

## GST: Is it Great Relief to Common Man?

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### Abstract

At the stroke of the midnight hour, India launched its ambitious pan-India indirect tax regime, the Goods and Services Tax (GST) to bind the country into a regime of 'one nation, one tax, one market'. The new tax regime, the Goods and Services Tax (GST) brings massive changes in one of the largest economies of the world. The GST will change the way people conduct businesses in India as the country will become a single market with a single tax rate, irrespective of the state you conduct your business in. Union Finance Minister Arun Jaitley told members of Parliament the industry and the common man stood to gain from the rollout of a proposed goods and services tax (GST), besides state governments. Speaking at a meeting of the Parliamentary Consultative Committee attached to his ministry, Jaitley said GST will help reduce tax-on-tax and will be beneficial to consumers. GST like state-level value added tax (VAT) is imposed on value addition in each stages of production and, hence, avoid cascading effect, or tax-on-tax. "GST will benefit most of the states from Day 1, especially consumer states," he said,

From the consumer's /common man point of view, the biggest advantage would be in terms of reduction in the overall tax burden on goods, which was estimated to be around 25%- to 30%. Before GST. It would also imply that the actual burden of indirect taxes on goods and services would be much more transparent to the consumer. In this research study researcher reveals the fact in an analytical view.

**KEYWORDS:** Goods and Services Tax (GST), Common man, avoid cascading, comparative GST rates for goods

### 1.1 Introduction:

France was the first country to implement GST in the year 1954. Within 62 years of its advent, about 160 countries across the world have adopted GST because this tax has the capacity to raise revenue in the most transparent and neutral manner.

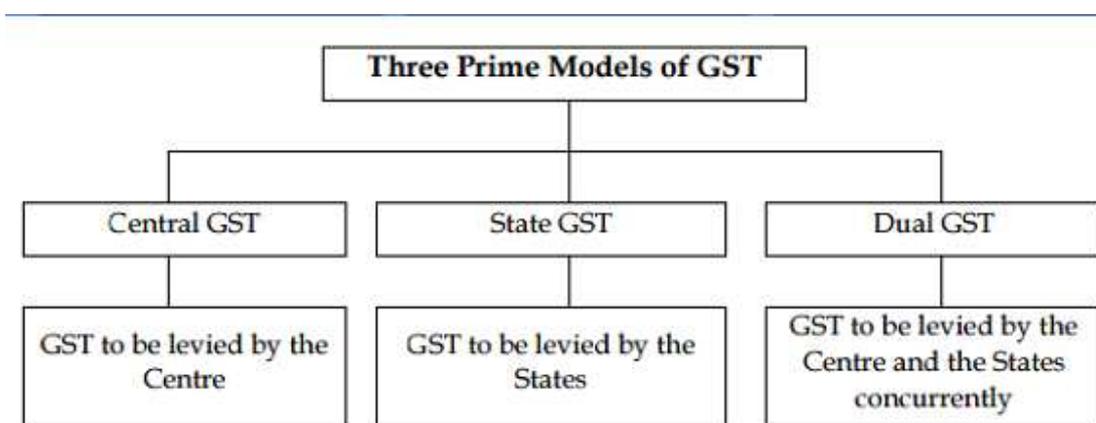
The introduction of the Goods and Services Tax (GST) is a very significant step in the field of indirect tax reforms in India. By amalgamating a large number of Central and State taxes into a single tax, GST will mitigate ill effects of cascading or double taxation in a major way and pave the way for a common national market. From the consumer's /common man point of view, the biggest advantage would be in terms of reduction in the overall tax burden on goods, which was estimated to be around 25%- to 30%. Before GST. It would also imply that the actual burden of indirect taxes on goods and services would be much more transparent to the consumer. In this research study researcher reveals the fact in an analytical view.

## Definition of GST

**“GST is a tax on goods and services with value addition at each stage having comprehensive and continuous chain of set of benefits from the producer’s / service provider’s point up to the retailers level where only the final consumer should bear the tax.”**

## Distinct Objectives of GST

- ❖ One Country – One Tax
- ❖ Consumption based tax instead of Manufacturing Uniform GST Registration, payment and Input tax Credit
- ❖ To eliminate the cascading effect of Indirect taxes on single transaction
- ❖ Subsume all indirect taxes at Centre and State Level under
- ❖ Reduce tax evasion and corruption
- ❖ Increase productivity
- ❖ Increase Tax to GDP Ratio and revenue surplus
- ❖ Increase Compliance
- ❖ Reducing economic distortions
- ❖ Features of GST Constitution Amendment Act
- ❖ Concurrent jurisdiction for levy & collection of GST by the Centre (CGST) and the States (SGST)
- ❖ Centre to levy and collect IGST on supplies in the course of inter-State trade or commerce including imports
- ❖ Compensation for loss of revenue to States for five years
- ❖ GST on petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas & aviation turbine fuel to be levied from a later date on recommendations of Council
- ❖ Development of common national market.
- ❖ Simpler tax regime-fewer rates and exemptions.



EXPECTED MODEL OF GST IN INDIA- DUAL GST

#### 1.1.4 Scope of GST

GST shall cover all goods and services, except alcoholic liquor for human consumption, for the levy of goods and services tax. In case of petroleum and petroleum products, it has been provided that these goods shall not be subject to the levy of Goods and Services Tax till a date notified on the recommendation of the Goods and Services Tax Council.

#### 1.1.5 Advantages of GST

CBEC has released few advantages which would accrue to Citizens, Trade/Industry and the Central/State Government with the introduction of GST. The advantages to the Citizens are listed as:

- ❖ Simpler tax system.
- ❖ Reduction in prices of goods and services due to elimination of cascading.
- ❖ Uniform prices throughout the country.
- ❖ Transparency in taxation system.
- ❖ Increase in employment opportunities.

#### 2.1 Objectives of the study

- ❖ To study GST structure
- ❖ To study GST rates for goods
- ❖ To analyses rate of difference before and after GST
- ❖ To study the reduction rate in the overall tax burden on goods,

#### 3.1 Research methodology:

The research is based on secondary data. Secondary data inclusive of quantitative and qualitative data as well collected from various sources including research papers, news, papers, magazines and websites is used for the purpose of the study.

**4.1 Scope of the study:** The scope of the study is limited up to the GST rates of goods only. The researcher also studies the impact of these rate on the budget of the citizens/common man of the India.

**5.1 Analysis of the GST rates on Goods:** 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. So while services could get more expensive, it's a mixed bag for consumers for goods.

The GST is imposed at different rates on different items. The rate of GST is 18% for soaps and 28% on washing detergents. GST on movie tickets is based on slabs, with 18% GST for tickets that cost less than Rs.100 and 28% GST on tickets costing more than Rs.100. The rate on under-construction property booking is 12%. Some industries and

products were exempted by the government and remain untaxed under GST, such as dairy products, products of milling industries, fresh vegetables & fruits, meat products, and other groceries and necessities.

The introduction of the GST increased the costs of most consumer goods and services in India including food, hotel charges, insurance and cinema tickets. Upon its introduction in the country, GST led to a number of protests by the business community, primarily due to an increase in overall taxes and hence the prices of goods.

The following table reveals the clear picture of the effects of GST on common man Budget. Researcher wants to give the analytical picture of rise in prices or decrease in prices. By this table any one can calculate the budget in simple way and he easily recognized how much he is saving on daily needs after GST or where he has to spend more after GST.

#### Schedule of GST Rates for GOODS as Approved By GST Council

Sr	Description of goods	Pre-GST tax incidence	GST rate	Price before GST	Base price	Price after GST	Price as per % rise/decrease
1	Wheat	2.5%	0%	102.50	100	100	-2.5
2	Rice	2.47%	0%	102.47	100	100	-2.47
3	Unbranded flour	3.5%	0%	103.50	100	100	-3.5
4	Curd/lassi/butter milk	4%	0%	104.00	100	100	-4.00
5	Unbranded natural honey	6%	0%	106.00	100	100	-6.00
6	Ultra high temperature (UTH) milk	6%	5%	106.00	100	105	-1.00
7	Tea (other than unprocessed green leaves of tea)	6%	5%	106.00	100	105	-1.00
8	Milk powder	6%	5%	106.00	100	105	-1.00
9	Sugar	6%	5%	106.00	100	105	-1.00
10	Sweetmeats	7%	5%	107.00	100	105.00	-2.00
11	Vegetable edible oils	6%	5%	106.00	100	105	-1.00
12	Spices	6%	5%	106.00	100	105	-1.00
13	Ketchup and sauces	12%	12%	112.00	100	112	0.00

14	Mustard sauces	12%	12%	112.00	100	112	0.00
15	Toppings, spreads and sauces (other than mayonnaise, salad dressings, mixed condiments and mixes seasonings)	12%	12%	112.00	100	112	0.00
16	Mineral water	27%	18%	127.00	100	118	-9.0
17	Sugar confectionery	21%	18%	121.00	100	118	-3.0
18	Children's picture/drawing/colouring book	7%	0%	107.00	100	100	-7.0
19	Footwear of RSP (retail sale price) up to Rs. 500 per pair	10%	5%	110	100	105	-5.0
20	Kerosene pressure lantern	8%	5%	108	100	105	-3.0
21	Coal	9%	5%	109	100	105	-4.0
22	Tooth powder	12%	12%	112	100	112	0.0
23	LED	15%	12%	115	100	112	-3.0
24	X-ray films for medical use	23%	12%	123	100	112	-11.0
25	Diagnostic kits and reagents	16%	12%	116	100	112	-4.0
26	Fixed speed diesel engines of power not exceeding 15HP	16%	12%	116	100	112	-4.0
27	Fly ash bricks and fly ash blocks	16%	12%	116	100	112	-4.0
28	Sewing machine	16%	12%	116	100	112	-4.0
29	Hair oil	27%	18%	127	100	118	-9.0
30	Toothpaste	27%	18%	127	100	118	-9.0
31	Soap	27%	18%	127	100	118	-9.0

32	Footwear of RSP more than Rs. 500 per pair	21%	18%	121	100	118	-3.0
33	LPG stove	21%	18%	121	100	118	-3.0
34	Aluminum foil	19%	18%	119	100	118	-1.0
35	School bag	22%	18%	122	100	118	4.0
36	Staplers	27%	18%	127	100	118	-9.0
37	Helmet	20%	18%	120	100	118	-2.0
38	Baby carriages	27%	18%	127	100	118	-9
39	Plastic tarpaulin	19%	18%	119	100	118	-1
40	Cement	29%	28%	129	100	128	-1
	Total			4778.47	4000	4432	-124

Source:CBEC:

### Basic Food Item:

It is very much need of the daily routine. The importance of the Gas stove is recognized by the prime minister also. The subsidy is also given. But those person who left the subsidy they may pay 18% GST instead the food items show fare decline rates. The basic food wheat rice. Flour (Atta), curd is rated 0% which saves near about 2% to 3% after GST rates.

Indian meal is spicy, so without vegetable edible oil and spices the house wife, can't think to prepare the meal. But now in GST tax system the rate is lessen by 1%.

**Drink;** India's 'good morning drink' is TEA. It is The basic and common drink of India. May be taking into consideration the GST rate of the group of tea i.e. tea, milk powder/Ultra high temperature (UTH) milk, sugar is decreased from 6% to 5%..So it is clearly seen that, there is saving of 1%.

The rate of The mineral water is decreased from 21% to 18%, it means the difference is of 3% is normally but this water is not used in daily routine.

**Cooking Gas:** The house wife of India can't imagine cooking without gas stove of 21% the tax rate. But being common man researcher also feels that it should be lessen more.

**Clothing group:** The GST Council's announcement of rates for the textiles industry was met with a sense of relief, although prices of garments over Rs 1,000 will rise marginally. The council announced a tax of 5% for yarn and cotton, and ready-made garments below the Rs 1,000 mark. For garments above Rs 1,000, the tax rate has been fixed at 12%. The sewing machine price is also decreasing by 4% i. e .from 16% to !2%. Job work services in respect of the textiles and textile products (including MMF yarn, garments,

made-ups, is decreased from 18% to 5% in revised GST. Overall the clothing news is not so much bitter for common man.

**Housing group:** Fly ash bricks and fly ash blocks are used to build the house. These bricks are sturdy, light and cheap also the rate before GST is 16% and now after GST is 12% so 4% decrease in rate, Tax on cement is also decreased but the difference is very less i. e. 1% only, furthermore Services by way of pure labour contracts of construction, erection, commissioning, or installation of original works pertaining to a single residential unit otherwise than as a part of a residential complex rated 0% in after application of GST.

**Education:** Education is going to cheaper now because there is no GST on education services. The Children's picture/drawing/colouring book, is decreased from but school bag is not so much cheaper. You have to pay 18% instead of 22%

**Health group:** X-ray films for medical use is decreased by 9% Diagnostic kits and reagents is lessen by 4%

GST on medical equipment is 12%, .health care services by a clinical establishment, an authorized medical practitioner or paramedics; services provided by way of transportation of a patient in an ambulance is 0%so it is definite that expenditure on health will be lessen in future.

**Cosmetic Group:** Daily routine cosmetic i.e. Tooth paste, Soap and hair oil shown so much decreased in tax rate i.e. from 27% to 18%.which saves total 9% on per unit. This decrease really makes comfort to common man.

**Conclusion:**Food,Clothing, Housing ,Education and Health are basic needs of the human. According to the table we can see that all these needs tax is lessen so it is great relief to common man. The goods of basic necessity and goods of mass consumption attract no or marginal tax rate. Hence inflation will further comes down ultimately giving more power to the people.

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