

OPEN ACCESS

Volume: 11

Special Issue: 1

Month: September

Year: 2023

E-ISSN: 2582-6190

Received: 03.08.2023

Accepted: 04.09.2023

Published: 21.09.2023

Citation:

Vishnupriya, RR. "A Study on Impact of Goods and Service Tax (GST) in Current Indian Scenario." *ComFin Research*, vol. 11, no. S1, 2023, pp. 69–73.

DOI:

<https://doi.org/10.34293/commerce.v11iS1-Sep.8477>



This work is licensed under a Creative Commons Attribution-ShareAlike 4.0

A Study on Impact of Goods and Service Tax (GST) in Current Indian Scenario

Dr. R. R. Vishnupriya

Assistant Professor, Department of Commerce and Research Centre
Sourashtra College, Madurai

Abstract

The introduction of the Goods and Services Tax (GST) is the notable milestone in the field of indirect tax reforms in India. It is considered as an predominant Indirect tax which paved for the India's economic growth. With several amendments, The Indian Government introduced GST on July 1, 2017. The Central Excise Duty, Service Tax, VAT, Purchase Tax, Central Sales Tax, Entry Tax, Local Body Taxes, and Luxury Tax are just a few of the indirect taxes that have been incorporated into the GST. Because of this, the phrase "One Nation, One Tax" denotes that there is no additional tax to pay throughout the nation. The effects and impact of GST on India are explained in detail throughout the study. The current year revenue collection of GST is provided in the study. With uniform tax rates and procedures, the GST aims to transform India into a national market. It cleared the way for an integrated national economy by removing economic obstacles. GST reduces all negative effects of fall and improves India's competitiveness in the global markets by combining the majority of the indirect taxes levied by the Central and State governments together into a single tax. There has been a significant increase in the percentage of GST returns (GSTR-3B) and invoice statements (GSTR-1) that are filed until the end of the month which makes India a better nation.

Keywords: GST, CGST, SGST, IGST, Goods and Services Tax Bill, Indian Economy.

Introduction

India, being a developing economy striving to fulfill the welfare state with its limited resources, with the primary source of revenue being levy of taxes. It is the prime responsibility of the government to fulfill the increasing needs of the country and its people by way of public expenditure. In order to unite India as a single market, the GST was established as an indirect tax. The goal of the GST is to create a world-class tax system and increase tax collections in India. Implementation of the GST structure in India has both positive and negative responses from the customers as well as the individuals. The Central Excise Duty, Service Tax, VAT, Purchase Tax, Central Sales Tax, Entry Tax, Local Body Taxes, and Luxury Tax are just a few of the indirect taxes that have been incorporated into the GST, which went into effect on July 1, 2017. Due to the complete neutralization of input taxes along the entire value chain of production and distribution, the introduction of GST would also increase the competitiveness of Indian goods in both domestic and foreign marketplaces. The impact of GST affects two segments- One to businesses and the other to end users, who are responsible for

paying the tax on the goods and services they purchase. One of India's most significant economic reforms is the GST. GDP will gradually rise as a result of GST. It will enhance the growth of India in both domestic and international market.

Objectives

- To understand the concept of GST and its slab rates
- To study the benefits of GST on Indian Economy.
- To study the current GST revenue collection data in recent trends.

Research Methodology

The study focuses on study of secondary data collected from various journals, books, and Government reports publications from various websites which focused on Goods and Service tax.

Concept of GST and Tax Slabs

GST is a tax on goods and services that are used and sold domestically for consumption. GST is imposed at each stage of production, but it is intended to be refunded to all parties involved in the process other than the final consumer. GST is categorised into Central goods and service tax (CGST), State goods and service tax (SGST), and International goods and service tax (IGST) and carries a concept of one tax one nation. GST rates for various goods and services in India are divided into four slabs such as: 5%, 12%, 18% and 28%. The structure of the GST places essential services and food in the lower tax brackets, while luxury services and goods are in the higher tax bracket.

Tax Sections are as Follows

Zero Tax

This category includes goods and services such as fresh fruits and vegetables, milk, buttermilk, curd, natural honey, flour, besan, bread, all kinds of salt, jaggery, fresh meat, fish, chicken, eggs, bindi, kajal, bangles, drawing and coloring books, stamps, judicial papers, printed books, newspapers, jute and handloom, hotels and lodges with tariffs below INR 1000, and so on are all examples of items that are of regular consumption goods.

5% Tax Rate

Goods which are taxed under 5% slab rate are Cashew nuts, aggarbati, kites, postage stamps, biogas, insulin, matting, walking sticks, Pawan chakki atta, Braille typewriters, Braille papers, Braille watches and other hearing aids, takeout food restaurants, and hotels with room rates under Rs. 7500 and pilgrimage-specific flights.

12% Tax Rate

All ayurvedic medicines, all diagnostic kits and reagents, spoons, forks, tooth powder, umbrella, sewing machine, spectacles, indoor games like playing cards, chess board and other board games, apparels above INR 1000, non-AC restaurants, business class air ticket, work contracts, edibles like frozen meat products, butter, cheese, ghee are subject to a 12% GST.

18% Tax Rate

This category consist of all goods and services such as Shoes costing more than INR 500, steel products, headgear and its parts, aluminum foil, bamboo furniture, AC restaurants that serve liquor, restaurants in five-star and luxury hotels, telecom services, IT services, branded garments, Pasta,

biscuits, cornflakes, pastries and cakes, preserved vegetables, jams, soups, ice cream, mayonnaise, mixed condiments and seasonings, mineral water, ice cream and financial services, among are subject to an 18 % GST.

28% Tax Rate

Pan masala, a dishwasher, a weighing machine, paint, cement, hair clippers, motorcycles, sunscreen, betting on casinos and races, and a hotel stay costing more than Rs. 7500, motorcycles, vaccum cleaner as well as automobiles are goods taxed under 28% GST.

Working of GSTN

GST is largely driven by technology. The common portal (GSTN) is available for the taxpayer to make payments. The registration, return, refund, and tax payment processes, among others, are simplified and automated in the portal. All procedures, including registration application, return submission, tax payment, and refund claim submission, etc., are accessible online via GSTN. Online verification is used for the input tax credit. The process becomes more transparent when input tax credits are electronically matched across India. Because of this, there is now significantly less human interaction between the taxpayer and the tax administration, resulting in swift decisions. The registered taxable person's compliance has been made easier by measures like the e-Invoice and auto-populated returns.

Benefits of GST in Indian Economy

The Goods and Services Tax, or GST in short, is a tax that is applied to the sale of goods or services or both in India. All parties involved have benefited from the unified tax system, including the economy, which includes businesses, governments, and individuals. It aims to make our products and services more competitive on a global scale, boost the economy, and lower the cost of goods and services. With uniform tax rates and procedures, the GST aims to transform India into a national market. It cleared the way for an integrated national economy by removing economic obstacles. GST reduces all negative effects of fall and improves India's and the world's competitiveness in markets by combining the majority of the indirect taxes levied by the Central and State governments together into a single tax and allowing transactions across the entire value chain to be balanced by taxes levied at earlier stages.

It has been constructed in such a way that taxes are collected at each stage, and the credit for taxes paid at the previous stage can be used to equalise taxes paid at the current stage, preventing taxes from falling down to higher prices for goods and services. By making the entire supply chain tax-neutral, this eliminates tax on tax and permits the cross-utilization of input tax credits to the benefit of both businesses and commerce. Because of this, the phrase "One Nation, One Tax" denotes that there is no additional tax to pay throughout the nation. In addition, the integrated tax (IGST) on all imported goods is roughly equivalent to the Central GST plus State GST. As a result, taxes on domestic and imported goods and services are now equal.

Current GST Revenue Collection Data

The trend in return filing in October - December quarter over last few years in shown in the graph below.

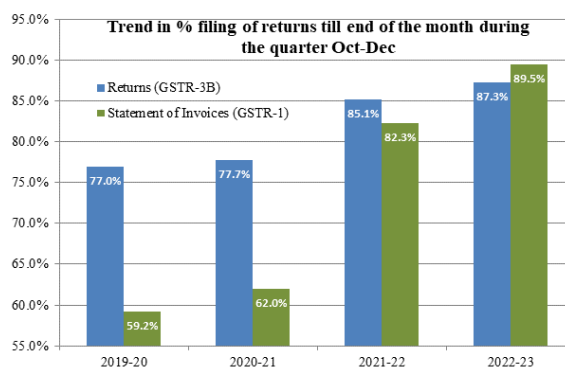


Figure 1.1

Source: [https://gstcouncil.gov.in/sites/default/files/news-ticker/Press Release Page%20\(2\).pdf](https://gstcouncil.gov.in/sites/default/files/news-ticker/Press Release Page%20(2).pdf)

The GST returns (GSTR-3B) were shown from the financial year 2019-20 to 2022-23. In the Quarter October-December 2019-20, 1.93 crore was filed and in the quarter October-December 2022, total of 2.42 Crore GST returns (GSTR-3B) were filed which was 87.3% in the end of the month as compared to 2.19 Crore in the same quarter which was 85.1% in last year. This is because a number of policy changes were made throughout the year to increase compliance. Various efforts have been made to increase tax base and increase compliance over the past year.

In the quarter October-December 2022, the total invoice statements (GSTR-1) of 87.3% were filed as compared to the same quarter which was 77% in the quarter October-December 2019. Over the course of many years, there has been a significant increase in the percentage of GST returns (GSTR-3B) and invoice statements (GSTR-1) that are filed until the end of the month.

The graph below states the recent trends in monthly gross GST revenue collection during the financial year 2021-2022 and financial year 2022-2023.

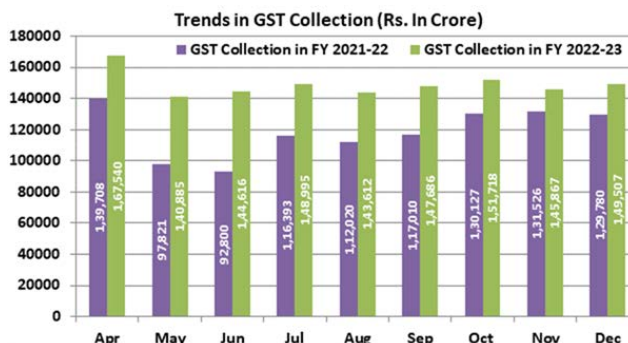


Figure 1.2

Source: [https://gstcouncil.gov.in/sites/default/files/newsticker/PressReleasePage%20\(2\).pdf](https://gstcouncil.gov.in/sites/default/files/newsticker/PressReleasePage%20(2).pdf)

The GST collection crossed Rs 1.29,780 crore mark during December 2021 and the highest of Rs 1,39,708 crore gross GST revenue was collected in the month of April 2021. The lowest revenue collection of Rs.97,821 crore was received in the month of May 2021. When compared to the previous year, the highest collection of Rs 1,67,540 crores revenue was collected on April 2023. The lowest GST gross GST revenue collected in the month of May was Rs.1,40,885 crores. Revenues in the current financial year upto December 2022 had a remarkable growth than the GST revenues during the same period last year.

Conclusion

It was discovered that the government implemented the GST with the intention of imposing a tax on all citizens and preventing the movement of illegal funds. Tax policies play an important role on the economy as it is the revenue source, it has a positive impact on both efficiency and equity. The data shows there has been a significant increase in the percentage of GST returns (GSTR-3B) and invoice statements (GSTR-1) that are filed until the end of the month. In comparison to last year tax revenue current year revenue has shown increased percentage on goods and services. It aims to make products and services more competitive on a global scale and boost the economy. Thus improves the India's competitiveness in market.

References

1. <https://gstn.org.in/>
2. [https://gstcouncil.gov.in/sites/default/files/news-ticker/PressReleasePage%20\(2\).pdf](https://gstcouncil.gov.in/sites/default/files/news-ticker/PressReleasePage%20(2).pdf)
3. <https://gstcouncil.gov.in/gst-revenue>
4. <https://www.legalserviceindia.com/legal/article-8223-a-study-on-goods-and-services-tax-gst-.html>
5. https://www.researchgate.net/publication/347910918_A_Study_on_Goods_and_Services_Tax_GST
6. <https://cleartax.in/s/gst-analysis-and-opinions>
7. https://www.cbic.gov.in/resources/htdocs-cbec/gst/51_GST_Flyer_Chapter45.pdf