Square and associated F test)the b coefficient for the raw score regression equation and a squared part correlation (sr^2) for each predictor that represent the proportion of variance in the Y outcome variable. An SPSS Regression analysis for a sample of N=72 participant show overall multiple regression of impact on SENSEX from all nine predictor variable in Table.4.2.2,R=0.973 show a very high correlation between all Equity funds with SENSEX and positive high correlation show return from equity funds and return from BSE move in same direction it indicate increasing in equity funds return and an increase in BSE return, R^2=0.95 represent 95% variance in SENSEX could be predicted, Adjusted R^2=0.95 also statistically significant,Table.4.2.3:F-Ratio:F(9,62)= 123.898,p<0.001 show over all multiple regression model is statistically significant it means Equity funds have impact on capital market.

Table.4.2.1 Descriptive Statistics: Mean return of all nine Equity Funds are high in relation of SENSEX mean return=0.7541and Birla Sun Life MNC Fund with highest return=1.95 and SBI Blue Chip Fund with lowest return=1.08; three out of nine equity funds have high Std. Deviation showing high risk in comparison with SENSEX Std. Deviation=4.78079 only Tata Ethical Fund has less risky having Std. Deviation=3.63254. The last Table 4.2.4 shows coefficients for both raw score and the standard score version of regression equation. The raw labeled constant provide the estimated value of b0,the intercept(b0= -0.129)and a T-test to evaluate whether this differed significantly from 0.The intercept b0is significant different from 0;t(72)=-0.850.p=0.398.Only two equity funds are statistically significant out of nine equity funds one is Birla Sun Life Top 100 Fund with b value=0.789;t(72)=6.87,p<0.001 representing 78.9% increase in return in SENSEX for a 100% increase in Birla Sun Life Top 100 Funds return and its sr=0.201(sr^2=0.04)about 4% of variance in SENSEX uniquely predicated from Birla Sun Life Top 100 Fund and Second SBI Blue Chip Fund with b value=0.689;t(72)=4.694,p<0.001 representing 68.9% increase in return in SENSEX for 100% increase in SBI Blue Chip Fund return and its sr=0.137(sr^2=0.0187)about 2% of variance in SENSEX uniquely predicated from SBI Blue Chip Fund. The other seven predictor variables are not significantly related to SENSEX.

The predictive equation is as follows:

SENSEX=-0.129+(-0.006)× UTI MNC Fund+0.87× Tata Ethical Fund+0.689 × SBI Blue Chip Fund + (-0.135)× Franklin Small Company Funds+ (-0.148)× Franklin India High Growth Companies Fund +(-0.125)× DSPBR Micro Cap Fund +0.789× Birla Sun Life Top 100 Fund +(-0.079)× Birla Sun Life MNC Fund +(-0.025)× Birla Sun Life India Gen Next Fund .

The standardized residual requested as part of the regression analysis appears in figure 4.2.1.When the assumption of regression are satisfied by the data, the point in thus plot should appear with in a fairly uniform bond from left to right and most standardized residuals should be between -3 to +3.The graph shows that the assumption for regression appear to be reasonably well satisfied.

7. CONCLUSION

An SPSS Regression analysis for a sample of N=72 participant show overall multiple regression of impact on NIFTY from all nine predictor variable in figure 4.1.1,R=.980 show a very high correlation between all Equity funds with nifty and positive high correlation show return from equity funds and return from NSE move in same direction it indicate increasing in equity funds return and increase in NSE return, R^2=.96 represent 96% variance in NIFTY could be predicted, Adjusted R^2=.95 also statistically significant, F Ratio: F(9,62)= 164.694,p<.001 show aver all multiple regression model is statistically significant it means equity fund have impact on capital market. Descriptive Statistics: Mean return of all nine Equity Funds are high in relation of NIFTY mean return =.72 and Birla Sun Life MNC Fund with highest return=1.95 and SBI Blue Chip Fund with lowest return=1.08; three out of nine equity funds have high Std. Deviation showing high risk in comparison with NIFTY Std. Deviation=4.78079 only Tata Ethical Fund has less risky having Std. Deviation=3.63254.An SPSS Regression analysis for a sample of N=72 participant show overall multiple regression of impact on SENSEX from all nine predictor variable in figure 4.1.2,R=.973 show a very high correlation between all Equity funds with SENSEX and positive high correlation show return from equity funds and return from BSE move in same direction it indicate increasing in equity funds return and increase in BSE return, R^2=.95 represent 95% variance in SENSEX could be predicted, Adjusted R^2=.95 also statistically significant, F Ratio: F(9,62)= 123.898,p<.001 show aver all multiple regression model is statistically significant it means Equity funds have impact on capital market. Descriptive Statistics: Mean return of all nine Equity Funds are high in relation of SENSEX mean return=.7541and Birla Sun Life MNC Fund with highest return=1.95 and SBI Blue Chip Fund with lowest return=1.08; three out of nine equity funds have high Std. Deviation showing high risk in comparison with SENSEX Std. Deviation=4.78079 only Tata Ethical Fund has less risky having Std. Deviation=3.63254.

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GOODS AND SERVICES TAX - INTEGRATED GOODS AND SERVICES TAX

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Abstract: *Government has responsibility to provide Transportation, water supply, welfare schemes, subsidie , electricity and infrastructure for the welfare of the people of the country. For that government has to collect some amount from the people for welfare of the people. This is called as Tax. As per the Indian Constitution Article 366(28) taxation includes the imposition of any tax, general or special, and tax shall be construed accordingly .India's tax structure is quite extensive. There are two types of taxes 1.Direct Taxes. 2. Indirect Taxes. The immediate and ultimate burden bare by one person is known as Direct Taxes. The immediate burden bare by one person and ultimate burden bare by another person is known as Indirect Taxes. Income Tax, Wealth Taxes are Direct Taxes and Excise Duty, Customs Dut VAT etc. are Indirect Taxes. In Indian Tax system Income Tax Act 1961.Estate Duty Act 1953.Wealth Tax introduced in 1957.VAT introduced in 1978 and Modified VAT introduced in 1985-86.CENVAT in 2000-2001.Service Tax introduced. After all these acts the low TAX-GDP ratio is showing in tax collections. In the Gross Domestic Production Service Sector plays a vital role. But the the tax system for services is not in a proper way. After all the above said reforms also today our tax system violated simplicity. There is multiplicity of tax rates of different states. The Goods and Services Tax which is based on Value Added Tax principle introduced by the recommendations of the Khelkar Task Force by subsuming number of indirect taxes of Central and State governments. This paper presents the GST basic information in general and Integrated Goods and Services Tax in particular.*

Key Words*: VAT ,GST ,GDP.*

1. INTRODUCTION:

The Indian Constitution is quasi-federal and the the country has a three-tier government. The Central Government, the State governments and the local governments. As the local public authorities are directly under the State government, no separate allocation of taxation rights has been done to them. The taxes are divided into two types. 1. Direct Taxes. 2. Indirect Taxes. Indian Tax structure features are India's tax structure as a whole said to be progressive. This tax system is not administratively efficient, It is being used as a fiscal tool. There is multiplicity of direct and indirect taxes in India. Indirect taxes lacked integration. Inter-sectoral imbalances in the tax structure. The burden of tax exemptions not only the huge amounts of revenue foregone on account of tax exemptions reduce the resources with the government, they also distort resource allocation and stunt productivity. The Tax Reforms Committee was constituted under the Chairmanship of Raja J.Chellaiah in 1991 to examine the existing 5tax structure in the country and make appropriate recommendations to reform it. In its report, the Committee jas recommended far reaching changes in the tax system to remove loopholes besides making it more efficient from revenue raising point of view. There is a consensus among fiscal experts based on experience gained all over the world that a moderately progressive tax structure combined with strong enforcement is the best way of encouraging honesty and voluntary tax compliance.. The committee was infavour of making tax system and laws relating to taxes quite simple. The Government of India decided to implement the recommendations of the Chellaiah Committee in a phased manner. Personal Income tax has been restructured with lower taxes, fewer slabs, a higher exemption limit and reduced saving-linked tax exemptions. The Corporation tax rate has been brought down.

In India, indirect tax reforms started since the mid-2980s. At te Central level, tax reform in India was termed as 'Modvat' later as 'Cenvat" which authorized credit of tax paid on inputs and capital goods up to the developed stage. Late in 1994, a new scheme of tax on services was rolled out by te Central Government., After a decade, the input tax credit scheme for Cenvat and Service tax was updated to permit the cross-flow of credit between the two taxes. In 2005-06, the states started a phased change over from a multiple point sales tax rule to a value added tax system covering operation and sale of goods up to the retail stage. Inspite of several reforms, important tax-cascading remains in place. Hence, there was an urgent need to alter the Constitution to provide the Central and State governments synchronized powers to make laws on the taxation of goods and services.

1.1. OBJECTIVES:

- To study the Indian Tax Structure.
- To analyse the Goods and Services Tax.
- To Understand the Integrated Goods and Services Tax.

1.2. GOODS AND SERVICES TAX:

Goods and Services Tax first introduced by France in the year 1954. In view of numerous benefits Goods and Services Tax(GST) brings in to the economy. The idea of GST was first mooted in the year 2000 during the Prime Ministership of ShriAtalBihari Vajpayee and a committee as set up headed by the then West Bengal Finance Minister ShriAsim Dasgupta to design a GST model. In 2003 The Vajpayee government set up another task force under Shri Vijay Kelkar to recommend tax reforms. On February 28,2006 the then Union Finance Minister in his budget for 2006-07 proposed that GST would be introduced from April, 2010. The Empowered Committee of State Finance Ministers, which had formulated the design of State VAT, was requested to come up with a roadmap and structure for the GST. The Empowered Committee released its First Discussion Paper on GST in November 2009.The First Discussion Paper spelt out the features of the proposed GST and has formed the basis for the present GST regime. The Goods and Services Tax was launched in India on July1,2017 in a midnight function at the Central Hall of Parliament by the Prime Minister in the august presence of the President of India. It was indeed a historic occasion and a paradigm shift as India moved towards, One Nation, One Tax, One Market. The revised constitutional amendment bill was moved on August 1, 2016. The bill was passed by the RajyaSabha on August3,2016 and in the Lok Saba on August8,2016. After ratification by required number of state legislatures and assent of the President, the Constitutional amendment was notified as Constitution (101^{st}Amendmeent) Act 2016 on September 8, 2016. The Constitutional amendment paved the way for introduction of Goods and Services Tax in India.

2. GOODS AND SERVICES TAX COUNCIL:

The GST council comprises of the Unio**n** Finance Minister (Chairman of the Council), the union Minister of State (Revenue) and the State Finance/Taxation Ministers of 29 states and two union territories with legislature Delhi and Pondicherry) . The guiding principle of the GST Council is to ensure harmonization of different aspects of GST between the Centre and the States as well as among States with a view to develop a harmonised national market for goods and services with a view to develop a harmonized national market for goods and services within India. GST Council shall be taken at a meeting by a majority of not less than $3/4^{th}$ of the weighted votes of the members present and voting. The vote of the Central Government shall have a weightage of $1/3^{rd}$ of the votes cast and the votes of all the State Governments taken together shall have a weightage of $3/4^{rd}$ of the total votes cast in that meeting. One half of the total number of members of the GST council shall constitute quorum as its meetings. The weightage of voting has been so assigned that it is not possible for either in the Centre or the state to take any decision unilaterally, As the Centre only has 33 percent weightage in voting , support of majority of the states is also requited for ant decision to be taken by the Council However, till now all the decisions in the Council have been taken by consensus and there has not been any occasion for voting.

2.1. SALIENT FEATURES OF GST:

DUAL GST: Both Centre and States will concurrently levy GST across the value chain.,. Tax will be imposed on every supply of goods and services. Centre would levy and gather Central Goods and Services Tax, and States would charge and collect the State Goods and Services Tax on all dealings within a State. The input tax credit of Central Goods and Services Tax would be accessible for discharging CGST responsibility on the output at each stage. Similarly, the credit of SGST paid on inputs would be permitted for paying the SGST on output. No cross utilization of credit would be permitted.

INTER-STATE TRANSACTIONS AND THE IGST MECHANISM:: The Centre would charge and collect the Integrate Goods and Services Tax(IGST) on all inter-state supply of goods and services, the IGST instrument has been designed to ensure faultless flow of input tax credit from one State to another, the inter-state sellers would pay IGST on the sale of their merchandise to the Central Government after adjusting credit of IGST, CGST and SGST on their purchase. The exporting state will relocate to the Centre the credit of SGST used in compensation IGST. The importing dealers will maintain credit of IGST while discharging their output tax liability in their own states, the centre will move the credit of IGST used in for the payment of SGST to the importing state.

DESTINATION-BASED CONSUMPTION TAX; GST will be a destination-based tax. This implies that all SGST collected will ordinarily go to the State where the customer of the goods or services sold resides.

SUBSUMED CENTRAL TAXES:

Central Excise Duty.

Additional Excise Duty.

The Excise Duty imposed under the Medicinal and Toiletries Preparation Act.

Services Tax Additional Customs Duty, known as Counter vailjng Duty,
Special Additional Duty of Customs.
Ceases and surcharges in so far as they relate to supply of goods and services.

SUBSUMED STATE TAXES:

Value Added Tax/Sales Tax,
Central Sales Tax.(Levied by the Centre and Collected by the States),
Entertainment Tax,
Octrai and Entry Tax(all forms),
Purchase Tax,
Luxury Tax,
Taxes on Lottery, betting and gambling.
State cess and surcharges in so far as they relate to supply of goods and services.

2.2. GST TAX RATES:

GST Council by balancing the following three objectives decided the tax slabs.

- Interests of poor and vulnerable sections of the society are protected and goods of mass consumption and essential commodities remain affordable.
- The overall revenues of the States and Centre are protected.
- The tax incidence on the goods and services does not increase or decrease substantially from the present incidence of tax

The tax rates are 5%,12%,18%and 28% . The exempt category also there. The special rates for spacious metals.

2.3. NON INCLUDED GOODS /EXEMPTIONS OF SLABS:

- Being levied Petroleum and Petroleum products.
- Taxes on Tobacco and tobacco products imposed by the Centre shall continue to be leived over and above GST.
- Alchoholic Liquor for human consumption states would continue to levyt he taxes presently.

3. INTEGRATED GOODS AND SERVICES TAX:

Revenue from IGST will be apportioned among Union and States by Parliament on basis of recommendation of Goods and Service Tax Council [Proposed Article 269A(2) and Article 270 (1A) of Constitution of India]. The apportionment will be required as input tax credit of IGST can be used for SGST and *vice versa.* Since IGST will be on 'supply of goods or services', IGST will be payable on stock transfers, branch transfers and even when goods are dispatched inter-state job work and return
Advantages of IGST Model
The major advantages of IGST Model are:
Maintenance of uninterrupted 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 ITC is used up while paying the tax.
Self monitoring model.
Level of computerization is limited to inter-State dealers and Central and State Governments should be able to computerize their processes expeditiously.
As all inter-State dealers will be e-registered and correspondence with them will be by e-mail, the compliance level will improve substantially.
Model can take ‘Business to Business’ as well as ‘Business to Consumer’ transactions into account.
Salient Features Integrated GST
On inter-state and cross border transactions
Centre would levy and collect IGST in lieu of *CGST* and *SGST.*
To be shared between Centre / States
Single IGST rate
IGST would be levied on all inter-State transactions of taxable goods and services with appropriate provision for consignment or stock transfer of goods and services.
Inter-State dealer will pay IGST after adjusting available, input IGST, CGST and SGST on purchases.
IGST – Illustration
Maharashtra seller selling to Karnataka buyer for ₹ 1,00,000/-.
IGST payable assuming an 8% rate is ₹ 8,000/-.
Rs.8,000/- can be paid by adjusting
Inter-State purchases (IGST) ₹ 3,000/-

Local purchases (CGST) ₹ 1,500/-
Local purchases (SGST) ₹ 1,500/-
Since dealer has used SGST of Maharashtra to the extent of ₹ 1,500/-, Centre has to transfer ₹ 1,500/- to Maharashtra Government.
IGST of ₹ 8,000/- is availed as credit by Karnataka buyer.
Karnataka dealer sells the goods at ₹ 2,00,000/- attracting CGST of say ₹ 16,000/- and SGST of ₹ 16,000/-.
If IGST of ₹ 8,000/- is used to pay the SGST then Karnataka Government has to transfer ₹ 8,000/- to the Centre.

BOOKS OF ACCOUNTS UNDER GST:

The relevant provisions of law in GST regarding Accounts and Records are detailed in Section 35 and Section 36 of Central Goods and Service Tax Act, 2017 read with Rule 56to 58 of Central Goods and Service Tax Rules, 2017

4. CONCLUSION:

The Goods and services Tax must benefit the ultimate consumer. If the Council solve the problems while implementing and continuing the tax slabs to benefit the poor and vulnerable sections.

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Goods and Service Tax (GST) – Perception of People of Gujarat in Implementation of GST

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Abstract: *Announcement the proposed implementation of Goods and Services Tax (GST) are made by the Finance Minister in Budget 2009-10. However, the implementation has been delayed and the government has made decision to implement it on 1st July, 2017. Until now, many communities are less understanding and confused regarding GST system and give a negative perception about it. Accordingly, this study attempts to find out what level of awareness and perception to GST taxpayers in India. This study only consists of 151 respondents randomly selected from various cities of Gujarat in India. Data are collected using questionnaires. The results showed that the level of awareness 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 in India.*

Key Words: *GST, Perception of People, Gujarat*

1. INTRODUCTION:

Tax is a major contributor to total government revenue for many countries, including India. Based on Socio-Economic Review for the financial year 2016-17 total tax revenue constitutes 17.7 % of GDP in India. If the tax revenue increases, the government can implement various projects to drive economic growth. In line with the road map of securing higher level of development, the government plans to implement tax reforms meant to make the existing tax system simpler, more transparent and more efficient. Tax reform is also necessary to increase revenue and drive economic growth. Therefore, Government of India implemented the goods and services tax (GST). GST is not an additional tax to consumer, as it merely replaces the existing sales tax and service tax. Both sales tax and service tax are single stage tax, imposed on final consumer while GST is a multistage tax, and it is to be collected at the end of each intermediate level of production. The objective of the study is to review the taxpayer's level of awareness, taxpayer's perception towards GST implementation and acceptance taxpayer towards GST implementation. This study only focuses on GST implementation from public perspective.

2. LITERATURE REVIEW:

Goods and services tax (GST) was introduced in France in 1954 by Maurice Laure and has been adopted by more than 146 countries. Generally, GST is a tax on consumption of goods and services. It is a form of indirect tax whereby consumers pay taxes as they consume goods and services. GST is also commonly referred to as value added tax (VAT) in others countries such as United Kingdom and Canada. The range of the tax is India has been between 5 percent and 28 percent.

2.1 IMPACT OF GST:

Impacts of GST can be seen from the advantages and disadvantages. Based on past studies, there are several implications of GST:

- **INFLATION:** According to Singh (2007), the introduction of GST may bring about a one-time increase in cost of living; the probability of it leading to inflation is not high. It was proven by a study of James and Zheshi (2004) pointed out that when VAT was introduced in China in 1994, it does not cause inflation. However, after studying the British and German experiences, most economists believe that a GST will cause the least inflation if imposed during a period of slow economic activity. West Germany first introduced its GST in1968 during recessionary period with little inflationary effect (Mohd Rizal and Mohd Adha, 2011). In India, GST merely replaces the existing sales and services tax. Theoretically, it would not result in inflation because it is an additional cost to consumer, if the GST rate is set below 6%.
- **REDUCTION OF INCOME TAX RATE:** GST would result in higher tax revenue collection for government, as GST would cover a wider scope of the consumption cycle which includes high value items

such as houses or financial services. Based on observations of other countries that have implemented VAT or GST, revenue from VAT or GST is high. This encouraged a number of countries that implemented GST to reduce income tax rate. For example is an introduction of GST in New Zealand at 10 percent, followed by a reduction in the individual income tax rate to 48 percent. Besides, according to Jenkins and Rup Khadka (1998), the introduction of GST in Singapore was followed by a reduction in individual income tax rate. That's meant when income tax rate reduce, taxpayers can saving more and increase their investment.

- **IMPACT ON REVENUE :**According to Mohammad Abood Salmeen Alebel (2010), a potential revenue can be raised from VAT depends on a number of factors, such as how broad the tax base will be and the extent to which business will be comply with the tax. Munk (2004) asserts that the least developed countries may not benefit from the introduction of domestic taxes as administrative costs may outweigh the allocation benefit. However, based on Keen and Ligthart (2002) have provided academic support for the IMF and World Bank recommendations for developing countries to use VAT rather than border taxes to raise government revenue. For example is China, the implementation of VAT contributed significantly to the rapid economic development and the VAT is an important for the China development (Jun. Lin (2009). Besides, GST also generated revenue for Singapore from SGD 1,523 Million in1994/1995 against an original estimate of SGD 960 Million. GST revenue increased to SGD 1,623 Million in 1995/1996 (Jenkins and Rup Khadka, 1998).

2.2 AWARENESS:

Cullis and Jones (1992), highlighted the concept of false awareness in citizens, which are optimistic and pessimistic. Optimistic refers to the citizens who 'underestimate the tax load incurred from public services' (Csontos, Kornai and Toth, 1998). While, pessimistic are citizens who have overestimated tax burden or inaccurately estimate public service burden with the tax imposed to the public. The contradictive views have continually provided misconception on tax requirements, particularly when a new tax reform is to be introduced. Thus, this raises the need to increase awareness on what constitute GST. Information is important to combat such fears and explain the rationale and benefits of VAT to the stakeholders (Sthanumoorthy, 2008). Indirectly, it can raise awareness of the implementation of VAT. Awareness not only readiness but potentially contribute to support the new system (Ely Raziah et al., 2005). According Mohani (2003), one of the basic ways to increase awareness by provides knowledge to the people. Tan and Chin-Fatt (2000), asserts that tax knowledge can be conveyed through a general understanding of the tax rules. Knowledge about new tax system reform needs given to the taxpayer and this will eventually encourage compliance (Singh, 2003). Alebel Salmoon Mohammad Abood (2010) also stated that the public should be educated with knowledge related to the new tax system whereby the end user will have to bear the tax burden. Park and Hyun (2003), also suggests tax education is one of the effective tools to encourage more taxpayers to comply the new tax. In other words, taxpayers are more willing to comply if they really understand the concept of the tax base.

Csontos et al. (1998), conducted a study in Hungarian found that many citizen are not aware of the numerous kind of taxes levied on them. They have very limited knowledge on government true expenditure and the cost of public services provided by the state government. This poor awareness has created many misconceptions on the true value of tax. Cullis and Jones (1992),investigated the level of tax knowledge and awareness in the UK arrived at similar conclusions whereby majority of respondents preferred fixed tax at current rate than the idea of improving public services by imposing increase tax rates. Survey by Saira et al. (2010), a majority of respondents has heard of the GST while respondents who did not hear about the GST are female respondents. This study was supported by Cullis and Jones (1992), where the results of research showed that female respondents in the United Kingdom more ignorant to government revenue sources than male respondents. These results also emphasize that men pay more attention to tax issues. Mohd Rizal and Mohd Adha (2011) discovered that although the majority of respondents were not satisfied with the information provided by the government on the introduction of GST and not happy with GST, but almost half of the respondents aware that the government will implement the GST. Studies conducted in India by Sthanumoorthy (2008) also found that the majority of the general public aware of the VAT base. However, only a few respondents were able to give the exact meaning of the VAT. This shows the basic of GST among respondents still not enough. This is consistent with the results obtained by Saira et al. (2010) whereby respondents who understand the GST can only give general meaning of GST. However, studies conducted to business in India by Price Water Coopers (PWC) India (2006) found that more than 50 percent of respondents have a good level of awareness regarding GST in India. Studies done by Saira et al. (2010), found that inconsistent awareness among respondents due to a lack of understanding or knowledge about the GST and this encourages them do not support GST implementation. This is consistent with the results (Mazni and Noor Sharoja, 2008; Tan and Chin Fatt, 2000). For small and medium sized businesses in India in the study by Raziah Ely et al. (2005), found that the moderate level of awareness on what GST is in general, for example, meaning of GST. However, a very low level of awareness was concluded on more important aspects of GST, especially on how GST may benefit their businesses. Traders also felt they should to be educated to raise awareness as well as the type of government assistance preferred in order to help them survive in GST environment. To increase 100 percent compliance with tax, awareness regarding VAT required for each organization (Price Water Coopers India, 2006).

2.3 PERCEPTION:

Based on previous studies, perception can be made that individual with positive attitude towards tax, commonly believed to equality and fairness in the tax system, tax administration and compliance with the commission of the tax law (Norsiah, 2002). Positive attitude towards citizen regarding tax system is important to enable individual have responsible towards development of country. According Marziana, Norkhazimah and Mohmad Sakarnor (2010), the taxpayer perceptions associated with knowledge and experience. Studies conducted earlier showed that different views and opinions regarding the implementation of GST and had misconceptions of the implications on goods and services, business and economic development (Lai and Choong, 2006). Many opinions arise because consumers are interested to know how GST will effect and affect their interest with some agree and some refuse of GST. Some respondents believe that GST would result in negative impact on their lives. This is proven by a number of studies related to the implementation of GST. Studies conducted by Mohd Rizal and Mohd Azha (2011) shows a majority of respondents are worried in price hikes and cost of living rise when GST is implementing in India. This finding was supported by Saira et al. (2010) in which the results of research showed that respondents disagreed with the GST believe GST will affect the price of goods and services and this particularly affects the purchasing power of low-income people. Hopper and Smith (1997) also state that GST will have large impact on lower income groups than higher income groups.

The study conducted by Lai and Choong (2006), shows the same finding as previous studies whereby the majority of participants in their study felt that the GST will affect the prices of goods and services as well as the rise in wages. Results study indicate that more than half of the respondents expected the GST will affect the spending habit and perceived that they would spend less and maintain their investment and saving amount after implementation of GST. Theoretically, GST did not result to inflation, but the study found that most participants predicted that GST will result in inflation. Sthanumoorthy (2008) in his study on the perceptions of the implementation of VAT in India found that respondents give a bad view of the impact of VAT on the cost of production, prices and position of traders. Only a few respondents believe that VAT will help in minimizing the cost of production. In contrast to the study conducted by Price Water Coopers India (2006), respondents which are trader do not felt VAT will affect the prices on their products. This finding is interesting and contrary to the popular notion that VAT contributed to price increases in most of the manufacturing sector. Based on studies conducted by The Associated Chinese Chambers of Commerce and Industry of India (2010), indicate that less than half of respondents (45%) agree that the introduction of GST will help government to increase the revenue of tax. Regardless of their beliefs about the benefits of GST to India's economy, more than 80 percent of the surveyed entities still believe that the proposed GST will certainly burden on the poor.

3. METHODOLOGY:

Researcher using quantitative method to collected data through questionnaires-based survey to the respondents. Population in this study is consists 151 respondents from Gujarat to whom questionnaires were sent through email and responses are received. The questionnaire contains apart from general demographic information, 21 questions related to general information of GST, the type of goods or services that are exempted to GST and the type of goods or services subject to GST. Moreover, perception of taxpayer regarding GST implementation was also covered. Data analyzes were conducted to classify the data according to the research objectives. The researchers maintain the classification of the four-point scale to calculate the frequency, mean and standard deviation of each item. ANOVA test was also carried out in order to test the hypotheses that have been built.

4. RESULTS:

Respondents Background

Table 1 Respondents Background

			Frequency	Percentage
Gender		Male	40	26.4
		Female	111	73.6
Marital Status		Single	48	31.8
		Married	103	68.2
Age		Less than 30 Years	56	37
		31-40 years	53	35
		41-50 years	33	22
		More than 50 years	9	6

Source of Information About GST

At the first, the respondents comprised of 182 samples. But, from 182 respondents, only 151 people (82.96%) knew about GST, the remaining 31 (17.04%) did not know about GST. Analysis of the study will be continued only for 151 respondents. The respondents comprised of 111 (73.6%) females and the rest of 40 (26.4%) were male respondents, 103 (68.2%) of respondents was married and 48 (31.8%) respondents are still single. In terms of age, 56 respondents were aged less than 30 years old, 53 (35 %) aged between 31 to 40 years and 33 (22%) aged between 41 to 50 years while only 9 respondents (6 %) aged more than 50 years.

Table 2 Source of Information About GST

Source	N	Percentage
Newspaper	85	56.2
Television/Radio	80	53
Internet/Website of Customs	52	34.4
Friend	48	31.8
Teacher/Lecturer	11	7.2
Seminar	9	6
Other	8	5.3

The study also found that the majority of respondents, 56.2 % know about GST through reading the newspaper. The other major sources that helped promulgate GST, in order of their importance, were television or radio (53 %), internet (34.4%), friends (31.8%), teachers or lecturers (7.2%), seminar (6 %) and other sources (5.3%). Other sources include political talks, and information from family members. The predominance of newspapers as a source of information on GST was found among all categories of respondents, implying that this medium could be effective tool for government publicity campaigns.

- **THE AWARENESS OF GST:** The awareness of GST is divided by general information, goods or services exempted from GST (zero rated supply and exempted supply) and goods and services subject to GST.
- **GENERAL INFORMATION:** General information relating to GST includes the definition of GST and starting rates of GST implementation in India.
- **ZERO RATED SUPPLY:** Zero rated supplies will carry a zero rate of tax. Thus no GST will need to be levied on its supply. Suppliers of zero rated supplies are required to register for GST purposes and are allowed to claim input tax credits it the GST paid on business purchases such as raw materials.
- **EXEMPT SUPPLY:** No GST will be applicable on an exempt supply. However unlike zero rated supplies, no input tax credit can be claimed by the supplier. A supplier of exempt supplies will therefore not be able to claim input tax suffered on raw material or services etc. which were purchased as part of his business.

ANOVA analysis in the below table shows the mean scores awareness of respondents about general information of GST respectively 8.2348 and 9.5899 for male and female respondents. For mean score awareness of respondents about goods and services that exempted from GST in terms of zero rated supply respectively 10.8796 and 10.6878 for male and female respondents, mean score for awareness of respondents about goods and services that exempted from GST in terms of exempted supply, respectively 21.0175 and 22.1789 for male and female respondents and mean score for awareness of respondents about goods and services subject to GST respectively 4.44758 and 5.12447 for male and female respondents. Therefore, the results for all variable tested showed the level of awareness of both male and female respondents were moderate. The above table also shows that there are no significant differences among respondents' gender for variable tested, general information (P = 0.162), zero rated supply (P = 0.587), exempt supply (P =0 .656) and goods or services subject to GST (P = 0.524). Which mean that regardless gender the respondents are, they have similar awareness towards the implementation of GST in India.

Table 3 Awareness towards Implementation of GST across Gender

	Gender	N	Min.	SD	F	P
General Information	Male	40	8.2348	1.5426	1.972	0.162
	Female	111	9.5899	1.4334		
Goods or services exempted from GST (Zero Rated supply)	Male	40	10.8796	1.73254	0.296	0.587
	Female	11	10.6878	1.68795		
Goods or services exempted from GST (Exempted Supply)	Male	40	21.0175	4.17889	0.199	0.656
	Female	111	22.1789	4.72747		
Goods or services subject to GST	Male	40	4.44758	1.55478	0.407	0.524
	Female	111	5.12447	1.57809		

Table 4 Awareness towards Implementation of GST across Marital Status

	Status	N	Min.	SD	F	P
General Information	Single	48	10.4125	2.21847	1.755	0.187
	Married	103	10.2254	2.41547		
Goods or services exempted from GST (Zero Rated supply)	Single	48	10.2285	2.24578	3.621	0.058
	Married	103	10.9789	2.27458		
Goods or services exempted from GST (Exempted Supply)	Single	48	20.7148	4.24586	3.346	0.069
	Married	103	21.2545	4.78945		
Goods or services subject to GST	Single	48	3.57789	1.32487	1.269	0.261
	Married	103	5.41578	1.25879		

ANOVA analysis in the above Table 4 shows the mean scores awareness of respondents about general information GST respectively 10.4125 and 10.2254 for single and married respondents. For mean score awareness of respondents about goods and services that exempted from GST in terms of zero rated supply respectively 10.2285 and 10.9789 for single and married respondents, mean score for awareness of respondents about goods and services that exempted from GST in terms of exempted supply, respectively 20.7148 and 21.2545 for single and married respondents and mean score for awareness of respondents about goods and services subject to GST respectively 3.57789 and 5.41578 for male and female respondents. Therefore, the results for all variables tested showed moderate level of awareness of both single and married respondents. The above table also shows that there are no significant differences among respondents' marital status for variable tested, general information (P = 0.187), zero rated supply (P = 0.058), exempt supply (P = 0.069) and goods or services subject to GST (P = 0.261). Which mean that regardless marital status of the respondents are, they have similar awareness towards the implementation of GST in India.

Table 5 Awareness towards Implementation of GST across Age Level

	Age Level	N	Min.	SD	F	P
General Information	< 30 Years	56	8.3548	1.6478	0.714	0.545
	31-40 Years	53	9.5487	2.0145		
	41-50 Years	33	8.5478	2.8913		
	>50 Years	9	7.1245	1.2547		
Goods or services exempted from GST (Zero Rated supply)	< 30 Years	56	9.4578	2.3214	2.958	0.033*
	31-40 Years	53	8.8975	2.4458		
	41-50 Years	33	8.9478	2.0784		
	>50 Years	9	6.5148	1.8754		
Goods or services exempted from GST (Exempted Supply)	< 30 Years	56	20.5489	4.1257	2.302	0.078
	31-40 Years	53	20.1254	5.0487		
	41-50 Years	33	21.6987	3.9878		
	>50 Years	9	20.1245	4.1234		
Goods or services subject to GST	< 30 Years	56	4.78456	1.6879	1.918	0.128
	31-40 Years	53	4.62587	1.4789		
	41-50 Years	33	5.00125	1.4578		
	>50 Years	9	5.47891	1.5075		

(*P<0.05)

Table 5 reports that there were significant differences between those who aged less than 30 years old and those who aged above 50 years old in terms of goods and services exempted from GST (zero rated supply). Furthermore, respondents more than 50 years old have high level of awareness regarding goods and services exempted from GST in term of zero rated supply and the rest respondents have moderate level of awareness regarding general information, goods and services exempted from GST in term exempted supply and goods and services subject to GST.

Perception Towards GST

In this study, we examine the positive and negative perception of respondents towards impact of GST in India.

Table 6 Negative Perception towards Impact of GST

		N	Min.	SD	F	P
Gender	Male	40	14.7895	2.83827	1.656	0.122
	Female	111	14.6710	2.68983		
Marital Status	Single	48	14.2388	2.44739	2.808	0.095
	Married	103	14.9172	2.87735		
Age Level	< 30 Years	56	14.4684	2.45789	2.053	0.108
	31-40 Years	53	15.5067	2.57306		
	41-50 Years	33	15.9783	2.71823		
	>50 Years	9	17.6714	2.74470		

The mean score shows respondents give high negative perception towards impact of GST. Table 6 also shows that there are no significant differences among respondents for variable tested, gender (P = 0.122), marital status (P = 0.095) and age level (P = 0.108)). Which mean that regardless gender, marital status and age of the respondents, they have similar negative perception towards impact of GST in India.

Table 7 Positive Perception towards Impact of GST

		N	Min.	SD	F	P
Gender	Male	40	10.9164	2.21478	0.465	0.496
	Female	111	10.1704	1.89787		
Marital Status	Single	48	10.8265	1.99475	4.650	0.032*
	Married	103	11.0247	1.89473		
Age Level	< 30 Years	56	10.5478	1.87925	0.386	0.763
	31-40 Years	53	10.3337	2.33478		
	41-50 Years	33	10.5478	2.07048		
	>50 Years	9	11.8794	2.10489		

The mean score shows respondents give moderate positive perception towards impact implementation of GST. Table 7 also shows that there are no significant differences among respondents for variable tested, gender (P = 0.496) and age level (P =0 .763). However, there are statistically significant differences among those who married and single regarding impact of GST in India.

Table 8 Acceptance towards Implementation of GST in India across Gender

Acceptance	Gender	N	%	Total	Percentage
Yes	Male	2	5	23	15
	Female	21	19		
No	Male	38	95	128	85
	Female	90	81		

Based on Table 8, majority of respondents (128 person or 85 %) did not agree with the implementation of GST in India instead 23 respondents (15 %) agreed the implementation of GST. There are 21 female respondents and 2 male respondents are agreed with the GST implementation in India.

Table 9 Acceptance towards Implementation of GST across Marital Status

Acceptance	Gender	N	%	Total	Percentage
Yes	Single	6	12.5	17	11.25
	Married	11	10.7		
No	Single	42	87.5	134	88.75
	Married	92	89.3		

Based on Table 9, majority of respondents (88.75 %) did not agree with the implementation of GST in India instead 17 respondents (11.25 %) agreed the implementation of GST in India. There are 11 married respondents were agreed with GST implementation.

Table 10 Acceptance towards Implementation of GST across Age Level

Acceptance	Age Level	N	%	Total	Percentage
Yes	< 30 Years	6	10.7	12	8
	31-40 Years	4	7.5		
	41-50 Years	1	3		
	>50 Years	1	11		
No	< 30 Years	50	89.3	139	92
	31-40 Years	49	92.5		
	41-50 Years	32	97		
	>50 Years	8	89		

Based on Table 10, majority of respondents (92 %) did not agree with the implementation of GST in India instead 12 respondents (8 %) agreed the implementation of GST in India. There are 6 respondents (10.7 %) which aged less than 30 years old agreed with GST implementation.

8. CONCLUSION:

These findings indicate that the level of awareness of the GST is still not reached a satisfactory level. This is because the study involved only general questions that should be known by the respondents as end users. This cause the respondents gave high negative perception of the impact of implementation of GST in India. By evaluating the results, it seems to indicate respondents received less information and promotion from the authorities. Most of the respondents were unclear whether the goods and services are not subject to GST. Furthermore, due to the lack of information on GST, the respondents had a high negative perception. Therefore, the government must convince that GST will not have a lasting impact on the public as particularly convincing end users that no increase in prices of goods and services. Thus, in introducing the GST in India, government should have continuous careful planning, detailed preparation, participation of community and extensive public education program is the key success in the implementation of GST.

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A Study on Impact of GST on Healthcare and Pharma Sector in India

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Abstract: *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.*

Key Words*: GST, VAT, CST, TAX*

1. INTRODUCTION:

GST is expected to be a game-changing reform for the Indian economy in the medium to long term since it will flourish a common Indian market and reduce the cascading effect of the tax on the cost of goods and services. If implemented, GST will result in a complete overhaul of the Indian indirect tax system with wide-ranging implications including tax structure, tax incidence, tax computation, tax payment, compliances, and credit utilization and reporting. It is also expected that supply chain and other operational planning opportunities and efficiencies may be available, depending on a company's facts. However, in the short-term/transitional phase, all Industry, including the pharmaceutical industry, are likely to face a number of challenges, including possibly negative financial impacts, the need to assess existing supply chain structures, the need for reconfiguration of IT systems and more. It is, therefore, critical that companies become well known with the proposed GST legislation, begin assessing the impacts that GST is likely to have on their business operations and begin to develop/implement a plan to manage this mega-change by the expected implementation date.India is the largest producer for generics and the country's Pharmaceutical Industry is currently the 3rd largest in the world in terms of volume and ranks 14th in terms of value. As the population continues to grow, the need for better Healthcare Services is also growing. Currently, 5 percent of the country's GDP is expended on the Healthcare sector. The healthcare sector touches $150 bn in 2017. The country's healthcare industry has been growing exponentially in last few years, and the Health Ministry targets for the development of new technologies to end the year for treating diseases, such as tuberculosis and cancer. For attracting more FDI (Foreign Direct Investment), the Government has also raised the cap.

2. REVIEW OF LITERATURE:

Agogo Mawuli (May 2014) 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.
Pinki, Supriya Kamma and Richa Verma (July 2014) studied, "Goods and Service Tax – Panacea for Indirect Tax system in India" and concluded that the new NDA government in India is positive towards implementation of GST and it is beneficial for central government, state government and as well as for consumers in long run if its implementation is back by strong IT infrastructure.

2.1. OBJECTIVES

The study has following objectives:

- To study the Impact of GST on Pharmaceutical Industry
- To know about the Finance experts are overwhelmed about GST
- To study the Impact on Medical Tourism

3. RESEARCH METHODOLOGY:

Being an explanatory research it is based on secondary data of journals, articles, newspapers and magazines. Considering the objectives of the descriptive type research design is adopted to have more accuracy and rigorous analysis of research study. The accessible secondary data is intensively used for research study.

3.1. CONCEPT

GST is an indirect tax which will subsume almost all the indirect taxes of central government and state governments into a unified tax. As the name suggests it will be levied on both goods and services at all stages of value addition. It has dual model including central goods and service tax (CGST) and state goods and service tax (SGST). CGST will subsume 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 will be replaced by SGST. Integrated goods and service tax (IGST) also called interstate goods and service tax is also a component of GST. It is not an additional tax but it is 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.

3.2. IMPACT OF GST ON PHARMACEUTICAL INDUSTRY:

At last, the long-awaited GST Bill (Goods and Service Tax Bill) has cleared the hurdles of both the parliamentary houses. Certainly, it is a turning point for the country because it will not only make the taxation easy to understand but also reduce the malpractices prevalent due to ambiguity and confusion of tax norms. The GST regime is expected to bring a great boost to the pharmaceutical industry by making the supply chain management efficient and reducing the cost of manufacturing pharmaceutical products. The reduction in the costs will get added to the profit margins which is a good thing for manufacturers. Since the bill has gone through several rounds of discussions and it was under consideration for more than two years, it is quite obvious that it has come out as the foolproof bill. The government is determined to make it a success by taking all the necessary means. Now the constitutional hurdles are the matter of the past, now corporate world is gearing for understanding the possible impacts of GST on the business.

3.3. THE WHEELS NEED TO ROLL QUICKLY ON INVENTORY MANAGEMENT TO PREVENT SHORTAGES IN MEDICINES

The Goods and Services Tax (GST) is a comprehensive tax on the manufacture, sale and consumption of goods and services at a national level. The new system is set to be a game changer, once it is implemented from the proposed date of July 1, 2017. Finished medicines come under the 12 per cent slab of the recently announced GST rates. And the pharmaceutical industry is worried that transition troubles may be around the corner, if the government does not act soon enough to tackle them. Currently, the combined excise duty and VAT on a pharmaceutical product for retail sale is about 9 per cent of MRP (with the tax on inputs for bulk drugs pegged at 12.5 per cent). However, the Supreme Court has ruled that there cannot be a formulation with two different prices available in the market. Expecting such a scenario in the transition period to the GST regime, we had urged the Department of Pharmaceuticals in end-March 2017 to direct the National Pharmaceutical Pricing Authority to notify the revised ceiling prices as soon as the GST rates are announced. This will enable manufacturers to schedule their production accordingly to ensure that supply of these medicines is maintained in the market without interruption. The government will need to allow re-snickering of packs with the revised MRP so as to avoid wastage of resources, as otherwise the unsold packs will have to be destroyed.

3.4. TIMELINES FOR REFUND:

The other concern is that the tax rate on bulk drugs (raw material) has been fixed at 18 per cent under the GST regime, compared to 12 per cent on finished products. This inverted duty structure may not have too much of an impact as a credit refund mechanism has been built into GST laws. The timelines for refund, though, are not clear and may possibly follow the mechanism of refund for exports, recommended as 90 per cent in seven days and the balance 10 per cent in about six months. One unique impact that the GST will have is on the Drugs (Price Control) Order. The pharma industry has thousands of manufacturers and over 65,000 formulations, and almost every drug has many competitors in the market. It is still the only price-controlled industry and hence has a unique set of problems. Unless the government informs us or allows us, we are in no position to revise prices of controlled or even non-controlled products, to include the GST factor. For products controlled under the DPCO, the National Pharmaceutical Pricing Authority (NPPA) will have to notify the revised prices. Even the supposedly non-controlled products are indirectly controlled, with only a one-time revision of prices allowed in April every year. The immediate concern though is the transition period from now to July 1. CGST Transition Rules stipulate that those who do not pay Excise Duty would only be allowed 40 per cent refund, which is almost echoed by SGST. Distributors and retailers, by the nature of their business, are not registered under excise laws as they do not manufacture any goods. They are, however, registered under VAT. The transitional provisions will impact retailers as they sell goods at MRP determined by the supplier (manufacturer), which is inclusive of the excise duties already charged by the supplier. In the transition period, the retailer will discharge the tax liability as per the new GST Rules, but will not be able to pass this on to the consumers due to the MRP stipulation. This will lead to some gap in the credit amount availed against the tax charged by retailer, which will impose a burden on the retailer's margin. The retailer, in turn, will seek to recover this loss from the companies, thus impacting the entire supply chain.

4. IMPACT ON THE PHARMACEUTICAL INDUSTRY IN SPECIFIC:

- In the current system, specific API or life-saving drugs enjoy the benefit of non-levy of excise duty if they are covered under some specific notification of the Central Excise Law. As the Central Excise Duty will get merged in GST, these life-saving drugs will enjoy the Tax-Free status. The aforesaid goods will enjoy exemption from IGST also in case they are imported.
- It will be quite interesting to know about the translation of the accumulation of credits when GST is applicable. Since pharmaceutical companies give a high stack into it, the impact will be wholesome.
- In the existing model of Indirect Tax law, supplies made to a loan licensee enjoy exemption from VAT. It is important that the industrialists get the clarity about the situation post-GST implementation. Also, currently there is no service tax on the processing charge paid to the loan licensee because the process comes under "manufacturing process".
- Though the proposed bill assures that the existing benefits will be continued, it is very much important that industrialists make the situation clear.

4.1. FINANCE EXPERTS ARE OVERWHELMED ABOUT GST:

Tax experts are unanimous about the fact that there will be a negative impact on the prices as the taxation will increase to 12 percent as against five percent (the existing rate). Also, there will be a need of changing MOUs (Memorandum of Understanding) across the country since area-wise exemptions (the current practice) will be heavily impacted by the GST regime. Thus, consumers may feel agitated initially because they will have to pay more money.

In addition to it, the bill will impact the bonus schemes, the return of expired drugs and the free sample of drugs. Thus, the pharmaceutical companies will have to redesign the incentive schemes from the scratch. However, there are several positive things as well. Since the central tax will be included in the GST, there is a relief to the business community. Moreover, transactions between two dealers of different states (interstate transactions) will be tax neutral. Therefore, the traditional CF Distribution model will be revamped altogether. It will be replaced with efficient supply chain models. Since many pharma companies today operate on a trader of goods model, they can't set-off service tax paid. In the GST times, the cost of goods sold will get reduced by credits. It is assumed that the proposed would bring a good effect on the warehousing strategy also. Since most of the pharmaceutical industries today maintain warehouses (in spite of additional operating expenses) in different states to avoid the CST impact. Post GST, they needn't worry about the same. Thus, they can maintain warehouses at strategic locations. It is also possible that pharmaceutical giants consolidate their warehouses and reduce operational expenses. This will happen across the sector regardless of the size of the company.

4.2. THE MAJOR CONCERNS OF GST:

There is an uncertainty if the life-saving drugs, Healthcare services, and medical devices would continue to be tax-free once GST comes into force. Till now, life-saving drugs are exempted from the Excise and Customs Duties. Some of the States charge 5 percent taxes on the medicines; it might change once GST comes to play. The Government must continue the duty and tax incentives which are in place already. As the Goods and Services Tax is applicable on all the stages of the supply chain, it is still unclear how this would influence the bonus schemes, free drug samples and the inter-state movement of the expired products or the stock transfers. One of the prime concerns for the healthcare sector is the inverted duty structure that adversely impacts the domestic manufacturers. The cost of inputs is much higher than output, i.e., the raw materials are more costly in terms of duty than the finished product itself hence depressing investments from the manufacturers. For addressing this issue, the GST structure proposes either to dispose of the inverted duty structure or bring in a refund of the accrued credit. If this is implemented, it would prove to be the biggest advantage for the healthcare sector and would act as a booster for the growth of healthcare industry.

4.3. IMPACT ON MEDICAL TOURISM:

Speaking about Medical Tourism, India has a definite competitive advantage over the First world countries. Several studies have proved that the cost of health care package including accommodation and travel to India is about 30-40 percent of the similar medical treatment and procedures in First World countries. India brags of having one of the largest healthcare workforces with 50,000 or more doctors and nurses produced every year. As of today, there is a boom in the country's medical tourism that generates extra returns for Healthcare Industry. The revenue from medical tourism in the country has grown from $334 million in 2004 to $2 billion this year. With the implementation of GST, Medical Tourism is also projected to grow manifold. Also, the formation of National Medical Tourism Board has initiated their policies for solving the issues which are faced by the medical travellers. The Board under the Ministry of Tourism would go a long way to solve the challenges in coordination across different ministries. With the roll out of GST, the cost of insurance, pharmaceuticals, and international travel together with quality health care is expected to reduce which would culminate into better prospects of medical tourism in the country. Valsa Nair Singh, IAS, Principal Secretary, Tourism & Culture with the government of Maharashtra, speaking about challenges such as demonetization and GST, claimed that medical tourism is growing in spite of demonetization, and e-visa on arrival has also helped in achieving the same. The medical tourism industry has been assisted by the improved connectivity. “We are trying continuously for replicating wellness, yoga and organic living,” she shares. India is home to several alternative medicine practices such as Yoga, Ayurveda, Unani, Sidha, Homeopathy and Acupuncture which are popular among the foreigners. Such alternative medicine practices give India an important edge over most of its competitors such as Thailand, Malaysia, Singapore, UAE and South Korea. It is expected that GST would have a positive effect on these alternative medicine sector and will significantly contribute towards the growth of medical tourism in the country.

5. CONCLUSION:

To avoid such losses, retailers should be allowed to avail of 100 per cent (not 40) credit of the CGST /IGST charged by the manufacturer, distributor and so on as applicable. This will reduce the burden of taxes on the retailers arising out of the transitional provisions. Otherwise, manufacturers will need to compensate the retailers for the difference, that is, 60 per cent, which is a burden as these are taxes already paid by the manufacturer.

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IMPACT OF GST ON INDIAN ECONOMY: A STUDY

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Abstract: *GST is new form of taxation in Indian tax administration. There was strong opposition for implementing GST in India. There were lot of reasons for that. Charing high tax slab is also one of the major reasons for not accepting GST in India. It is the right time to study about the impact of GST in India. Thus, this study found that GST heavily affects the Indian business and poor people as it has high tax slabs which contain some basic necessary goods and complex calculating procedures.*

Key Words: *Tax Administration, GST, IGST, SGST, CGST , Tax Reform,*

1. INTRODUCTION:

India's biggest tax reform is now a reality. A comprehensive dual Goods and Services Tax (GST) has replaced the complex multiple indirect tax structure from 1st July 2017.The concept of GST was visualized for the first time in 1999. On 8th August 2016, the Constitutional Amendment Bill for roll out of GST was passed by the Parliament, followed by ratification of the bill by more than 15 states and enactment of the bill in early September. The GST Council consisting of representatives from the Central as well as state Government, met on eighteen occasions in last ten months and cleared –

- GST laws,
- GST Rules,
- Tax rate structure including Compensation Cess,
- Classification of goods and services into different rate slabs,
- Exemptions,
- Thresholds,
- Tax administration

On 12 April 2017, the Central Government enacted four GST Bills:

- Central GST (CGST)
- Integrated GST (IGST)
- Union Territory GST (UTGST)
- Bill to Compensate States

In a short span of time, all the states (excluding Jammu and Kashmir) approved their State GST (SGST) laws. Union territories with legislature, i.e., Delhi & Puducherry, have adopted SGST Act and the balance 5 Union territories without legislatures have adopted UTGST Act. The government has also notified GST rules, tax rates on goods and services, exemption list and categories of services on which reverse charge is applicable. The second phase of enrolment process for migrating existing taxpayers to the proposed tax regime through GST common portal has already commenced from 1st June 2017. GST Network, an IT backbone of GST, has also carried out the test run of its Portal. GSTN has released offline utility for GSTR-1. Return filing procedure for the first two months of GST implementation is relaxed. Tax would be payable for the first two months based on a simple return Form GSTR – 3B containing a summary of outward and inward supplies. This form is required to be submitted before the 20th of the succeeding month. When Goods and Services Tax is implemented, there will be 3 kinds of applicable Goods and Services Taxes:

CGST: where the revenue will be collected by the central government

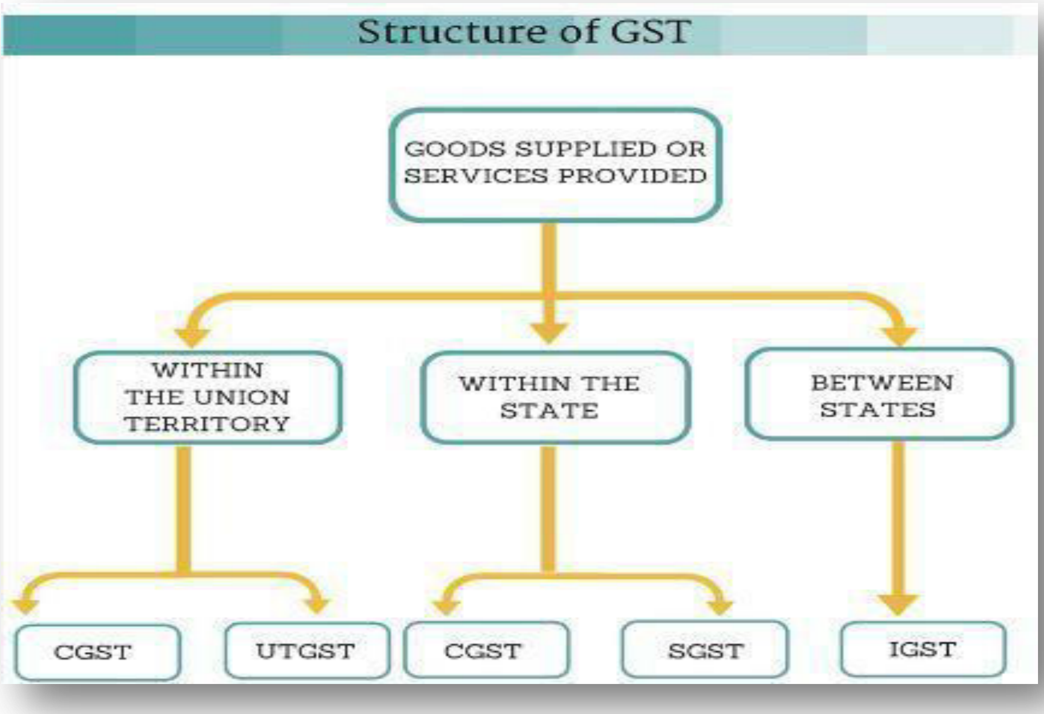
SGST: where the revenue will be collected by the state governments for intra-state sales

IGST: where the revenue will be collected by the central government for inter-state sales

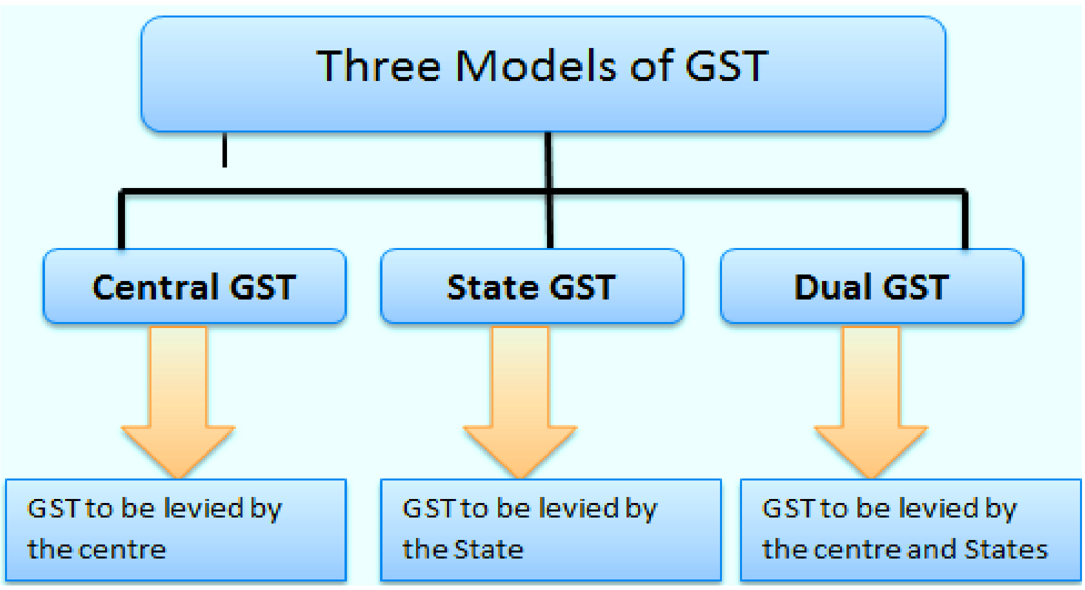
In most cases, the tax structure under the new regime will be as follows:

Transaction	New Regime	Old Regime	Comments
Sale within the state	CGST + SGST	VAT + Central Excise/Service tax	Revenue will now be shared 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) now in case of inter-state sales.

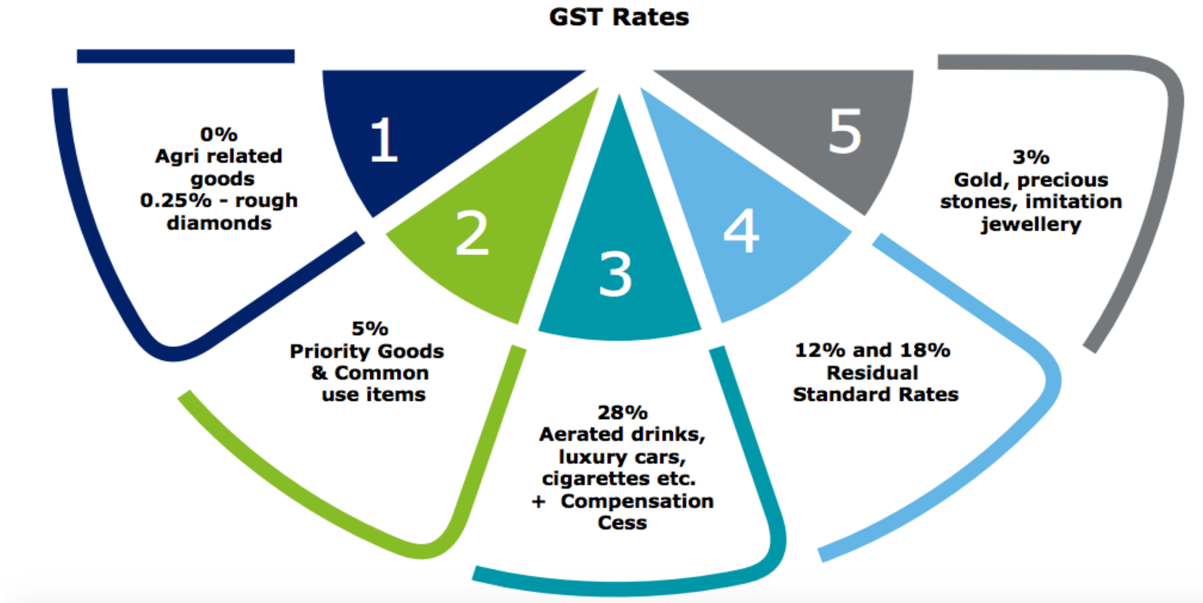
2. STRUCTURE OF GST:



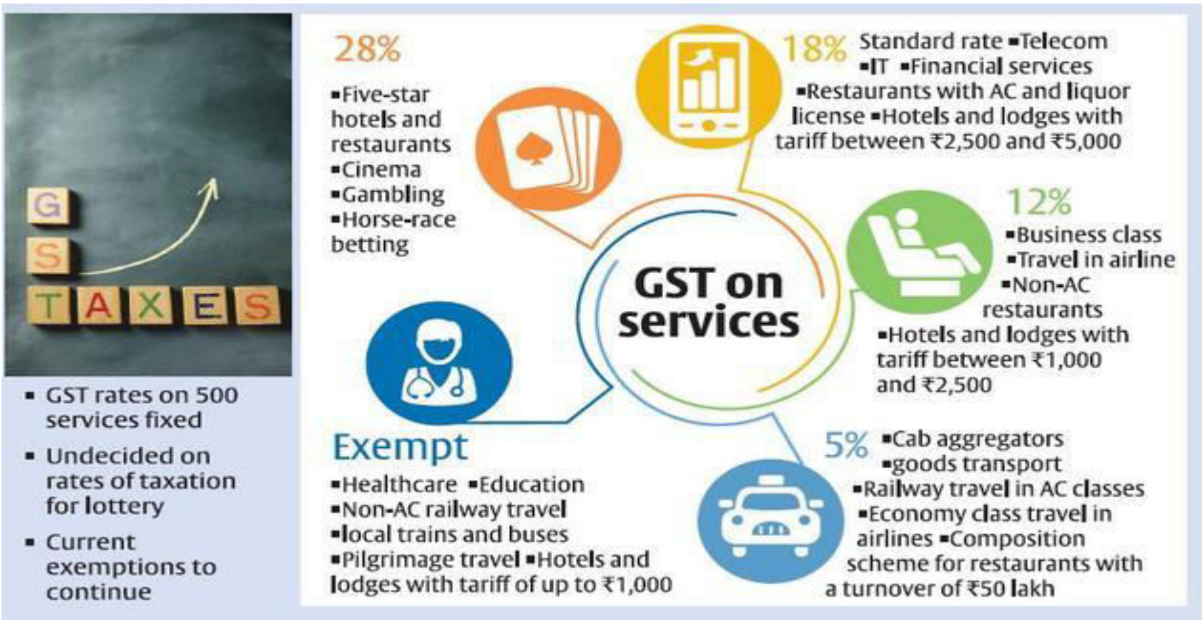
2.1. COMPONENTS OF GST:



2.2. RATES OF GST:



2.3. GST:



3. ADMINISTRATION 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.

3.1. TAXING 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.

3.2. CROSS UTILIZATION OF CREDITS BETWEEN GOODS AND SERVICES:

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.

3.3. INTER-STATE TRANSACTIONS OF GOODS & 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 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.

4. 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) 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.

5. PROCEDURES OF IMPORTS TAXING 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.

5.1. MAJOR FEATURES OF THE CONSTITUTION (122ND AMENDMENT) BILL, 2014:

The salient features of the Bill are as follows:

- 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.

5.2. MAJOR FEATURES OF THE PROPOSED REGISTRATION PROCEDURES UNDER GST:

The major features of the proposed registration procedures under GST are as follows:

- **Existing dealers**: Existing VAT/Central excise/Service Tax payers will not have to apply afresh for registration under GST.
- **New dealers**: Single application to be filed online for registration under GST.

The registration number will be PAN based and will serve the purpose for Centre and State.

- Unified application to both tax authorities.
- Each dealer to be given unique ID GSTIN.
- Deemed approval within three days.
- Post registration verification in risk based cases only.

5.3. MAJOR FEATURES OF THE PROPOSED RETURNS FILING PROCEDURES UNDER GST:

The major features of the proposed returns filing procedures under GST are as follows:

- **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.

5.4. MAJOR FEATURES OF THE PROPOSED PAYMENT PROCEDURES UNDER GST:

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

6. CONCLUSION:

It is good system to be implemented in the Indian taxation System right now. But its tax slab is not good and proper. Some slabs have heavy tax for even common and basic product. It should be re- modified. Now some product are being replaced. If it is categorised in the correct manner, then GST will be very good tax system in our nation for our economic development.

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A Study on GST Composition Scheme Effect on Manufacturers in India

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Abstract: "One tax and one Nation" *Goods and Service Tax is a game changer as because with its implementation, tremendous outflows of benefits are expected. With the introduction of GST, a new regime of business compliance will be established. Big organizations in India have the required resources and expertise that can facilitate the compliance procedures. On the other hand, small and medium enterprises (SMEs) and start-ups will have difficulty in complying with these provisions. Thus, to lower the burden of compliance for small businesses, a composition scheme has been introduced under GST law where the assesses have to pay tax at a minimum rate based on their turnover. This paper seeks to explain the positive and negative effects of GST composition scheme on small business manufacturers who undertake job works from principal and whose turnover are limited.*

Key words: *Goods and Service Tax, Composition Scheme, Effects, Job Workers.*

1. INTRODUCTION:

Today, the manufacturing sector is operating in a competitive business environment and it is economical and cost effective by outsourcing as job work. Job-work industry constitutes a significant sector in Indian economy. It is an indispensable arm of our industrial sector and a large part of the country's SME is involved in it. The manufacturing industries now-a-days stick to their core competencies and get most of the jobs done on outsourced basis. Section 2(68) of the CGST Act, 2017 defines job work as 'any treatment or process undertaken by a person on goods belonging to another registered person'. The one who does the said job would be termed as 'job worker'. The ownership of the goods does not transfer to the job-worker but it rests with the principal. The job worker is required to carry out the process specified by the principal on the goods.

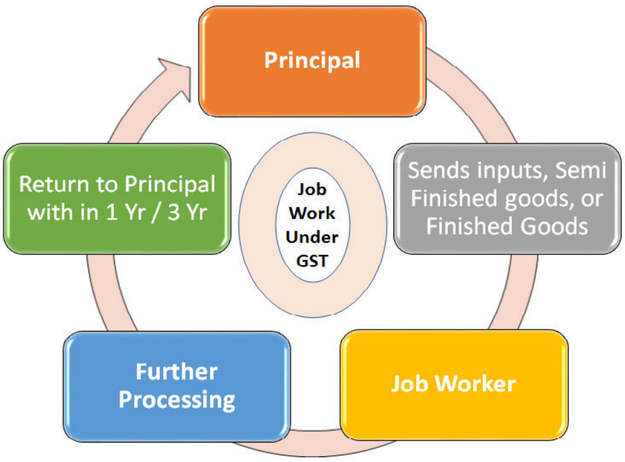

Figure 1: Source: studycafe.in

Under GST special provisions have been provided for removal of goods for job-work and receiving back the goods after processing from the job-worker without the payment of GST. The benefit of these provisions shall be available both to the principal and the job worker. On the other side, many Start-ups and Small and Medium Enterprises (SMEs) struggle in order to complete these provisions. To resolve such kind of scenarios, the government has introduced a Composition Scheme under GST. Section 10 of the GST law contains the provision with respect to the registration of a taxpayer under composition scheme. The basic principle underlying the composition scheme is to minimize the burden of compliance for small taxpayers. There are around 8 million taxpayers that are expected to be migrated from the current laws into the GST regime. However, many of these taxpayers will have limited turnover and may not have requisite resources and expertise to comply with all the procedures mentioned under the GST. Accordingly, the government has come up with composition scheme wherein any taxpayer whose turnover is below Rs 50 lakhs need not to register as a normal taxpayer. Instead, he may choose to get registered as a taxpayer under composition scheme and pay taxes on his supplies at a nominal rate. However, he shall not be eligible to issue a tax invoice and cannot utilize the credit of input tax paid as a result thereof. The floor rate of tax for CGST and SGST shall **not be less than 1%.** When the eligible taxpayer is opting for the Composition Scheme under GST, a taxpayer has to file summarized returns on a quarterly basis, instead of three monthly returns (as is applicable for normal businesses).

2. LITERATURE REVIEW:

Mahender in 2017 has explained the GST Effect on Manufacturing Industry in India. The study has concluded that the cement, automobile, consumer and durable sector has been benefited by GST based on subsum of taxes, enjoy in operating and transportation expenses and reduction in housing expenses where as IT and IT, telecom and banking and financial services, Indian Pharmacy, textile and garment industry and media companies like DTH have been faced negative impact of GST. **Confederation of Indian Industry** has explained the positive and negative impact of GST on MSMEs. The positive impacts are starting business becomes easier, improved MSME market expansion, lower logistical overheads, aids MSMEs dealing in sales and services, unified market and purchase of capital goods. The negative impacts are the burden of lower threshold, no tax differentiation for luxury items and services, selective tax levying, the burden of higher tax rate for service provider, excessive working capital requirement, realignment of purchase and supply chain and dual control. **CA Madhukar N Hiregange and CA Mahadev.R** have discussed the GST Impact on sales for manufacturers and suggested that there is a need for GST impact study for all manufacturers to understand the impact of GST on the goods being manufactured. **CA. Dilip Satbhai** has focused on the issues on Job Work provisions under GST from perspective of manufacturers – mainly the Engineering and Automobile sectors who currently operate extensively under job work arrangements as envisaged under Central Excise. It may be noted that the procedure of paying the GST on supply (removal) to the job worker and job worker sending back with GST on the entire value including his value addition is also an option which is available in old law as well under GST.

2.1. OBJECTIVES OF THE STUDY:

- To know the eligibility of GST composition scheme on manufacturers in India who undertake job works from the principal.
- To understand the benefits and drawbacks of GST composition scheme on manufacturers in India who undertake job works from the principal.

2.2. SCOPE OF THE STUDY: The study covers only small business manufacturers who receive job works from the principal with fewer turnovers. The study is limited to GST composition Scheme as it is quite beneficial to small suppliers and intra state local suppliers which prevents them from various procedural compliances and gives a hassle free working environment.

2.3. DATA SOURCES AND METHODOLOGY: The study is based on secondary sources. Basically the secondary data has been collected from magazines, journals and news papers. The methodology is based on observation method only.

3. ELIGIBILITY FOR GST COMPOSITION SCHEME:

Getting registered under composition scheme is optional and voluntary. There are certain conditions that need to be fulfilled before opting for composition levy. They are as follows:

- Any assessee who only deals in supply of goods can opt for this scheme that means this provision is not applicable for service providers. However, restaurant service providers are excluded.
- There should not be any interstate supply of goods that means businesses having only intra state supply of goods are eligible.
- Any dealer who is supplying goods through electronic commerce operator will be barred from being registered under composition scheme.
- Composition scheme is levied for all business verticals with the same PAN. A taxable person will not have the option to select composition scheme for one, opt to pay taxes for other.
- Dealers are not allowed to collect composition tax from the recipient of supplies, and neither are they allowed to take Input Tax Credit. If the person is not eligible under composition scheme, tax liability shall be TAX + Interest and penalty which shall be equal to the amount of tax.
- Dealers who collect Tax at source u/s 56.

Why should you opt for composition scheme under GST?

- There is no requirement to maintain records
- Hassle free payments of tax at single rate
- Filing monthly returns is a costly and cumbersome process that may just be asking too much from a small dealer trying to grow a business

Benefits of Registering under GST Composition Scheme

Below are some of the prominent reasons why you should choose to get registered as a supplier under the composition scheme:

- **Limited Compliance**: Under the normal scenario, a taxpayer under GST has to file minimum 3 returns monthly and one annual return. To be precise, he is compelled to file 37 returns in a year or penalty will be levied for non-compliance. For small suppliers and manufacturers, it is quite difficult to maintain so detailed books of accounts on a daily basis and record every transaction with supporting documents. Under the composition scheme, the taxpayer is required to furnish quarterly return only, and thus he need not worry on record keeping. This will ease the compliance burden for SMEs, and they can focus more on their business rather than getting occupied in compliance procedures.
- **Limited Tax Liability**: Another advantage of being registered with composition scheme is the rate structure. The rate is 1% for manufacturers, 2.5% for restaurant service providers, 0.5% for other suppliers of turnover.
- **High Liquidity:** For normal taxpayers, most of his working capital will be blocked as Input Tax credit because he can avail the input only if his supplier has filed the return. The supplier has to pay tax at standard rate and credit of the input will only be availed when his supplier files the return. In composition levy, dealer need not worry about his supplier filing return as he cannot take credit and will pay tax at a nominal rate.
- **Level Playing Field**: Just because a taxpayer has chosen to get registered under the composition scheme, it doesn't necessarily mean he is losing the competitive edge. Since the profit margin of a supplier in composition scheme is more than a large taxpayer, such supplier can outplay the economies of scale of large enterprises by offering competitive prices and have a better hold on the local market of supply. Thus composition scheme ensures the interest of small suppliers carrying out intrastate transactions and provides with a sustainable and competitive supply market.
- **Ease of doing business**: reduced tax liability and limited compliance will make it easy for small business to grow and flourish. On one hand reduced taxes will result in surge of profit margin while on the other, limited compliance will reduce hassles allowing a party to focus more on his business.

Hence, it can be said that composition scheme will be a growth driver for small taxpayers who are carrying out intrastate transaction and not import-export of goods. If any taxpayer carries out interstate transactions or gets into import-export transaction then the benefit of composition scheme is not available to such taxpayer and such suppliers are required to get registered as a normal taxpayer.

4. DRAWBACKS OF REGISTERING UNDER THE GST COMPOSITION SCHEME:

- **Limited Territory for Business:** A taxpayer registered under the composition scheme is barred from carrying out inter-state transactions and cannot offer import-export of goods and services. Thus, he is compelled to carry out only intra-state transactions and this limits the territory of his business. Furthermore, this section is in contradiction of "One nation One tax" as this section limits the benefit only to the boundary of the state.
- **No Credit of Input Tax:** there is no provision of input credit on B2B transactions. Thus, if any taxable person is carrying out business on B2B model, such person will not be allowed the credit of input tax paid from the output liability. Also, the buyer of such goods will not get any credit on tax paid, resulting in price distortion and cascading. This will further result in a loss of business as a buyer registered as a normal taxpayer will not get any credit when buying from a person registered under composition scheme. Eventually, such buyers might avoid purchases from a taxpayer under composition scheme.
- **No Collection of Tax**: Though the rate of composition tax is kept very nominal at 0.5%, 1% or 2.5%, a taxpayer under composition scheme is not allowed to recover such tax from his buyer, as he is not allowed to raise a tax invoice. Consequently, the burden of such tax is kept on the taxpayer himself and this has to be paid out of his own pocket.
- **Penal Provision**: Another provision which is heavily debated is the penal provision for a taxpayer under composition scheme. As per the GST Law, if the taxpayer who has previously been given registration under composition scheme is found to be not eligible for the composition scheme or if the permission granted earlier was incorrectly granted, then such taxpayer will be liable to pay the differential tax along with a penalty which can extend up to the amount of total tax liability i.e 100%. On analysis of this provision, it can be fairly said that if a small taxpayer who has limited knowledge of tax laws and compliance makes any mistake under

composition scheme, he shall be liable to pay tax at the standard rate on his total turnover along with a penalty which will be equal to the total tax liability.

5. CONCLUSION:

Today, to make compliances better for small businesses, states have provisions in their VAT law about the composition scheme. Similarly even in GST, composition scheme is introduced to safeguard the interests of small businesses. Composition scheme is considered as instrumental in enabling small taxpayers to reduce the burden of compliance. However, under the current scenario a small taxpayer has to act very consciously if he chooses to get registered under the composition scheme.

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GST IMPACT ON COMMON MAN

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Abstract: *Before 1st July 2017, we paid a mixture of taxes i.e. Direct and Indirect taxes, which are felt as burden on us and due to these taxes the corruption is increasing. So, to overcome from all these taxation system 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 awaited decision. It is a comprehensive tax system that will subsume all indirect taxes of State and central Governments and whole economy into seamless nation in national market. It is expected to remove the burden of existing indirect tax system and play an important role in growth of India. GST includes all Indirect Taxes which will help in growth of economy and proves to be more beneficial than the existing tax system. GST will also help to accelerate 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. This paper will help to show that, what will be the impact of GST after its implementation on common man and also which are the thing government need to improve in current GST system to satisfying common men's needs and requirement.*

Key Words: *Central GST, State GST, Common Man, Consumption based tax, Direct-Indirect tax. Tax benefits.*

1. INTRODUCTION

Indirect Tax system is highly complicated in India because there are various types of taxes that are charged by the Central and State Governments on Goods and Services. These taxes include Entertainment Tax for watching film, Value Added Tax (VAT) for purchasing goods & services by consumer. Other taxes are excise duties, Import Duties, Luxury Tax, Central Sales Tax, Entry tax, and Service Tax. Businessmen have to maintain accounts which need to obey with all the applicable laws. Many experts have suggested that to resolve the issues of different types of taxes, there is a need issue to streamline all indirect taxes and implement a "single taxation" system. This system is entitled as Goods and Services Tax, abbreviated as GST. The GST will be levied both on Goods and Services. Earlier, GST was introduced during 2007-08 budget session. On 17th December 2014, the current Union Cabinet ministry permitted the proposal for introduction GST Constitutional Amendment Bill. On 19th of December 2014, the bill was offered on GST in Lok sabha. The Bill is presented in Budget session. In simple term, GST is a tax that people need to pay on supply of goods & services. Any person, who is providing or supplying goods and services, is responsible to charge GST. GST is the huge reform in indirect tax structure in Indian financial scenario since the economy originated to be opened up 25 years ago, at last looks set to become reality. The Constitution (122nd) Amendment Bill introduced in Rajya Sabha recently, on the back of a broad political agreement and heightened by the good aspirations of the Congress. Goods and Services Tax Reform was passed in Rajya Sabha and it will be set to bring in lok Sabha.

2. THE PROPOSED MODEL OF GST AND THE RATE:

A dual GST system is scheduled to be implemented in India as proposed by the Empowered Committee under which the GST will be divided into two parts:

- **State Goods and Services Tax (SGST)**
- **Central Goods and Services Tax (CGST)**

GST is a consumption based tax. It is based on the "Destination principle." Goods and Services Tax is imposed on goods and services at the place where final/actual consumption occurs. GST is accumulated on value-added goods and services at each stage of sale or buying in the supply chain. GST paid on the obtaining goods and services can be set off against that payable on the supply of goods or services. The producer or wholesaler or retailer will pay the applicable GST rate but will claim back through tax credit mechanism.

3. APPLICATION AND TOOLS OF GOODS AND SERVICES TAXES:

Figure 1: GST Rate Levied on

GST will be charged on the place of consumption of Goods and services. It can be levied on following:

- Intra-state supply and consumption of goods & services
- Inter-state movement of goods
- Import of Goods & Services

4. TAX STRUCTURE OF GST IN INDIA:

Now let's see the tax structure of new GST implemented in India. Which is multi-dimensional structure divided in 5 different categories from no tax to 28% tax.
The GST rates have not yet been passed by the Lok Sabha. The proposed rates are:
5%, 12%, 18%, 28% (+luxury cess).

Slabs	New GST rates	Current 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)

4.1. No tax (0%) :

GOODS

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

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.

4.2. 5%

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

SERVICES

Transport services (Railways, air transport), small restaurants will be under the 5% category because their main input is petroleum, which is outside GST ambit.

4.3.12% :

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, coloring books, picture books, umbrella, sewing machine, cell phones, 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,

SERVICES

State-run lotteries, Non-AC hotels, business class air ticket, fertilizers, Work Contracts will fall under 12 per cent GST tax slab

4.4.18% :

GOODS

Most items are under this tax slab which include footwear costing more than Rs 500, Trademarks, goodwill, software, Bidi Patta, Biscuits (All categories), flavored 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 and monitors, Kajal pencil sticks, Headgear and parts thereof, Aluminum 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

SERVICES

AC hotels that serve liquor, telecom services, IT services, branded garments and financial services will attract 18 per cent tax under GST, Room tariffs between Rs 2,500 and Rs 7,500, Restaurants inside five-star hotels

4,5,28%:

GOODS

Bidis, chewing gum, molasses, chocolate not containing cocoa, waffles and wafers coated with chocolate, pan masala, aerated water, paint, deodorants, shaving creams, after shave, hair shampoo, dye, sunscreen, wallpaper, ceramic tiles, water heater, dishwasher, weighing machine, washing machine, ATM, vending machines, vacuum cleaner, shavers, hair clippers, automobiles, motorcycles, aircraft for personal use, will attract 28 % tax - the highest under GST system.

SERVICES

Private-run lotteries authorised by the states, hotels with room tariffs above Rs 7,500, 5-star hotels, race club betting, cinema will attract tax 28 per cent tax slab under GST.

5, ADVANTAGES OF GST BILL:

- The tax structure will be lean and simple.
- The whole Indian market will be an incorporated market which may transform into lower business costs. It can simplify seamless movement of goods across states and reduce the transaction costs of businesses.
- It is beneficial for export businesses. Because it is not applied for goods/services which are exported out of India.
- It's implementation has long term benefit. The lower tax burden could translate into lower prices on goods for customers.
- The Suppliers, manufacturers, wholesalers and retailers are able to recover GST suffered on input costs as tax credits. This decreases the cost of doing business, thus enabling reasonable prices for customers.
- It can bring more transparency and better compliance.
- GST implementation can control corruption. Number of departments (tax departments) will reduce which in turn may lead to less corruption.
- More business persons will come under the tax system thus broadening the tax base. This may lead to better and more tax revenue collections.
- Companies which are under unorganized sector will come under tax area.
- The procedure of GST registration would also be made simple, thereby improving the ease of starting a business in India.

6. THE ADVENT OF GST WILL BRING IN THE BELOW CHANGES FOR THE COMMON MAN:

- 1. **Goods:** With the rise of GST the rates have now become same all over the country meaning that now there will either lead to increased competition or more innovative goods in the market ensuring complete value for money for customers.
- 2. **Rate Changes:** with the anti-profiteering rules of GST the impact of any price fall must now be passed on to the customer who is visible with the automobile sector.

- 3. **Disparity in Rates charged:** There is still quite a bit of confusion over the rates and needs to looked at by the government
- 4. **Services:** Rates of service have increase from 15% to 18%. This may seem as an increase but for many a services who could earlier not claim credit of inputs can now do so which will definitely ensure lower prices.
- With implementation being in initial stage it's still too early to predict whether the common man will benefit or loose with the Implementation of GST.

7. EFFECT OF GST ON COMMON MAN: PRODUCTS WHICH MAY GET COSTLIER

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.

7.1. CONSUMER PRODUCTS THAT MAY 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.

7.2. PRODUCTS THAT MAY GET 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.

7.3. GOODS AND SERVICES THAT MAY 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

8. FOR THE COMMON MAN, GST WILL HELP BRINGING IN THE FOLLOWING BENEFITS:

- **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 tax 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.

8.1. NEGATIVE IMPACT OF GST:

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 increase (i.e.) all the services like telecom, banking, airline etc. will become more expensive which will directly affecting common man.

- Increased cost of services means, an add-on to your monthly expenses
- You will have to reorganize your budgets to bear the additional services cost
- An increase in inflation might be seen initially.
- If actual benefit is not passed to the consumer and the seller increases his profit margin, the prices of goods can also
- see a rising trend. But the rate 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

8.2. GST WILL POSITIVELY IMPACT THE COMMON MAN IN MANY WAYS:

GST is a unified tax system removing bundle of Indirect Tax like VAT, CST, Service Tax, CAD, SAD, and Excise Duty which will have a positive impact on common man. There will be less tax compliance and a simplified tax policy as compared to earlier tax structure, GST will reduce the cascading effect of taxes i.e. tax on tax system, It will help in removing the manufacturing cost which will bring price of consumer goods down, the lower price will further lead to an increase in demand/consumption of goods, increased demand will lead to increase supply hence this will ultimately lead to rise in production of goods. The increased production will lead to more job opportunities. GST will crub circulation of black money. Thus GST will have a positive impact on common man in many ways

9. CONCLUSION:

India is all set to introduced Goods and services tax after crossing the various hurdles in its way. GST is a long-term strategy planned by the Government and its positive impact shall be seen in the long run only. Also, this can happen if GST is introduced at a nominal rate to reduce the overall tax burden of the final consumers. Let us hope GST will leave a positive impact and will help to boost-up the Indian economy and will convert India into a unified national market with simplified tax regime. A rising Indian economy will anyways help in the financial growth of the common man! 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. There are various challenges in way of GST implementation as discussed above in paper. They need more analytical research to resolve the fighting interest of various stake-holders and accomplish the commitment for a fundamental reform of tax structure in India.

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GST AND ITS IMPACT ON INDIAN ECONOMY: AN OVERVIEW OF IT INDUSTRY

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Abstract: *Impact of GST on Indian Economy. Amidst economic crisis across the globe, India has posed as a beacon of hope with ambitious growth targets, supported by slew of strategic missions like 'Make in India', 'Digital India', etc. Goods and Services Tax (GST) is expected to provide the much needed stimulant for economic growth in India by transforming the existing basis of indirect taxation towards free flow of goods and services within the economy and also eliminating the cascading effect of tax on tax. The main aim of the study is to examine the impact of GST in IT industry and to find out IT industry back bone for GST. GST will face many challenges after its implementation and will result to give many benefits. In overall through this study we conclude that GST play a dynamic role in the growth and development of our country.*

Key Words: *GST, Indian economy, IT industry and back bone.*

1. INTRODUCTION

Impact of GST on Indian Economy.Amidst economic crisis across the globe, India has posed as a beacon of hope with ambitious growth targets, supported by slew of strategic missions like 'Make in India', 'Digital India', etc. Goods and Services Tax (GST) is expected to provide the much needed stimulant for economic growth in India by transforming the existing basis of indirect taxation towards free flow of goods and services within the economy and also eliminating the cascading effect of tax on tax. In view of the important role that India is expected to play in the world economy in the years to come, the expectation of GST being introduced is high not only within the country, but also in neighboring countries and in developed economies of the world. India is the hub of taxes where people pay many taxes which create confusion for them. Presently we pay two types of taxes i.e. Direct and Indirect in various sectors. GST is a blanket of Indirect Tax that will subsume several indirect state and federal taxes such as Value Added Tax (VAT) and Excise Duty and different State Taxes, Central Surcharges, Entertainment Tax, Luxury Tax and many more. GST was firstly introduced in France in 1954, with introduction of GST France became the first country ever to introduce GST. Its introduction was requiring because very high sales taxes and tariffs encourage cheating and smuggling. After France it was adopted by 165 nations. Now, India is also going to adopt it. After its implementation in India, India will become 166th nation to adopt it In India before 16 years, in 2000 Shri Atal Bihari Vajpy brought this system but no one paid attention on it and due to some reasons it was not passed. On 28th February 2006, the finance minister P. Chidambaram, had announced the target date for implementation of GST on 1 April, 2010. The Constitution (122nd Amendment) Bill was introduced in the Lok Sabha by Finance Minister Arun Jaitely, on 19th December 2014, and passed by the house on 6th May 2015. The bill was passed by Lok Sabha on August 2016. The bill, after ratification by the States, received assent from President Pranab Mukherjee on 8th September 2016. GST bill is brought for the reason that the different taxes paid by us on different rates would be brought under one roof so that all the taxes may get cancelled and only one tax is paid which is GST. Goods and Services Tax (GST) will include one tax one nation; this statement was given by the honorable Prime Minister Mr. Narandra Modi of India. In today's scenario we pay 30% to 35% tax on different things but with GST it will be only 18%, which shows it will be beneficial and one main thing that GST will remain similar in all nation.

The GST is expected to change the whole scenario of current Indirect Tax. GST will merge all Indirect Taxes under an umbrella and will help in creation of smooth market. Experts say that GST will help in economic growth of the country. It is estimated that GST will help in creation of single, uniform market that will benefit both corporate sector and the Indian economy. Both the State and the Central Government will levy GST on almost all goods and services produced in India or imported into the country. Direct taxes, such as income tax, corporate tax and capital gains tax will not be affected by GST. It will make Indian's tax structure, elaborate and create a similar market across states. GST will replace different Indirect Tax levies i.e. Sales Tax, Service Tax, VAT, Excise Duty, Custom Duty, Countervailing Additional Duty, Special Additional Duty, Securities Transaction Tax, Stamp Duty, Entertainment

Tax, Anti-Dumping Duty, Local Body Taxes, Property Tax, Entry Tax, Tax and Duties on electricity, Tax on Goods and Passengers and compliance cost will fall which will lead in getting life simpler. This process will help to increase India's tax-to-gross domestic product ratio. According to experts GST is regarded to increase economic growth by between 0.9% and 1.7%. Exports are expected to increase economic growth by between 3.2% and 6.3%, were as imports will likely raise 2.4% – 4.7% GST is a Value Added Tax (VAT) to be implemented in India, from April 01; 2017. Government has promised that GST will reduce the compliance burdens at present. One of the aims of introducing GST is to reduce the cascading effects of taxes which are primary focus of VAT, but VAT system is not comprehensive enough to do so. It would be applicable to all transactions of goods and service. It is to be paid to the accounts of the Centre and the States separately. The rules for taking and utilization of credit for the central GST and the State GST would be aligned. Cross utilization of input tax credit between the Central GST (CGST) and the State GST (SGST) would not be allowed except in case of inter-state supply of goods.

2. STATEMENT OF THE PROBLEM

GST is current trend happen in India and each every sector is facing trouble by implementation of GST in India. In this context a detail study is made based on information industry concern view on new implementation of goods and services tax.

2.1. OBJECTIVES

- To examine the impact of GST in IT industry.
- To find out IT industry back bone for GST.

3. GST IMPACT ON INDIA:

3.1. INCREASED FDI:

The flow of Foreign Direct Investments may increase once GST is implemented as the present complicated/ multiple tax laws are one of the reasons foreign Companies are wary of coming to India in addition to widespread corruption.

3.2. GROWTH IN OVERALL REVENUE:

It is estimated that India could get revenue of $15 billion per annum by implementing the Goods and Services Tax as it would promote exports, raise employment and boost growth. Over a period, the dilution of the principles may see that only part of this is accruing.

3.3.SINGLE POINT TAXATION:

Uniformity in tax laws will lead to single point taxation for supply of goods or services all over India. This increases the tax compliance and more assesses will come into tax net.

3.4.SIMPLIFIED TAX LAWS:

This reduces litigation and waste of time of the judiciary and the assessee due to frivolous proceedings at various levels of adjudication and appellate authorities. Present law appears to be much worse and an amalgam of the bad parts of VAT/ ST/ CE.

3.5. INCREASE IN EXPORTS AND EMPLOYMENT:

GST could also result in increased employment, promotion of exports and consequently a significant boost to overall economic growth and factors of production -land labour and capital.

4. GST BENEFITS AND ITS IMPACT ON INDIAN ECONOMY:

Amidst economic crisis across the globe, India has posed a beacon of hope with ambitious growth targets, supported by a bunch of strategic undertakings such as the Make in India and Digital India campaigns. 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. The association of Indian economy with Information technology (IT) is very well aware of all the changes upcoming along with the GST and has also issued a warning that serves not to take the information technology in an easy way as it contributes to the economy in a very heavy proportion. While the National Association of Software and Services Companies (Nasscom) president R. Chandrashekhar mentioned that upcoming GST regime can create a difficult scenario for the industry as with GST, there are lot many complex invoicing and billing coming ahead which can further strangle the taxation of IT industry making a tough growth. As per the reports, Most of the items used in the IT industry like printers, photocopier and fax machines has attracted highest tax rate of 28 percent. As the head mentioned that there will be a great number of taxation points counting up to 111 which must be accessed while in the process of filing as the reason being of multiple registrations ranging from 37 jurisdictions—29 states, seven union territories, and the Centre. In the words of Chandrashekhar, it said that Under the GST regime there are three tax points: **central GST, inter-state GST, and state GST**. Multiplying three GSTs with 37 jurisdictions take the total number of points of taxation to 111. It makes the IT companies register and file compliance reports at a staggering 111 points to clear all the way through filing the GST.As the known system of **taxation in IT industry**, there is a single point of taxation which is the central service tax and also one point of registration. Chandrashekhar said that “So, moving from the single point to 111 could definitely prove to be a challenge in terms of ease of doing business, The services industry at large was administered under a single authority in the center under the service tax regime. The simplicity and certainty that it offered needs to be emulated in the GST law that states and center adopt subsequently.”

Nasscom comes up with a statement that says that the ‘place of supply’ provision of GST might need various billing and invoice in the case of single contract services but the delivery is happening from multiple offices of the same activity. In the process, goods and services tax has brought some clarification over the taxation on electronic downloads also including various taxes and duties, the actual value of service provision may spark misunderstanding and disputes over this issue.Even the e-commerce marketplace is in downward slope as the latest provision which sets the marketplace to deduct ‘tax collection at source’ in contrary to the transaction held with each and every seller or third party vendor. This will definitely hamper the industry growth thus making the situation worse and can also create a situation in which the seller could draw their hands from this platform to sell their commodities. The imminent personality from the sector, Kris Gopalakrishnan, co-founder of Infosys Ltd. and chairman of Axilor Ventures has however took the GST light hearted and has assured the IT sector for a significant growth as the speech said that “This is good for the IT industry since services they deliver in India will come under GST. Of course, the **GST rate** has to be reasonable.”

5. GST'S TECHNOLOGY BACKBONE: SOME KEY FACTS:

As India prepares itself for Goods and Services Tax (GST) rollout that is expected to be implemented from April 1, 2017, the first question that comes to mind is whether the IT infrastructure is ready for such a massive rollout. Experts believe that a strong technology backbone is imperative for the successful rollout of GST. Well, the process has reportedly begun, with a team of technology specialists and tax experts working on a robust country-wide information technology *network* in order to make the rollout seamless, and this is possible through the GST Network (GSTN). Here’s all that you want to know about GSTN, the IT backbone of GST implementation:

What is the origin of GSTN?

GST *Network* (GSTN), was set up as a non-government private limited company in 2013 to create a robust IT backbone to enable real-time taxpayer registration, filing returns, handling of invoices, executing inter-state tax settlements, and connect states for two-way data flow. GSTN is a company formed to connect databases of states with the Centre and provide IT infrastructure for seamless implementation of GST.

Which IT company is leading this initative?

India’s second largest IT firm, Infosys had bagged a mega contract to build GST Network (GSTN) system last year in September, beating its other rivals TCS, Wipro, Tech Mahindra and Microsoft. The tech major has prepared a software to enable the traders, manufacturers and service providers to register with the government with a GST identity code.

How would GSTN help in the seamless working of the GST bill?

GSTN would help in PAN-based registration of traders, besides filing of tax returns and payment system. In other words, the portal itself will be a one stop for filing and processing of all taxes for almost 65 to 70 lakh tax-payers in the country and is being designed by a specialised design unit of Infosys.

What is Infosys’ role in the process?

To run and develop the GSTN project worth Rs 1,380 crore, Infosys, India’s second-largest software company, has been assigned the task. Infosys, has prepared a software to enable the traders, manufacturers and service providers to register with the government with a GST identity code. Navin Kumar, Chairman of GST Network told Hindustan Times, “The system which is being prepared by Infosys is 60 per cent through and will be ready to be rolled out by December-end.” Apart from that, the revenue department has already started stakeholder consultation with the industry in Hyderabad and Jaipur.

Who will share the cost burden?

The Centre and the states have agreed to equally share the costs incurred by GSTN. A sub-committee would decide on the sharing of the costs between the states.

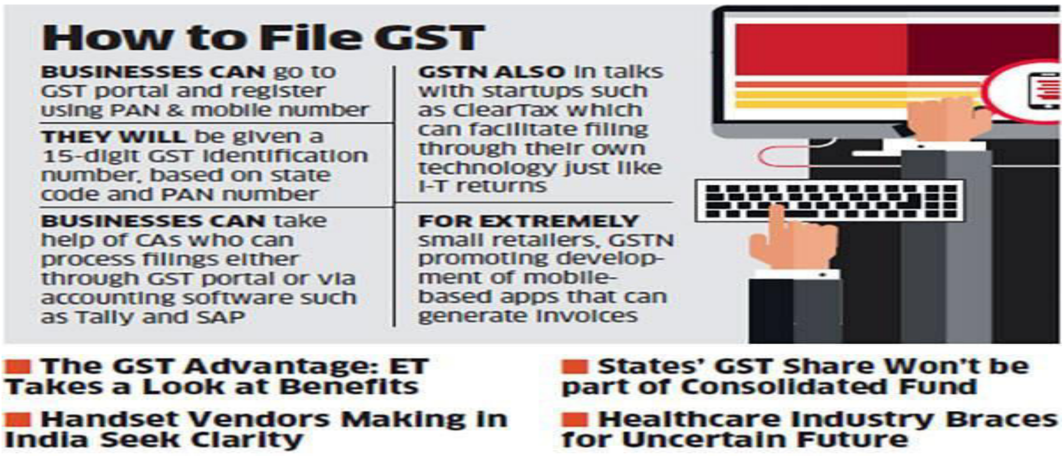
How will the GSTN work?

Users will have the option to either file their taxes themselves through the portal or use the services of accountants who can use the portal on their behalf or deploy their own software. The portal will allow new businesses to register using their PAN and mobile number or Aadhaar number. All businesses will be given a GST identification number, which will be a 15-digit code, consisting of their state code and ten digit PAN.

5.1. GST’S IT BACKBONE GETS READY FOR TIMELY LAUNCH:

NEW DELHI: The entity tasked with providing the information technology infrastructure for the goods and services tax expects to be ready for the rollout of GST from April 1, 2017, should the Centre and states pass legislation to bring about the biggest indirect tax reform in the country. Testing of the software should start by

October and a beta launch of the GST portal is planned for February, Prakash Kumar, the CEO of Goods and Services Tax Network (GSTN), a not-for-profit entity owned by the Centre, states and non-government financial institutions, said. "It will be tested by a chosen group of tax professionals, officers and businesses," said Kumar, a former executive of Microsoft .The constitutional amendment Bill to provide the legal framework to subsume all indirect taxes is listed for consideration in the Rajya Sabha on Wednesday. While the politics of GST has been tough, putting in place the technology systems that will in effect make India into a common market is a complex exercise. India's second-largest software company InfosysBSE -2.16 % has been assigned the mandate to develop and run GSTN in a project worth Rs 1,380 crore. The portal itself will be a one stop for filing and processing of all taxes for almost 65 to 70 lakh tax-payers in the country and is being designed by a specialised design unit of Infosys. "The idea is to make the portal very intuitive and user-friendly. Our aim is to make the entire process completely paperless and we are devising multiple ways to ensure that even the smallest of retailers can file their taxes online".



GSTN is currently in talks with accounting software firms like SAP and Tally Solutions and online portals such as ClearTax. These can then use software application programming interfaces and help businesses in filing taxes through their own systems without having to log into the portal. "Today, one can file their income-tax returns through private tax portals without going to the department's website, we are aiming for a similar system". People will have the option to either file the their taxes themselves through the portal or use the services of accountants who can use the portal on their behalf or deploy their own software. The portal will begin migration of data from existing taxpayers under VAT/excise/service tax and collect balance data to complete the database as per GST registration format so that background details of all taxpayers are there in the system before the new regime is operationalised. States have already held 10-14 rounds of collecting information from taxpayers to get as many people on board the new system before it goes live. The portal, which is expected to be ready in month, will allow new businesses to register using their PAN and mobile number or Aadhaar number. All businesses will be given a GST identification number, which will be a 15-digit code, consisting of their state code and ten digit PAN. GSTN has already validated the PAN of 58 lakh businesses from the tax department. "Today all taxpayers are already filing taxes online under VAT, service tax, and excise. So there is hardly any change". For extremely small retailers, GSTN is promoting development mobile based applications that can generate invoices and also process returns Another official who is aware of the plans said GST consultants will be appointed who can collect returns from businesses in an area and upload it for a fee. "They will be like income-tax consultants," the person added. Also, processes are ongoing to train some 2,000 "master trainers" about the new system and these trainers will in turn train others such as accountants, lawyers and tax officers.

The GST portal will be a front for the taxpayer where registration, return and payments will be filed. It will also provide helpdesk support. The technology at the backend will have the power to analyse data for trends on sales, tax filings etc. "This will provide a lot of visibility into the trade happening in the country and help in policymaking". However, the tax department has retained some key functions with itself, such as audit and enforcement, as well as adjudication and recovery. Under GST, only around 3-5% taxpayers are expected to be picked up for scrutiny, so for balance 95% the interaction with the tax department is expected to end at the portal itself. But, 19 states including UP and Bihar have asked GSTN to develop software for the backend function while tax departments of others such as Kerala, Karnataka and Gujarat among others are building their own technology systems to handle statutory functions.

5.2. GST IMPLEMENTATION WILL BOOST INDIAN IT INDUSTRY:

21 April 2017, economic pundits as well as businesses are waiting with bated breath for the government's word on GST. GST, or the Goods and Services Tax (officially known as Constitution One Hundred and Twenty-Second Amendment Bill, 2014), is being projected as the "single biggest indirect tax reform in India since independence". Precisely put, GST is a comprehensive value added tax destined to replace all direct and indirect taxes levied on production, sale, or consumption of products and services (with few exemptions in certain sectors) in our

country. The need for GST arose out of the complexity of the currently existing tax systems. It is an attempt to provide a seamless transfer of goods and services across the nation, replacing the cascading effects of multiple indirect taxes imposed by the Centre and the states and also streamlining compliance issues, mostly for inter-state transactions. The GST bill was introduced in the Lok Sabha on December 19, 2014, and Rajya Sabha passed the bill on August 3, 2016. With the bill already passed in both the houses of the parliament, the stage is set for its implementation, barring last minute glitches. While a lot has been said about GST's positive impact, its biggest beneficiary will be the Information Technology (IT) sector. The IT industry landscape is likely to experience several new developments after the much awaited roll-out of the GST structure.

6. IT SECTOR TO REAP GST BENEFITS:

There is no doubt that computerization and digitization will play a major role in GST implementation. From the point of view of the IT industry (including allied sectors such as electronics and telecom marketplaces), GST can provide a major fillip and competitive advantage once it becomes operational. It is predicted that GST will generate huge business revenues for both small and big IT firms across the country, as businesses feel the need to reconfigure IT systems internally, at every level—from procurements to audits and from supply chain flow to vendor management. A lot of SMEs & MSMEs, retailers, distributors and manufacturers will have to turn to IT solutions for doing business. Integrated business software solutions companies of repute, such as Marg Compusoft, can provide customized business solutions for small and medium sized businesses and take care of their accounting, inventory, and business-related needs in a cost-effective manner. It is also expected that GST will transform the present system of production-based taxation into a consumption-oriented structure. While organizations face newer challenges such as alignment of accounting and taxation systems with the new processes, they will need to embrace IT into the entire workflow.

6.1. GETTING READY FOR GST REGIME:

Industry experts foresee that complex billing and invoicing requirements will arise due to the valuation provisions of GST bill which may complicate filing of tax returns and make credit flow mechanism little difficult in general. Under the GST regime, from having one single point of taxation and registration at present, and owing to three new tax points post-GST, namely the Central GST, Inter-State GST, and State GST, total number of points of tax collection across the country will rise up to 111When it comes to GST systems, if your business earning is not input taxed, it will likely become taxable. There are a lot more issues like this one which may crop up during or after the GST transition. Gearing up for training, and developing compliant IT systems will become imperative for businesses. Customization of IT will empower organizations to handle challenges such as increase in compliance costs. Soon enough, enterprise resource planning (ERP), a subcategory of business-management software systems in accordance, will undergo a sea change in functioning, even as the SMAC (Social, Mobility, Analytics and Cloud) concept takes a backseat. Especially, the SME market which is betting big presently on GST for providing the much-needed push to trade from the micro perspective and bringing it on a level-playing field with big industries (by doing away with tax differentiation), needs to have a reasonable IT infrastructure in place in terms of business process reinforcement, tax configuration, inventory data storage, document numbering, data amendments, impact analysis on interfaces, reversal of open transactions, and so on. All these could turn into business opportunities for the IT sector. Upgrading tax modules for the new tax scheme transition to work out successfully can be an exhaustive task amidst the continuously evolving framework of GST. Being the leading providers of integrated business software solutions providing customized business solutions for all types of businesses in a cost-effective manner, companies like Marg Compusoft are now organizing holistic campaigns at regular intervals, especially for small businesses and entrepreneurs, to point out the significance and impact of GST on the revolutionary transformation of economy and trade.

6.2. THE ROAD AHEAD:

As mentioned earlier, GST transition will be smoother if companies understand the importance of integrating technology and software solutions into their businesses, and the sooner the better. "GST will change the way Indians live and spend in future", remarked the Finance Minister, Arun Jaitley, recently.Let's admit it—overdependence on paperwork and narrowness of the tax base has hindered the ease of doing business in India over the years. But post demonetization with the government's attempt of making Digital India a reality, implementation of GST indeed seems to have a bright future and with it the IT sector too.AS enterprises work proactively to understand the changing business dynamics with GST and grasp the growth potential under the new tax regime, India will move towards an IT- enabled, better, bigger, and cleaner economy! Deeper penetration of IT and digital services will mean business boom for the IT industry.

7. GST IS GIVING THE IT INDUSTRY CAUSE FOR CONCERN:

Hyderabad/New Delhi: Some provisions of the constitutional amendment bill on the goods and services tax (GST) could undermine the competitiveness of India's information technology (IT) industry and have the potential to spark disputes and litigation, the software and services sector lobby group has warned. Complex billing and invoicing requirements due to the supply and valuation provisions of the GST bill could complicate taxation for IT companies and make life difficult for the services sector in general, and IT industry in particular, National Association of Software and Services Companies (Nasscom) president R. Chandrashekhar said in Hyderabad. He pointed out that model GST law would see as many as 111 points of taxation as companies supplying services on a pan-India basis will have to seek registration in as many as 37 jurisdictions—29 states, seven union territories, and the Centre. Under the GST regime there are three tax points: central GST, inter-state GST and state GST. Multiplying three GSTs with 37 jurisdictions take the total number of points of taxation to 111, Chandrashekhar explained. This means IT companies, as other services firms, will have to register and file compliance reports at as many as 111 points.Currently, IT services are governed by a simple regime, where there is one single point of taxation—the central service tax and one single point of registration. “So, moving from the single point to 111 could definitely prove to be a challenge in terms of ease of doing business,” Chandrashekhar said in Hyderabad. “The services industry at large was administered under a single authority in the centre under the service tax regime. The simplicity and certainty that it offered needs to be emulated in the GST law that states and centre adopt subsequently,” he added.

The ‘place of supply’ provision of GST may require multiple invoicing if services delivered under a single contract are delivered from various offices/centres of the same entity, Nasscom said in a separate statement. While GST brings clarity on taxation of electronic downloads and subsumes multiple levies, valuation of services provision can potentially lead to disputes and litigations, Nasscom said. This could lead to a transfer pricing-like situation for intra-company supplies and will necessarily require refunds, the lobby group noted. E-commerce marketplaces stand to lose significantly because of taxation requirements on businesses that transact on online marketplaces. The provision mandating ‘tax collection at source’ transactions on a third-party e-commerce marketplace is “discriminatory” and can potentially render such e-commerce marketplaces unviable, Nasscom said. The proposed GST Bill is likely to negate the beneficial impact of e-commerce on hundreds of thousands of small businesses in the country by compelling them to seek refunds, thereby compounding their working capital problems. New age businesses like e-commerce and online aggregators are changing the way business is done and are bringing in previously unheard-of efficiencies, said Sanjeev Bikhchandani, chairman of Nasscom Internet Council and executive vice chairman of Infoedge (India) Ltd, an e-commerce/on-line classifieds company. “The GST regime should adapt to these changes with an eye on the future. However, apprehensions prevail on the administrative requirements that could potentially render internet-enabled businesses uncompetitive. We believe this is not the intent of the government and will work closely with revenue officials towards enabling a simple and enabling GST regime for all,” he said in a statement. The new tax regime should also be future-ready and cater to the needs of the emerging digital economy in the country, added Chandrashekhar.

“The industry has been discussing challenges related to multiple registrations in each state and associated complexities that may arise in the GST regime,” said C.P. Gurnani, Nasscom chairman and chief executive officer and managing director of Tech Mahindra Ltd. “We are confident that given the government’s commitment to ease of doing business, we will be able to address the industry concerns in totality.” IT units in special economic zones (SEZs) will lose some inherent advantages because there is no provision for upfront tax exemptions in the GST bill.As a result they will have to apply separately for refunds. SEZ units have enjoyed upfront exemptions so far. Besides, reverse charge of GST on import of services used as input for services that are exported, could lead to locking in working capital, Nasscom noted. “All that we are saying is procedurally don’t make it a nightmare. It should not become a negative from the point of view of ease of doing business,” Chandrashekar said. “It is important that as GST gets implemented, it should also be with one eye on maintaining the ease of doing business or at least making it easier, but not difficult.”GST should not deviate from its aim of improving ease of doing business in the country, Abidali Z. Neemuchwala, chief executive officer of Wipro Ltd, said in a statement. “In the process of implementing GST through legislations, we must collectively ensure there is no drifting away from the intent of the Bill and the cornerstone principles of this Government in improving ease of doing business and reduced tax related litigation in India,” Neemuchwala said. “I am sure the government would engage meaningfully with the industry on its concerns and arrive at an effective framework for implementation of GST.”Kris Gopalakrishnan, co-founder of Infosys Ltd. and chairman of Axilor Ventures, welcomed the GST amendment.“This is good for the IT industry since services they deliver in India will come under GST. Of course, the GST rate has to be reasonable,” GST could also generate business for large and small IT companies as organisations across the country reconfigure their IT systems to adhere to the new tax regime.

8. WAYS GST WILL IMPACT INFORMATION TECHNOLOGY:

The long-awaited GST bill that is expected to unify and simplify the Indian tax structure, will be implemented from 1st April, 2017 and most industries are likely to fall under the blanket of its impact. However, the IT sector with services such as software development, mobile app development, website design and more, is one of the major sectors that is likely to be impacted. With the intention of safeguarding the financial independence of the States and the Centre, the government has proposed a dual GST structure, under which State GST as well as Central GST will be

applicable for every supply of good. Though at an elementary level this might appear to be basic, the IT sector may have some formidable changes that need to be tuned in to.
Read: Indian IT industry-IBEF Report

8.1. LIST OF THE FIVE WAYS GST IMPLEMENTATION WILL IMPACT THE IT SECTOR:

TAX RATE:

The prevailing service tax rate on IT services is 15%. However, the recommended revenue neutral rate is at 15–15.5% and the standard rate is expected to be around 17–18%. Therefore, the cost of IT services will elevate, especially for end customers who do not usually claim the tax input credit. Under our current tax structure, the sale of packaged software is entitled to both VAT (approximately 5%) and service tax (15%). The VAT on sales is directed to the state government whereas the service tax on service follows the central government. There are also cases where along with the VAT and service tax, excise duty is also applied due to lack of clarity from the government. However, it is expected that once the GST is implemented, the current average tax rate of around 25–35% shall come down to around 18–25%.

CASCADING EFFECT OF TAXES:

The cascading effect of taxes will be effectively addressed under the GST regime. Traders, under GST, will be eligible to avail the credit of services such as in the case of AMC (Annual Maintenance Service) contracts. Currently, IT service providers can't claim credits of quality including the assessment or deal charge spent on setting the IT infrastructure. Also, services charged by an IT service provider to a client who is a broker is an expense incurred for the IT service provider. Under GST, both the IT service providers and their clients will be eligible to claim full credit of GST. This is expected to eliminate the cascading effects of the present tax structure.

BUSINESS PROCESS CHANGE

Under GST, which is a destination-based tax, tax is collected by the state where the goods or services will be consumed. Most IT companies are registered only with the Central Service Tax authorities and usually all billing and accounting tasks are carried out from a central location. Under the GST regime, service providers are required to obtain registration for all the states that they are catering to, i.e. all states that they have customers in. This is to be done so that the SGST (State Goods and Service Tax) component of IGST (Integrated Goods and Services Tax) is rendered for respective states. IT service providers will therefore have to bifurcate their services and bill their customers based on location of consumption.

ECOMMERCE SPHERE:

For eCommerce traders, the GST is expected to increase administrative costs. Also, since e-tailers have hundreds of sellers on their platforms, it significantly increases compliance burden. Small sellers will face cash-flow issues and will claim for refunds on the tax paid on inputs, which the eCommerce platform may not support. The tax collection at source (TCS) guideline under GST will increase the administration and documentation workload for eCommerce firms.

COMPLIANCE:

The model GST law recognizes at least 111 points of taxation which means IT companies providing services all over India will have to seek registration in as many as 37 jurisdictions that will include 29 states, seven union territories and the Centre. This means that IT companies will have to register and file compliance reports at as many as 111 points.

THE WAY AHEAD:

Even though new provisions under the GST structure such as time-bound processes and clarity on electronic download classifications will ease the process of conducting business for IT companies, there still remain several concerns, especially tax exemptions, which need addressing. The government should ensure the GST legislation addresses the aforementioned challenges so that the reform turns into a success for the IT sector. Deskera ERP, being India's first GST ready software, takes into account all applicable taxes that fall under the blanket of the Indian GST and can be readily plugged in to accommodate any upcoming tax requirements.

9. 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 play a dynamic role in the growth and development of our country.

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