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Goods and Service Tax in India- A Post Implementation Analysis

Friday, 28 February 2020

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"Goods and Service Tax in India – A Post Implementation Analysis"

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Naipunnya Institute of Management and Information Technology
Pongam, Koratty East, Thrissur, Kerala- 680308, Ph: 0480 - 2733573
Web: www.naipunnya.ac.in , E-mail: mail@naipunnya.ac.in

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Contents

Foreword

We are here the first edition of ***"Dhan-path - 2020".*** The theme for the edition is "**Goods and Service Tax in India –A Post Implementation Analysis"**. The GST journey began in the year 2000 when a committee was set up to draft law. It took 17 years from then for the Law to evolve. In 2017 the GST Bill was passed in the Lok Sabha and Rajya Sabha. On 1st July 2017 the GST Law came into force.The GST was launched at midnight on 1 July 2017 by the President of India, and the Government of India. The launch was marked by a historic midnight (30 June – 1 July) session of both the houses of parliament convened at the Central Hall of the Parliament. Goods and services are divided into five different tax slabs for collection of tax - 0%, 5%, 12%, 18% and 28%. However, petroleum products, alcoholic drinks, and electricity are not taxed under GST and instead are taxed separately by the individual state governments, as per the previous tax system There is a special rate of 0.25% on rough precious and semi-precious stones and 3% on gold. In addition a cess of 22% or other rates on top of 28% GST applies on few items like aerated drinks, luxury cars and tobacco products. Pre-GST, the statutory tax rate for most goods was about 26.5%, Post-GST; most goods are expected to be in the 18% tax range.

Research is a fundamental element of academics. It is the function for knowledge, that makes possible the much needed innovation and application which provides wider benefit to all the stakeholders of education. Research adds to the stock of knowledge and provides the source of new ideas, methods, techniques, and findings across a whole range of disciplinary and multi – disciplinary areas.

'Dhan-path' has been focusing on addressing the developing areas of commerce and management. To document this intellectual vibrancy will always be the key aspect of Dhan-path. We focus to promote knowledge and make the various academic developments in the world accessible to every section of society. The conference proceeding is a hub of diverse ideas and arguments in the post implementation context of Goods and Service Tax in India. Articles in 'Dhan-path' are peer- reviewed to achieve this goal 'Dhan-path – 20' is a significant step in achieving our aims and principle.

Editor – Dhan-path 2020

Decoding the Impact of GST Law on Share Market Operations

Elizabeth Joy*, Dr. Tessy Thomas**, Dr. Joy Joseph Puthussery***

**Research Scholar, PG Department of Commerce and Research Centre, Bharata Mata College, Thrikkakara*

*** Research Guide and Assistant Professor, PG Department of Commerce and Research Centre, Bharata Mata College, Thrikkakara*

**** Research Guide & Dean, Naipunnya Institute of Management and Information Technology, Koratty*

elizabethjoyp@gmail.com

sistessy@gmail.com

jjputhussery@gmail.com

Abstract— Goods and Services Tax, the game changer of indirect taxes, was implemented by the Government of India with the aim of One Nation, One Tax. This people's tax brought a major impact on the service sector of the country. Financial services, contributing around 20% of India's Gross Value Added (2018-19), was greatly affected by the GST (Business Standard, 2018). A substantial component of financial services are those relating to share markets. Share markets, one of the trending investment avenues among investors, both domestic and foreign, encountered significant changes owing to the introduction of the Act. Thus, the present study focuses on unravelling the implications of Goods and Services Tax on share trading carried out by investors and also the share broking business in India. It brings a comparison on the pre and post GST positions. The study evaluates both the benefits and hazards faced by the investors and broking firms since the implementation of GST in 2017. The authors conducts a thorough and detailed discussion about the sector and how the changes brought by GST in the sector affects the country as a whole.

Index Terms — Goods and Services Tax (GST), India, Share Broking, Investors, Compliance Burden

I. INTRODUCTION

Goods and Service Tax being a consumption based taxation system waited a long time before entering into the Indian economy. It brought radical changes in the indirect tax regime of the country. The law demanded substantial transformations in the procedural and compliance level of various sectors. As service sector constitutes around 54.04% of the country's GVA (Ministry of Statistics, 2019), GST had a major impact on it. The previous Service Tax brought in through Finance Act, 1994 got subsumed with GST law. Though conceptually the two appears to be similar, GST reduced the cascading effect of the Service Tax law.

Financial services, a growing sector and a major constituent of service industry, gained greater concern when the law was introduced. Banks, NBFCs, insurance, mutual funds, stock broking, venture capital financing, investment advice, etc. constitutes the financial services. The trend seen globally is that there is complete or partial submission of financial sector to GST. In areas where partial taxing is imposed, fee based activities are charged to GST but with restricted Input Tax Credit (ITC). In India the financial sector is partially taxed under GST, i.e. only fee based services are taxed.

The stock market is the most preferred investment avenues in the recent days because of the lack of performance of traditional investment options like banks, real estate, etc. There is a tremendous shift among investors towards the share market investments either through direct investment, mutual funds, SIPs, etc. To check if GST has an impact on share trading operations and share broking business it's necessary to evaluate the chargeability section of CGST Act, 2017. Section 9 of CGST Act imposes tax on supply except for the exempt supply, zero rated supply or non-taxable supply. Supply, as defined in Section 7 of the Act, consists of all forms of supply of both goods and services. Goods are defined in Section 2(52), to include any movable property other than money and securities. Services are defined in Section 2(102), to include anything other than goods, money, and securities but includes activities relating to use of money or its conversion by cash or other mode from one form to another form for a separate consideration. This reveals two important results. Firstly securities like shares, bonds, etc. doesn't fall under the definition of either goods or services and thus they are outside the ambit of GST taxation and hence are non-taxable supplies. Hence no GST is charged on the purchase, sale or trading of securities in share market. Secondly, the share trading services provided by brokers, investment advisors, etc. for which separate consideration is charged in the form of brokerage, fees, etc. would be subject to GST, as they would take the nature of supply of services.

II. Literature Review

According to Kothari (2017) GST is one of the outstanding reform after India's independence which affects the country's financial transactions. The key changes GST would bring on the financial transactions, a key determinant affecting every sector is evaluated by Joshi (2016). Dixit (2018) evaluates whether the new regime resolves the complexities of the present taxation system. The law impacts the financial services sector both positively and negatively.

The impact of any taxation system can be analysed by considering the concept of compliance burden and compliance costs. According to Pope (1993) there are six phases in the development of compliance costs of taxation in Australian context and he concludes that tax simplification would lead to significant economic resource savings. Sandford (1973) defines compliance costs and lists out its constituents. Evans, Highfield, Tran-Nam, Walpole (2020) lays down the results after testing a diagnostic tool for cross country assessments of VAT compliance burden and its drivers on 47 countries. They identify four factors contributing to compliance burden as Tax law complexity, Number and frequency of administrative requirements, Revenue body capabilities in meeting tax payers' service needs, Monetary costs or benefits of complying.

The literature reviewed reveals the implications of introduction of GST on various sectors in India. Studies about reaction of stock market during the time of announcement and implementation of GST establishes this as well. Owing to dearth of studies focussing on share trading services, research gap was identified. This enabled the authors to explore the impact of GST specifically on share trading activities and share broking business.

III. STATEMENT OF THE PROBLEM

When India dreams of becoming a five trillion dollar economy, the role share market plays is crucial (Economic Times, 2019). The impact of a major transformation made by the Government, i.e. GST, on share investors and share market operations thus gains significance. Investors were affected due to hike in tax rates on various services received from the market intermediaries. It resulted in reduction in the return on investment. Share broking business had to face the procedural aspects of GST compliance. It took great effort and time for the business to meet the heavy compliances of walking in the GST track. Thus it's significant to study and measure the effect GST had on the sector.

IV. OBJECTIVES OF THE STUDY

The present study aims at the following

1. To evaluate the overall impact of GST on the share market investors.
2. To analyse the implications of GST on stock broking business of the country.

V. METHODOLOGY AND DATA COLLECTION

The study is descriptive in nature. Quantitative methodology is followed. The research explains both the positive and negative effects of GST introduction on share markets in India. The study evaluates both pre and post GST situations in the sector. The provisions under various relevant sections are interpreted to bring clarity and authenticity. A thorough explanation about the impact on investors is provided by computing the incremental costs of investing.

The study uses secondary data obtained from the reports of various share brokers, professionals, news agencies, etc. Also data generated by stock exchanges is utilised for computational purposes.

VI. RESULTS AND DISCUSSION

GST: Investors' angle

The share market investors were deeply affected by the hike in tax rate from 15% Service Tax to the GST rate of 18%, i.e. a direct increase of 3%. The GST, being a destination based tax adds to the cost of the investor as it is charged on the services from the market intermediaries. For analysing the impact of GST on investors the present study considers only brokerage as it is the common expense in all share trading transactions. Brokerage is charged by the broking firms at an average rate of 0.3% on the value of transaction. GST now constitutes on an average 15.25% of the total brokerage cost to an investor. This is evident from Figure1.1.

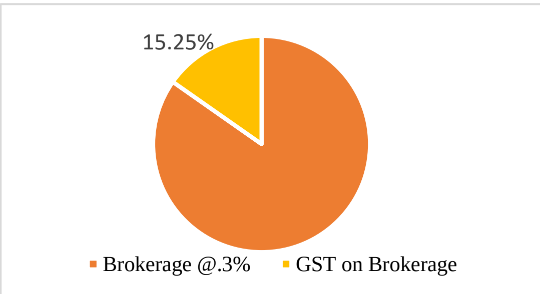

Figure 1.1 Proportion of GST in total brokerage cost

The study evaluates the country wide impact of this smaller increase in the tax rate and resulting loss to investors. The share transactions from 1st July 2017, the date of introduction of GST, to 31st December 2019 are considered for the present study. Average daily turnover of National Stock Exchange (NSE) is used for the study as NSE is the most liquid and actively traded stock market in India. The calculations are done by determining the GST on brokerage estimated to be paid by the investors.

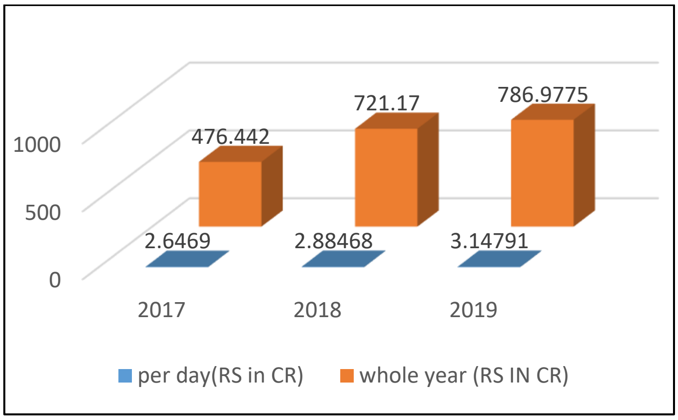

Chart 1.1: 20% hike in GST collected on brokerage

Source: Secondary Data

This reveals the huge sum of money looted out of the pockets of investors by the government by increasing the tax rate by another 20%. It reduces the investors' return and makes the public exchequer richer. A possible tax planning to claim the ITC in respect of GST paid on brokerage and other expenses, by an investor is to treat the share trading income as business income.

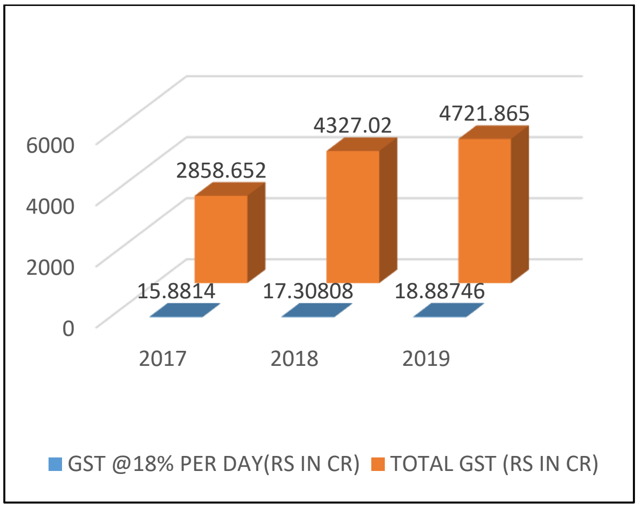

Chart 1.2. Total GST collection on brokerage by government till 31-12-2019

Source: Secondary Data

The Chart 1.2 reveals the total GST collection on brokerage cost made by the government from July 2017 till 31st December, 2019. These calculations are done considering only the transactions in NSE and tax is computed on brokerage costs alone. This implies that much more tax was collected by government through other share broking services in these years.

Funds provided in advance by investors to brokers would lead to margin or settlement obligations. Since these funds fall in the definition of Deposits, they are not subject to GST except when it is applied by the broker towards his consideration. GST would be charged on both interest and late fees imposed on delayed payments. Any other services like Portfolio Management Services, Investment Advisory Services, Depository Participant Services, etc., rendered by brokers against a consideration to the investors are also subject to GST. The law impacts the foreign investors as well, due to the lack of specific Place of Supply provisions for share broking services to recipients located outside India.

GST: Focussing the Share Broking Firms

Chanakya (2nd Century BC) propounded that tax should be equitable, convenient to pay, easy to calculate, inexpensive to administer and not to inhibit growth. Adam Smith (1776) conceptualised the famous Canons of Taxation which constitutes Equity, Certainty, Convenience and Economy. Thus any taxation system should follow these fundamental principles. Past studies on the implications of introduction of modern taxation system reveals that it results into heavy burden on tax payers. The three elements of this burden are the tax itself, the efficiency costs and the operating costs. Thus, the present work on the impact of GST on broking business can be analysed from three angles:

A. Compliance Burden,

B. Compliance Costs, and

C. Expenditure.

A. COMPLIANCE BURDEN

Compliance Burden means any requirement imposed on tax payers related to registration, filing of return, payment of tax and claiming the ITC. Additionally, any tax law including processes required by such law, that makes compliance by tax payers overly difficult due to complexity is compliance burden.

A study conducted by KPMG opines that the compliance burden has increased under GST on the basis of survey conducted among 232 CEOs, co-founders and CTOs of companies (KPMG, 2019). A thorough evaluation in this respect with special reference to the share broking firms was conducted by the authors. Compliance burden of share trading services is analysed through the following aspects:

(i) Registration: The concurrent dual GST model, where tax is levied by both central and state government, expands the requirement of registration under GST to each state where a taxable supply is offered, from the earlier Centralised Registration scheme. This would increase the burden of filing returns for all the registered branches making the whole process lengthy and hectic. Also the new requirement leads to maintenance of separate financial records. The state wise registration would result in charging GST on transactions between branches, though later on credit can be claimed.

Also an important question is whether the compulsory registration required under Section 22 or turnover based registration under Section 24 of the CGST Act, 2017 is applicable to share broking business? If the share broking business is an Input Service Distributor or has interstate supply of services then compulsory registration provisions would apply. Otherwise registration would be required only if the turnover exceeds the specified limits which is 20 lakhs currently.

(ii)Return filing: Filing returns is a tedious task under GST. GSTR 1 return in respect of services rendered should be filed within 10th of next month and GSTR 2B documenting the purchases on 15th of next month. Finally one more monthly return GSTR 3B to be filed on 20th of next month which consolidates all this information and reveals the tax payable. In addition to monthly returns, an annual return in form GSTR-9 should also be filed under GST. Thus the compliance burden has increased due to the periodicity of returns, number of returns, changing formats and level of details required in each. Comparing with the previous regime of Service Tax, where only half yearly returns were required one can imagine the level of effort and time required in filing these monthly returns and their reconciliation.

(iii)Adjudication: Under GST since more than one adjudicating authorities will be involved, each authority may hold different opinions on the same underlying issue. This difference of opinion will prolong the adjudication procedure. Thus, dealing and settling such a situation would be cumbersome. Unfavourable adjudications result into appeals, and hence adds to the compliance costs.

(iv)Place of supply: The place of supply of stock broking services provided domestically is specified in Section 12 of IGST Act, as the location of recipient of services, as per the records of supplier of service, provided the services are linked to their accounts. Otherwise it is the location of supplier of services. In case of services rendered to foreign investors consisting of FIIs or FPIs, the place of supply shall be the location of service provider as per Section 13(8) of the Act as share broking services would take the nature of intermediary services. An intermediary means a broker, agent or any person who arranges or facilitates the supply of goods or services or securities between two or more persons and not on his own account. Hence stock brokers who facilitate the supply of securities belonging to a principal, falls under the definition of Intermediary. This results to a situation that, these services would lose their status as an export of services since Place of Supply lies in India and GST is chargeable on this supply. The provisions under GST was replicated from service tax and was not able to find a solution to the problem faced by the industry.

(v)Valuation under GST: The Act considers the transaction value as the value of supply as per Section 15 of the CGST Act, 2017, provided the supplier and buyer are unrelated and price is the sole consideration. But the CGST (Determination of Value of Supply) Rules 2017 should be used in case of any violation of specified conditions. In case of stock broking business, the transactions between the various business verticals of the share broking business and those between brokers and sub brokers are subject to these rules. This occurs as they fall in the definition of Related Persons as per Explanation to Section 15 of CGST Act.

B. COMPLIANCE COSTS

Compliance burden automatically adds up to the compliance cost of the business. Most research have failed to focus on the compliance costs of taxation until Sandford (1973) referred compliance costs as the hidden costs of taxation system. Compliance costs are those costs incurred by tax payers in meeting the requirements laid upon them in complying with a given structure and level of tax (Sandford, Godwin and Hardwick, 1989, p.10). Generally this will include the costs of labour or time consumed in completion of tax activities, time taken in compiling receipts and recording the data to complete tax return, costs of expertise obtained and incidental expenses including computer software etc. Thus, in simple terms compliance costs, in case of GST, is the sum of administrative costs, invoicing requirements, training and consultation costs and penalties.

(i)Administrative cost: The procedural and compliance requirements under GST increases the administrative costs of the business. It required up gradation and redesigning of existing Enterprise Resource Planning (ERP) and accounting soft wares. GST follows a cent percent online system thus resulting in structural changes in all the businesses. Tax administrative costs further increases due to the continuous amendments made by the GST Council. Also the lack of clarity in the provisions creates indecisive situations rooting to further consultancies. Administrative costs also include the judicial costs to be incurred by the businesses at the time of appeals.

(ii)Invoicing: Normally invoice is issued in case of taxable supply of service under GST within 30 days from the date of supply of service. But issuing invoice against every trading transaction would be difficult and hence the law relaxes the provision by allowing financial institutions to issue document in lieu of the tax invoice. The law mandates that the document to be issued at the end of every month, physically or electronically, and should contain the prescribed information under the Act. Since broking firms fall under the definition of Financial Institutions, the above provision will be applicable to it. Under Service Tax, the invoice has to be issued only within 45 days from the date of completion of taxable service. Thus, the new law has reduced the time limit for the issuance of invoice.

(iii)Training cost and Consultancy charges: Every change results into lot of updating and when the change is in taxation matters it would demand professional consulting. The business houses have gone through many consultations and this continues even now owing to the never ending circulars, notifications, and change of applicable laws. In addition to heavy consultancy costs, the law demands continuous training of work force because of its complexity.

(iv)Penalties: If penalties are evaluated GST would be called a penalising tax as the various penalties are charged per day. Taking an example, the Act charges Rs. 25 per day for CGST and SGST each, i.e, Rs.50 per day if the returns are not filed on due dates. Likewise all the penalties charged under GST is more burdensome than that under the Service Tax provisions.

Researches unveil the fact that compliance costs are significant for people's taxes like VAT, GST, etc. Studies suggest that compliance costs are high in absolute terms as well as relative to tax yield, GDP or administrative costs of Government. Most studies confirm that size of a business is a key determinant of compliance costs. Small firms bear heavy compliance costs due to diseconomies of scale and certain activities undertaken by them giving rise to these costs occur only once or infrequently(European Commission,2004).

C. EXPENDITURE

Increase in GST rates doesn't affect the supplier of service, i.e. share broking businesses as it's a destination based tax. Effectively the supplier is just a tax collector and burden falls on the recipient of service. But the operational and non-operational expenses incurred by the business were subjected to rate hikes and this affected the share broking business being a recipient in this situation. The businesses are less affected as they are eligible to claim the credit in respect of input taxes against the output tax payable, subject to the Blocked Credit provisions under section 17(5) of CGST Act, 2017.

(*i)Input Tax Credit:* Under the Service Tax regime the industry was not allowed to claim the VAT and sales tax paid on goods. This increased the cascading impact. With the onset of GST, the tax paid on goods like VAT, CST and Excise duty could be claimed by a service provider. Thus, stock broking business can set off CGST, SGST, UTGST and IGST as per the ITC provisions under the Act. Also the concept of Input Service Distributor further reduces the cascading impact. The Input Service Distributor (ISD) provision is a boon to the business as they can distribute the credit tax paid on the goods or services. ISD means office of supplier of goods or services which receives invoices and can distribute the credit through ISD invoice. The ISD requires a compulsory registration under GST and should file return in form GSTR 6. This would be helpful to share broking business as they can distribute the credit to the various branches operating across the country thus reducing their operational expenses.

(ii)Refund: Refund of tax paid in respect of services exported can be claimed by the business. Under Service tax, the time limit for filing refund claim of CENVAT credit on inputs used for export services is one year. But under GST the time limit is extended to two years, thus being a favourable change.

VII. SCOPE FOR FURTHER RESEARCH

The present study explains the impact Goods and Services Tax had on share trading transactions and share broking business. It does comparison of current scenario with situation under Service Tax. There is further scope for exploring the practical ways by which the investors and broking businesses have tackled this situation. Also there is the possibility of doing a primary survey among the brokers so as to analyse deeply the compliance burden and costs they suffer due to GST implementation.

VIII. SUGGESTIONS AND CONCLUSION

GST is a revolutionary movement in the tax regime of our country which solved many issues connected with the earlier indirect taxes. But the lack of a planned implementation brought hardship to the country. On this basis, the researchers' analyse the impact GST had on share investors and share market operations. It reveals that the new rule made the share investing process costly due to the surge in tax rates on various intermediary services. Interestingly, GST is both a boon and bane for share broking businesses. The enhanced ITC helped the sector to reduce its tax expenditure. But the compliance burden and compliance costs intensified in the GST era. These would continue as long as the complicated compliance requirements remain. The industry demands for reduction in tax rates as well as addressing the issue of not treating the services to foreign investors as export of services. This requires immediate attention from the GST council as it would attract more investments, both domestic and overseas.

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A Study on Awareness of GST among Retailers in Kanniyakumari District with Special Reference to Kalkulam Taluk

H.A. DHANUJA
Full Time Research Scholar
Manonmaniam Sundaranar University
Research Centre in Commerce, T.D.M.N.S College
T.Kallikulam, TamilNadu – 627 113.

Dr.A. VENKATESWARAN
Assistant Professor
Head of the Research Centre
Research Centre in Commerce, T.D.M.N.S College
T.Kallikulam, TamilNadu – 627 113.

Abstract

Goods and Service Tax (GST) is one indirect tax for the whole Nation which makes India one unified common market. GST was implemented on 1st july 2017as one of the most comprehensive indirect tax reform. In GST tax will only be paid at the final point of consumption against multi-layered indirect tax regime in the country. But our society has different opinion, reaction and different arguments against this new tax system. GST has more or less impacted every major and minor business sector in the country. While some are facing in increased manner and some are in decreased manner. The main objective of GST is to bring about the single tax from the manufacturer to retailers. As per global scenario, India is considered to be highest in terms of per capita retail space and the fifth largest preferred retail destination. This study has been conducted to ascertain the awareness and level of satisfaction with the current GST system among Retailers in kanniyakumari district with special reference to kalkulam Taluk.

Key words: Goods, Tax, Retailers, Awareness

I. Introduction

Tax policy plays an important role on the economy. The main source of revenue for government of India is from tax. There are two types of tax they are direct and indirect tax. When the impact and incidence falls on thesame person it is called direct tax, when the impact and incidence falls on different person it is called indirect tax. But now all the indirect tax are merged together and formed a new tax called GST.GST is one of the biggest tax reform plan which aims to stitch barriers between states. It is a single tax across India on all goods and services. GST works on the fundamental principle of" One Nation One Tax".GST has different types of taxes namely CGST, SGST, IGST, UTGST. Central goods and service tax (CGST), and state goods and services are levied on intra state supply of goods and services. The revenue collected under CGST is for central government and SGST is for state government. Integrated goods and service tax (IGST) is applicable when truncation take place on interstate or when two stateinvolved in purchasing of goods or services. Union territory goods and service tax (UTGST), in the Indian constitution, the definition of state include union territories with their own legislature .hence SGST and CGST also applied.

2. Retailers

The retailer is an intermediary in the marketing channel because he is both marketer and customer who sells to the last man to consume. He is a specialist who maintains contact with the consumer and the producer and he is an important connecting link in a complex mechanism of marketing. The manufacturer depends on retailers to sell their product to the ultimate consumers. Retail sector plays an important role in the growth of economy. GST has unified the markets as there won't be state boundaries to hinder their business and the final price for the consumer will also reduce.

3. Review of Literature

Rathik.N, Srereraj M.K (2018), a research paper the authors have studies the customers perception towards GST and found that even though there is appositive attitude towards GSTamong the general public there is also some perception on price hike for certain products due to GST their perception is prevalent among the customers without irrespective of gender, age education qualification and income level.

Shefalidani (2016), a research paper on an "impact of goods and service tax Indian economy" he mentioned that even though 150 countries implemented GST ,the government should make an attempt to rectify the problems faced by the people and this system removes the old taxation system only if there is a clear opinion over issues of the 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.

V.Vasudhasingh, K. Sangeetha, Reshmakhanam in their journal "GST and its impact on common man" have mentioned that GST has made certain commodities expensive when compared to old taxation system the exclusion of essential commodities like petroleum, electricity etc are greater dis advantages to the common man.

Dr.R. Sri Devi (2018) in her journal a study on impact of GST system to retailers with special reference to Coimbatore district" she conclude that GST has created a impact on retailers and it simplify the paper work and plays a dynamic role in the growth of the Nation.

4. Statement of the Problem

The goods and service tax is anew tax reform which was introduced in our country within ashort notice. The nation faced a rapid change in all business sectors. The retailers are the large community who experienced the pros and cons of the GST. They themselves are notfully enlightened about the new tax regime initially.Now after the expiry of 30 months the retailers understanding about the GST system and the awareness about the present taxation system is the crux of this study

5. Objectives of the study

The main objectives are given below

- To study the changes in retailers business after the implementation of GST.
- To analyse the awareness and satisfaction level of GST among retailers..
- To provide suggestions based on findings and conclusion.

6. Research Methodology

For this study descriptive research methods have been taken. The data required for the study have been collected from both primary and secondary data. Primary data required for this study is collected by means of interview schedule. Secondary data is collected by means of articles, journals, newspaper, and online sources. The sample unit for this study is retailers in kanniayakumari district with special reference to kalkuklam Taluk. The sample size is 100. In this study simple percentage method and chi-square test is used as statistical tool and convenient sampling method is adopted.

7 .Analysis and Interpretation

The data collected from the various respondents have to analysis for the purpose of drawing the conclusion for that an effort have been taken to analysis and interpret collected data with the statistical tool simple percentage and chi-square test

Table No 1 Distribution of Samples based on Variable

Sl No	Category	Subgroup	Number	Percentage	Total
1	Types of retailers	Jewellery Textile shops Mobile shops Pharmaceuticals Home appliances store Auto mobiles shops	12 40 15 13 10 10	12% 40% 15% 13% 10% 10%	100
2	Number of year in business	Below 1yr 1yr TO 2yr 2yr TO 5yr Above 5yr	10 20 30 40	10% 20% 30% 40%	100
3	Locality of business	Rural Urban	58 42	58% 42%	100
4	Which one is beneficial to government	Old taxation New taxation	32 68	32% 68%	100
5	Is GST good for your business	Very good Good Neutral Poor Very poor	35 20 5 28 12	35% 20% 5% 28% 12%	100

Source: Primary data

It is observed that 40% of respondents are above 5yrs in the business and 58% of business is located in rural area 68% of respondents are saying that GST is beneficial to the government.

Table No. 2
Source of awareness

Sl.No	Source	Number of Respondents	Percentage
1	Newspaper, TV ,Radio	40	40%
2	Government agency	20	20%
3	Internet	30	30%
4	Family and friends	10	10%
	Total	100	100%

Source: Primary data

It is observed that 40% of respondent get aware of GST by the way of Newspaper TV and Radio only 20% of respondents are aware about GST through government agencies and 30% through internet.The following table No.3 chi-square test between number of years in business and the satisfaction level with the current GST regime

Calculated value	Table value	Degrees of freedom	Null hypothesis	Result
112.56	21.026	12	rejected	Significant

Table No.3 Chi-square test between number of years and the satisfaction level

Sl.No	Number of year in business	Highly Satisfied	Satisfied	Neutral	Dis Satisfied	Highly Dis Satisfied	Total
1	Below 1yr	3	25	0	1	0	29

2	1yr to2yrs	10	5	2	0	0	17
3	2yrs to 5 yrs	12	10	2	1	0	25
4	Above 5yrs	18	8	1	1	1	29
	Total	**43**	**48**	**5**	**3**	**1**	**100**

From the above table no 3 it is inferred that there is asignificant difference between number of year in business and level of satisfaction in the current tax regime

8. Findings

- 40% of respondents are from textile shops followed by 15% of mobile shops and 13% of pharmaceuticals and 12% of jewellery shops and both 10% of home appliances and auto mobiles
- 40% of respondents are above 5years in business
- 58% of respondents are from rural side
- 68% of respondents says that new tax system is beneficial to government
- 35% of respondents says that GST system is very good
- 40% of respondents are aware of GST through newspaper tv and radio
- There is a significant difference between the number of year and the level of satisfaction with the new system

9. Suggestions

- More awareness about GST should be given through government agencies
- Digital literacy should be given to the people relating to GST
- Schools and colleges should provide awareness programme , seminars and classes about GST
- The GST slab rate should be clearly aware among public
- Government should take more steps to help the retailers in understanding the slab rate and the importance of registering under GST

10. Conclusion

The outcome of the study reveals that after 32 months since the implementation of GST inthe country only 40% of the retailers in its southernmost territory are fully aware of the application of the new taxation system. When a new tax system is introduced customer concerns are inevitable. Retailers play a key role in clarifying the doubts raised by the customers on GST while purchase of commodities. The lack of awareness among retailers shall therefore not be helpful to convey the "one nation onetax" motto of the GST regime to the general public .more efforts has to be taken to educate the retailers about the functional methodology of GST which may in turn help to increase the level of GST awareness among customers.

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Effect of GST on Micro Small and Medium Enterprises in Kerala

Joby Veliyan Antony*, Dr. P Rajanikanth & Dr.Thomas Varghese**

* PhD Scholar, Dept. of Business Administration, Annamalai University.
** Assistant Professor, Annamalai University, Annamalai Nagar.
*** Assistant Professor, St.GITS College, Kottayam.

ABSTRACT
Most of the Small and Medium industries in Kerala who were competing with other southern state MSME`s, got a boost with implementation of GST. A lot of items like dry and insulated Truck containers, were getting tough competition from Tamil Nadu. Truck Container manufacturers in Kerala got a boost since Tamilnadu produced Containers were pumped to the states with 2% CST. There were so many cases where tax evasion were also happening. With the advent of GST there is a level playing field for all MSMEs, across state borders. Central excise also got integrated with GST. Now a MSME can claim central excise which is already integrated with GST.In VAT regime those who were not having Central excise cant claim Excise duty. So overall cost has gone down for MSME's who were procuring products from with central Excise. So overall GST implementation has provided level playing field for lots of MSMEs who has been competing with neighbouring states as well as with big corporates.
Keywords: GST, MSME, Effect

o *INTRODUCTION*

Government main earnings is through tax only. Through this collected amount only Government is meeting its expenses.Major expenses of Government like employee salaries, welfare measures ,developmental activities are all carried out with the help of tax amount collected from public. So an effective tax collection mechanism is a key element for normal functioning of any Government.

A value-added tax (VAT) is a consumption tax placed on a product whenever profit or a value is added in the supply chain which ends up with the consumer.
The goods and services tax (GST) is a value-added tax levied on most goods and services sold for domestic consumption. The goods and services tax (GST) is an indirect federal sales tax applied to the cost of certain goods and services. The GST is paid by consumers, but it is remitted to the government by the businesses selling the goods and services. In effect, GST provides revenue for the government.

The business adds the GST to the price of the product, and a customer who buys the product pays the sales price plus the GST. The GST portion is collected by the business or seller and forwarded to the government.
India has, since launching the GST on July 1, 2017, implemented the following tax rates.

- A 0% tax rate applied to certain foods, books, newspapers, homespun cotton cloth, and hotel services.
- A rate of 0.25% applied to cut and semi-polished stones.
- A 5% tax on household necessities such as sugar, spices, tea, and coffee.
- A 12% tax on computers and processed food.
- An 18% tax on hair oil, toothpaste, soap, and industrial intermediaries.
- The final bracket, taxing goods at 28%, applies to luxury products, including refrigerators, ceramic tiles, cigarettes, cars, and motorcycles.

India established a dual GST structure in 2017, which was the biggest reform in the country's tax structure in decades. The main objective of incorporating the GST was to eliminate tax on tax or double taxation, which cascades from the manufacturing level to the consumption level.
For example, a manufacturer that makes a product obtains the raw materials for, say, Rs. 100, which includes a 10% tax. This means that he pays Rs. 10 in tax for Rs. 90 worth of materials. In the process of manufacturing the product, he adds value to the original materials of Rs. 50, for a total value of Rs. 100 + Rs. 50 = Rs. 150. The 10% tax due on the finished good will be Rs. 15.0. Under a GST system, this

additional tax can be applied against the previous tax he paid to bring his effective tax rate to Rs. 15.0 - Rs. 10.0 = Rs. 5.0.

The wholesaler purchases the product for Rs. 150 and sells it to the retailer at a Rs. 25.0 markup value for Rs. 175.0. The 10% tax on the gross value of the good will be Rs. 17.5, which he can apply against the tax on the original cost price from the manufacturer i.e. Rs. 150. The wholesaler's effective tax rate will, thus, be Rs. 17.5 - Rs. 15.0 = Rs. 2.5.If the retailer's margin is Rs. 15.0, his effective tax rate will be (10% x Rs. 190) - Rs. 17.5 = Rs. 01.5. Total tax that cascades from manufacturer to retailer will be Rs. 10 + Rs. 5.0 + Rs. 2.5 + Rs. 1.5 = Rs. 19.0.
The previous system with no GST implies that tax is paid on the value of goods and margin at every stage of the production process. The implementation of the GST system in India is a measure that is used to reduce inflation in the long run, as prices for goods will be lower.

GST eliminated lot of taxes in the VAT regime and converged it all as one tax.Central excise,Central Sales tax Octroi`s all are included in GST.It eventually made all sales tax offices in the state borders redundant due to e way bill system introduced in the system.Tax evasion and bribery by government officials has came down to a greater extend.Long sales tax ques in the state borders are not seen and minimum personnel intervention is required in the tax process.

Sl.No.	Types of GST	Application	Collected by
1	SGST	Between intra state transaction	State government
2	CGST	Between intra state transaction	Central government
3	IGST	Between inter state transaction	Central government

Types of Filings

Sl No.	Type of Return	Description	Date of Filing
1	GSTR-1	Outward supplies of taxable goods and/or services	10^{th} of the next month
2	GSTR-2	Inward supplies of taxable goods and/or services	15^{th} of the next month
3	GSTR-3	Monthly Return	20^{th} of the next month
4	GSTR-9	Annual Return	31^{st} December of next financial year
5	GSTR-4	Quarterly return for compounding taxable person	18^{th} of the next month
6	GSTR-5	Result for non-resident foreign taxable person	20^{th} of the next month
7	GSTR-6	Return for Input Service Distributer	13^{th} of the month succeeding quarter
8	GSTR-7	Return for authorities deducting tax at source	10^{th} of the next month
9	GSTR-8	Details of supplies effected through e-commerce operator	10^{th} of the next month

Benefits of GST Implementation for MSME's

1.Digital Transactions
Due to purchasing of service or goods by MSME`s from local or rural buyers there was no tax factor which could be claimed during VAT period, now GST is getting applicable and after making GST net wide there is lot of push by the government to take GST registration. So a lot of nano, micro and small business owners are taking GST registration. This enables the business to get credit of the tax, which business could not have availed in VAT regime.This has helped to get a better ease of business,and more digital transactions.

2.Avoided Cascading tax
On VAT registration excise duty charged by a corporate supplier will go as the cost factor for a MSME who are under turn over limit for central excise.Lot of MSME`s never want to go for central excise registration since the cost of the goods may increase by 12%. After GST excise factor got integrated with GST and even a small buyer can get credit for the excise duty embedded on the GST. So a small time

player is getting level playing field with a big business corporate who was having central excise. This is helpful to improve the probability of the MSME with respect to big corporates who was already availing excise duty inputs.

3.Better Input tax collection

Let`s take another case of a firm which used to pay taxes in VAT regime and a firm which deals in cash without claiming under tax regime. Always there is a tendency for a consumer to approach a supplier who is out of tax net.This will help him to reduce the price of the goods or services. After demonetisation of government of India, people want to be under tax net. This is a safer bet for any firm or individual since the monitory mechanism developed by the Income tax department is getting stronger day by day. Demonetisation and Note ban has done a good ground work for GST regime. So there is a pull factor for MSME's to register under tax net. So more and more customers are coming to the tax net. It is better now for a MSME to purchase and sell to a GST compliant firm. This will improve profit of the firm. In VAT period it may get a small cash benefit if any MSME operate in cash but in GST regime it is better to operate in a GST compliant ecosystem.

4.Simpler procedures than VAT.

Previous tax regime requires various registration and portals and different submittals and filings for VAT,Central Excise and service tax.In GST all this are merged into a single window of GST.More over government is simplifying tax filing systems to make MSME`s to embrass GST.

5.Improved efficiency of Logistics.

During VAT regime there is lot of manual checking was happening in state borders which has been eliminated as of now.State borders are free now and Trucks which are carrying goods are not getting lapsed their valuable time in borders in long ques.Bribery by government officials has also came down.Net total down time of vehicles has came down drastically and a fresh life has been given to logistics industry.

Challenges of MSME under GST Regime

1.Higher late payment penalty

Since most of the MSME's are run by not so professional entrepreneurs there was a compliance issue at the beginnin of the GST roll out. Every firm now needs a CA/ Accountant's help to enter the details in the GST system. Government even though has introduced the quarterly filing. There are three filing that has to be made mandatory with cutoff dates,and should be done with input and output tax. If there is a delay in payment there is a daily fine of Rs. 50, also there is an interest of 18% on total input.
The interest on input tax which is 18% is a real challenge for a MSME`s. This is very much higher than any bank loan for MSME.

In Kerala there were lot of cases where tax authorities has used a software and software suggests fines.These fines were blasted on MSME`s and some desperate enterpreneurs even suicided due to mental strain.There are lot of enterpreneurs who has stopped business due to the unjustified taxmen harassing them .This is serious for a MSME tax payer, where government compands tax interest and slaps on a accesse. This should be avoided at any cost. This amounts to terrorism.

2.Cash flow issues

Cash flow in most of the MSME's are not up to the mark to pay taxes on time. More over if there is a delay in payment, interest is based on the entire input which is not a logical one. Interest penalty can be based on the net tax payable. Lot many MSME's has got interest penalty notification worth lakhs of rupees. If government insists on the interest penalty the total penalty is blasted twice, one is on dailiy baisis and other is monthwise. Its a dual lethal weapon used against defaulters. There rates are to be bought down and relief should be given to non wilful defaulters.

3.Highr Compliance Costs

Sincs entrepreneurs are not so professional in filing of return he has to obliviously get an Accountant and an Auditor. Compliance cost are high, even for a small firm there is a requirement of an accountant for entering the filing details. CA`s or Auditor are the ones who validate the filing. In most of the cases CA charge Rs.2500 to Rs.3000 per filing which in addition to employ a accountant,Accountant salary is around 25,000/- to 30,000/- is a big compliance cost. Even if there is a mistake by them, they are not liable for any mistakes and enterpreneur is only liable for penalties.

4.Lack of clarity

There are lot of clauses which are not clear to even tax consultants and authorities, for example how to calculate interest on delayed tax payment. If input tax should be considered for penalty or net tax liability. As per present it is total input for the delayed period. This really cannot be justified.

Certain amendments keep coming, if our accountant is not updated, chartered accountant who are handling should be able to update himself and incorporate this during the filing. Frequent changes are a threat to MSME's who are employing tax consultants instead of chartered accountants.

5.Non Compliance by Supplier
Cash flow of MSME is really effected when there is an input delay from a supplier who is fling quarterly.As per the present system the firm should pay entire tax amount of the supplier if he is filing quarterly.We can claim the tax once his 2B is automatically updated in the system. If the supplier is not filing on time then the tax liability is on the buyer . This is going to give the MSME a serious trouble. Government is slapping fine against the MSME who is no way liable for the tax credibility of the supplier. If supplier faults in tax payment no way the MSME buyer should be liable.

6.Software Glitches
Lots of cases were reported where GST filings were not possible due to software glitches and MSME's are obliged to pay penalties for none of their problem. The mental agony and waiting once there is a problem is beyond explanation.

7.Ease of business
Ease of business due to GST is a major concern still.There is no way a solo entrepreneur , who has to do everything in everything from sales to production is going to get tangled in tax related issues also.Correct payment on due date is where enterpreneur is having tough time.Lack of low cost finance would have solved lot of issues.

8.Requirement of Training
Confirmed schooling needs to be given to the all MSME entrepreneur on the details of filing and last date of filing. This is very important as this will enable all entrepreneur to understand their deadlines and penalties. All the updates should be simplified and send to entrepreneur in their local language if required in his registered mobile No.

9.Credit for MSME
Cash flow will be effected if there is a deadline for tax payment. In order to manage the cash flow there is a requirement of credit for MSME's. Credit worthiness of the MSME's is very low, in VAT regime due to cash factor,right now MSME's are getting into official economy,so credit should be offered to MSME's in order to steady their cash flow. This will make the going of business for MSME's very good.

Comparison of Cost Factors in Truck container Manufacturing
Undermentioned is a table which shows thatthe tax variation in the cost factors of a Truck container manufacturing,
Cost Factors and Tax

Sl No.	Item	Vat %	GST %
1	Flat	5 %	18 %
2	MS Angle	5 %	18 %
3	MS Channel	5 %	18 %
4	MS Sheet	5 %	18 %
5	GI Square	5 %	18 %
6	SS Sheet	5 %	18 %
7	Aluminium Sheet	5 %	18 %
8	Aluminium Chequered Sheet	5 %	18 %
9	GI Sheet	5 %	18 %
10	HR Sheet	5 %	18 %

The cost factor is having a smaller tax bracket in VAT regime and the tax has gone up to 18% from 5% in GST regime. The effect is that the cost of production and the working capital required has gone up due to higher tax bracket. Moreover the tax bracket has gone up from 14.5% at VAT regime to 18% in GST regime. This has really effected the demand for Truck containers but has eventually picked up.

Finished goods tax (Truck Container)

Sl No.	VAT	GST
1	14.5%	18%

This shows that the cost of product has gone up. Unless there is no good demand in the market, the survival of MSME which is manufacturing containers will be a real concern. So generally due to GST introduction cost has gone up in MSME sector and sector has a hit from sluggish demand. Government has reduced the bracket in certain cases, but the double whammy created due to note ban and GST market went down and reached recession.

I. Conclusion

Generally MSME's are far and large effected negatively by the GST implementation. MSME's got hit due to evolution of MSME's from non tax ecosystem to a compliant system. Since the threshold limit of GST is 20L which is mandatory, lot of MSME's are still getting supplies from Nano and Micro organisations which are not registered. Finance is a major concern for MSME's which has effected due to mandatory filing and multiple cash flow issues. It may take time to reach a good ease in business for MSME's due to evolving tax system. Big business houses are capable of getting funds and order but MSME's actually suffer a lot due to poor hand holding by government authorities.

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Impact of GST in Small and Medium Enterprises with Special Reference to Textile Industry

Lakshmy Priya M G[**] & Bony K Babu[***]

([**]Assistant Professor, Department of Commerce, NIMIT)

lakshmipriya@naipunnya.ac.in

([**]Student, III B.com Co-operation, NIMIT)*

Abstract

Taxation is one of the most important instruments in generating revenue for a country. History has shown that many countries develop based on tax revenue. Tax-based spending, also known as Goods and Services Tax (GST) or Value Added Tax (VAT) is a consumerism tax posed upon sales of goods and services. A good tax system plays an important role on the economy of a country through their impact on both efficiency and equity. After two years of GST implementation, India faced protest from every part. The society is still unaware about the various aspects of GST and its benefits. The existing studies shows that the government also failed to implement GST in a proper way. So the present study is based on some research questions such as what are the positive and negative impact of GST on SMEs with special reference to Textile industry, how the new tax system help the industry to achieve the growth and what are the problems faced by the SMEs after the implementation of GST. The survey result revealed that there is positive and negative impact of GST on textile industry.

Keywords: GST, SME, Impact, Textile Industry

II. Introduction

A tax is a compulsory financial charge or some other type of levy imposed upon a taxpayer (an individual or legal entity) by a governmental organization in order to fund various public expenditures. Taxes consist of direct or indirect taxes and may be paid in money or as its labour equivalent. Most countries charge a tax on an individual's income as well as on corporate income. Countries or subunits often also impose wealth taxes, inheritance taxes, estate taxes, gift taxes, property taxes, sales taxes, payroll taxes or tariffs.

Taxation is one of the most important instruments in generating revenue for a country. History has shown that many countries develop based on tax revenue. Tax-based spending, also known as Goods and Services Tax (GST) or Value Added Tax (VAT) is a consumerism tax posed upon sales of goods and services. A good tax system plays an important role on the economy of a country through their impact on both efficiency and equity. The concept of single tax policy in all sales and services first came from the European countries and later this type of tax policy is reformed as GST, which stands for Goods and services Tax. Already 160 countries have implemented GST in their tax regime.

GST is a comprehensive tax system that will subsume almost all the indirect taxes of states and central governments. Although it was considered as the biggest taxation by many countries of the world in many years ago, India roused up around the year 2000 and then the NDA government formed an empowered committee to design GST model for its implementation and since many debates was arise on implementing GST in India. Finally, India Govt. committed to introduce GST by almost July, 2017. Presently, in India also it is supposed to be implemented from 1st July, 2017 through the constitution (One hundred and first amendment) Act, 2016. Under GST, there would be only one tax rate for both goods and services to be levied by states and central governments. GST is applicable in many sectors like Employment sector, Agricultural sector, Manufacturing sector, FMCG sector, IT sector, Small and medium scale sector etc. This project aims to study about the benefits and Impact of GST in small and medium scale enterprises.

Statement of the Problem

GST is being referred to as a single system but in reality it is a dual tax because both the state and central both collect separate tax on a single transaction of sale and services. The tax rate has been increased for many products thus increasing their costs. GST simplifies the entire process of filing and paying taxes. It will also increase the competition between SMEs by unifying the Indian market. In the long run GST is expected to have a positive impact on SMEs and Indian economy as a whole. But after two years of GST implementation, India faced protest from every part. The society is still unaware about the various aspects of GST and its benefits. The existing studies shows that the government also failed to implement GST in a proper way. So the present study is based on some research questions such as what are the positive and negative impact of GST on SMEs with special reference to Textile industry, how the new tax system help the industry to achieve the growth and what are the problems faced by the SMEs after the implementation of GST. So the present study related to this context deserves much significance.

III. Review of Literature

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. Goods and Services tax provide the best solution for MSME's. Goods and service tax supports its growth objective. With the implementation of Goods and Services tax in the country, SME's gets benefits such as ease in doing business & its growth. Goods and Services tax play significant role in the improvement of MSME's sector.

Lourdunathan F and Xavier P, (2017) studied "Implementation of goods and services tax (GST) in India: Prospectus and challenges" and observed that GST will make one tax, one nation, will provide relief to producers and consumers through input credit set-off, will result in resource and revenue gain at both Central and State levels.

R. Vasudhevan, (2017) studied 'How will GST impact MSMEs' mentioned about the unorganized MSMEs (turnover less than 1.5cr), which were advancing faster than the organized peers because of the initial tax avoidance. After the enactment of GST, even these unorganized MSMEs are liable for tax payment, as the Government has decreased the threshold from 1.5 cr. to 20 lakhs.

Manasi Shah, (2017) studied, "Impact analysis of GST on Indian Hospitality Industry" concluded that The GST of 18 percent will thus lead to banquets becoming reasonable consequently offering a huge haul to the hospitality industry. In a nutshell, the GST is going to have a neutral impact on the Indian hospitality industry.

Poonam, (2017) studied "Goods and Services Tax in India: An Introductory Study' and concluded that GST would be a really necessary step in the field of indirect taxation. The paper has tried to relinquish information concerning GST system. She additionally quoted in her research paper that Consumer's tax burden can just about scale back to 25% to 30%. Indian manufactured products would become a lot more competitive in the domestic and international markets. This taxation system would instantly encourage economic growth. GST with its transparent mode will prove easier to administer.

Objectives of the Study

- To understand the concept and benefits of GST
- To analyse the importants of GST for the growth of small and medium enterprise.
- To study the positive and negative impact of GST in small and medium enterprises with special reference to Textile Industry.
- To study the problems faced by the Textile Industry after the implementation of GST.

Research Methodology

Both primary and secondary data are used for the study.

Sources of Data

The primary data are obtained through direct communication with the person associated with the selected subjects by conducting survey and interview. A well-structured questionnaire is used for collecting the data. The first part of the questionnaire includes socio- economic profile of the respondents and second part includes the questions related to the objectives formulated for the study.

The secondary data are collected from papers, published articles in journals, newspapers, magazines and websites covering wide collection of academic literature on GST etc. With the help of these primary & secondary sources, an attempt has been made to study about the "Impacts of GST in small scale and medium enterprises with special references to Textile Industry".

Sample Design

- *Sampling Size*
  The sample size of the study is 50 textile shop owners running business in Angamaly town.
- *Sampling Method*
  The sampling method used for the study is convenient sampling method.

Tools Used for Data Analysis

- Tables and diagrams are used for represent the collected data.

Limitations

- From the numbers of SMEs the study is only focused on the impact of GST in textile industry.
- As GST is a newly implemented concept it is not possible to understand concept of GST completely with all these data available.

IV. Impact of GST on Textile Industry

Table 1 Demand of products before the GST implementation

Options	**No of Respondents**	**Percentage**
Increased	0	0
Decreased	20	40
Stable	30	60
Total	50	100

(Source: Primary Data)

Interpretation: The table 1 shows that the classification of the demand of products before GST implementation. From the analysis it is clear that out of 50 respondents 20 (40%) of the respondents says that the demand of products was increased before GST implementation and the rest 30 (60%) of the respondents says that the demand was stable. So the majority of the respondents in this study says that the demand of the products before GST implementation was stable.

Table 2 Demand of products after the GST implementation

Options	**No of Respondents**	**Percentage**
Increased	0	0
Decreased	45	90
Stable	5	10
Total	50	100

(Source: Primary Data)

Interpretation: The table 4.7 shows that the classification of the demand of products after GST implementation. From the analysis it is clear that out of 50 respondents 5 (10%) of the respondents says that the demand of products is stable after the GST implementation and the rest 45 (90%) of the respondents says that the demand is decreased. So the majority of the respondents in this study says that the demand of the products after the GST implementation is decreased.

Table 3 Supply of products after the implementation of GST

Options	No of Respondents	Percentage
Increased	0	0
Decreased	15	30
Stable	35	70
Total	50	100

(Source: Primary Data)

Interpretation: The table 4.8 shows that the classification of the supply of products after GST implementation. From the analysis it is clear that out of 50 respondents 15 (30%) of the respondents says that the supply of products is decreased after GST implementation and the rest 35 (70%) of the respondents says that the supply is stable. So the majority of the respondents in this study says that the supply of the products after GST implementation is stable.

Table 4 GST affected the value chain

Options	No of Respondents	Percentage
Strongly Agree	0	0
Agree	30	60
Neutral	20	40
Disagree	0	0
Strongly Disagree	0	0
Total	50	100

(Source: Primary Data)

Interpretation: The table 4.11 shows that the classification of the GST affect the value chain. From the analysis it is clear that out of 50 respondents 30 (60%) of the respondents agreed that the GST affect the value chain and the rest 20 (40%) of the respondents neither agree nor disagreeing that the GST affect the value chain. So the majority of the respondents in this study agreed that the GST affect the value chain.

Table 5 Problems faced by retailers at the time of GST implementation

Options	No of Respondents	Percentage
Increase the rate of products	10	20
Preparation of documents (E-way bill & Invoice)	30	60
Delay in contract work	5	10
Delay in supply of products	5	10
Total	50	100

(Source: Primary Data)

Interpretation: The table 4.29 shows that the classification of the problems faced by the retailers at the time of GST implementation. From the analysis it is clear that out of 50 respondents 10 (20%) of the respondents says that increase in the rate of products, 30 (60%) of the respondents says that Preparation of documents like E-way bill and Invoice, 5 (10%) of the respondents says that Delay in contract work and the rest 5 (10%) of the respondent says that Delay in supply of products were the problems faced at the time of GST implementation. So the majority of the problems faced by the respondents in this study are the preparation of documents like E-way bill & Invoice

Table 6 Monthly revenue increased after GST implementation

Options	No of Respondents	Percentage
Yes	0	0
No	35	70
Maybe	15	30
Total	50	100

(Source: Primary Data)

Interpretation: The table 4.30 shows that the classification of the Monthly revenue increased after GST implementation. From the analysis it is clear that out of 50 respondents 35 (70%) of the respondents says that the monthly revenue has not increased after GST implementation and the rest 15 (30%) of the respondents says that the monthly revenue maybe increased after GST implementation. So the majority of the respondents in this study says that monthly revenue has not increased after GST implementation.

IV. FINDINGS

- Majority of the respondents in the study are belongs to the age group above 30 (90%)
- Majority of the respondents 40 (80%) are working in the small scale industries
- Majority of the respondents 25 (50%) have been working in the industry in between 5-10 years
- Majority of the respondents 20 (40%) are earning an income between 15000-20000
- 30 (60%) of the respondents revealed that Demand of products before GST implementation was stable
- 45 (90%) of the respondents revealed that Demand of products after GST implementation was decreased
- 35 (70%) of the respondents revealed that Supply of products and services is stable after GST implementation
- 25 (50%) of the respondents revealed that GST compliances are easier than the direct tax compliances
- 35 (70%) of the respondents revealed that GST is a fair tax compared to other taxes
- 30 (60%) of the respondents revealed that GST has affected the value chain (starting from the farmers to the manufacturer) after its implementation
- 25 (50%) of the respondents revealed that GST makes the business and industry more competitive
- 45 (90%) of the respondents revealed that GST will improve the tax revenue in addition to improving the economy
- 30 (60%) of the respondents revealed that GST improve the tax administration and reduces the litigation
- Majority of the respondents 20 (40%) revealed that GST has increased various legal formalities
- Majority of the respondents 25 (50%) revealed that GST has increased the tax burden on businessmen
- Majority of the respondents 40 (80%) revealed that GST has affected the small & medium scale business very badly
- Majority of the respondents 45 (90%) revealed that GST will reduce the cost of doing business
- Majority of the respondents 25 (50%) revealed that Textile, Media, Pharmacy sectors bearing the brunt of a higher tax after the GST implementation
- Majority of the respondents 30 (60%) revealed that GST on readymade garments will create a huge difference in the current consumption
- Majority of the respondents 25 (50%) revealed that GST impacts the customer purchasing power effectively
- Majority of the respondents 35 (70%) revealed that GST is a good method to replace sales and service tax
- Majority of the respondents 40 (80%) revealed that GST implementation has increased the rate of product & services
- Majority of the respondents 30 (60%) revealed that GST will reduce the corruption in textile industries after implementation
- Majority of the respondents 30 (60%) revealed that Majority of the troubles are associated with GST implementation is the Registration process
- Majority of the respondents 25 (50%) revealed that GST implementation reduced the profit in the small and medium scale industries
- Majority of the respondents 30 (60%) revealed that GST will increase the tax collection of the government
- Majority of the respondents 35 (70%) revealed that Monthly revenue of the small and medium scale industries has not increased after GST implementation.

- Majority of the respondents 45 (90%) revealed that Monthly turnover of the small and medium scale industries has decreased after GST implementation.

V. *Conclusion*

The present study revealed that GST has significant impact on textile industry. The monthly revenue of the small and medium industries has not increased after GST implementation. The turnover of the textile industries belongs to small and medium categories also decreased. Ultimately the GST implementation reduced the profit in the small and medium scale industries.

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Goods and Services Tax in India – A Post Implementation Analysis in Hospitality Sector

Bindu Muraleedharan, Associate Professor, NIMIT, Pongam, Trissur Dist. Kerala

Abstract:

Goods and Services Tax (GST) is India's biggest indirect tax reforms, under the notion of "One Nation, One Market, One Tax" concept which is a non-discriminatory Tax introduced in India on July 1st, 2017 and its effect and Challenges are seen across various Sectors as we enter the third year of successful implementation. GST has been conceptualized with an objective to have only one indirect tax and have only one taxation system in India and subsume all other prevailing indirect taxes in India like the Central Excise Tax, Value-Added Tax, and Service Tax amongst others. In this article we will analyse and see the post implementation effects in Hospitality Sector which include Hotel Industry, Entertainment Industry and Travel & Tourism. Under GST regime this sector is benefitted by standardised and uniform Tax rates and better utilisation of input credit. As the final cost to the end user decreases, sector can expect / attract more overseas tourists which would ideally result in improved revenue for the Government and growth in Industry.

Keywords: GST, Post Implementation, Hospitality sector

Key words: GST, Central Excise Tax, Value Added Tax, Service Tax and Hospitality Industry.

I. Introduction

GST is a single tax on the supply of goods and services, right from the manufacturer to the consumer. Credits of input taxes paid at each stage will be available in the subsequent stage of value addition, which makes GST essentially a tax only on value addition at each stage. GST is a destination-based tax and levied at a single point at the time of consumption of Goods or Services by the ultimate consumer.

Rules, Regulation and Rates are governed by GST council which comprises of all State &Union Finance Ministers and Central Finance Minister. Benefit under GST is tax on tax is removed and hence the cost of goods decreased. The whole concept of GST for levying tax is based on 5 slabs 0%, 5%, 12%, 18% and 28%.GST removed cascading effect (tax on tax) on the Sale of Goods and Services which helps to decrease the cost.

The Indian hospitality and tourism industry, which was pegged at US$ 136.2 billion at the end of 2016, is one of the sectors which will see major changes post-July 2017. Experts observe that the implementation of GST will help the sector by reducing costs for customers, harmonizing taxes, and reducing business transaction costs, but will also have its own set of challenges.

The hospitality industry is a broad category of fields within the service industry that includes lodging, food and drink service, event planning, theme parks, transportation, cruise line, traveling, airline and additional fields within the tourism industry. In simple words, Hospitality is all about the art of entertaining or receiving guests.

Objective of the Study

The main objective of the study is to ascertain the impact of tax reforms with the implementation of GST on 1st July 2017 in India

Methodology of the Study

The present paper is based on secondary data. The data were collected from books, journals, reports articles and internet etc.

II. HOSPITALITY SECTOR – PRE GST

The Hospitality Industry, like every other sector in the Indian economy, was liable to pay multiple taxes (VAT, Luxury Tax, and Service Tax) under the previous VAT regime till 1st July 2019.A Hotel where the room tariff exceeded INR 1000 was liable for service tax at15 %. An abatement of 40% was allowed on the tariff value, thus bringing the effective rate of service tax down to 9%. The Value Added Tax (ranging between12 % to 14.5 %) and Luxury Tax, would apply on top of this. However, for Restaurants, there was 60% abatement which meant that the service tax was charged at an effective rate of 6% on the Food & Beverages bills, apart from VAT (12% to 14.5%). Bills for bundled services like social functions (Seminars, Marriage etc.), were taxed with an abatement of 30%. The cascading effect of the VAT regime where the end consumer paid a Tax on Tax, increases the end cost. Hoteliers and Hospitality Businesses did not get any input tax credit on the taxes they paid, as Central Taxes like Service Tax, could not be set off against state taxes (VAT) and vice-versa.

VAT is a consumption tax levied on a product at each stage of the supply chain where the value of the product has been increased. VAT has been a major reform for India's taxation system when it was introduced in 2005. This change was needed due to issues with India's previous taxation system, where the cascading effect of taxes had a negative effect on purchases.

Before 1st July 2019, in the Pre GST regime, the State Government would first charge VAT, Luxury and Entertainment Tax, while the Central Government would then levy a whole different set of taxes such as Excise Duty, Service Tax, Customs Duty and Central State Tax. Consider the VAT, for instance, which is often charged by State Governments on a value already including an Excise Duty. Hence, with different States having their own Tax rates, Hotels and Hospitality Businesses had no option to avail an input tax credit since the burden of Central Taxes cannot be set off against State Taxes like VAT, or vice versa.

III. HOSPITALITY SECTOR – POST GST

Under GST regime, we can consider a positive change with regard to tax rates and Input Tax Credit. It is also evident that Hospitality sector will reap the benefits of standardised and uniform Tax rates, and better utilisation of input Tax. Under GST, the final cost to end consumer decreases we can clearly expect the Sector to attract more tourists both domestic and overseas than before. This would ideally improve the revenues for Government and also no doubt that this new Tax regime could help the Industry's growth in long run. In simple words for complimentary food (like breakfast) was taxed separately before implementation of GST, but now it will be taxes under GST as a bundled service and hence benefit to the end consumer.

GST, short for Goods and Services tax, is a new tax that will be imposed on the sale and purchase of goods and services in India. GST is meant to replace all taxes in India with a single unified tax applied to value addition instead of the total value of the product at each stage in the supply chain. This method provides credit for the input tax paid on the purchase of goods and services, which can be offset with the tax to be paid on the supply of goods and services. As a result, this reduces the overall manufacturing cost, with the end customer paying less.

GST's impact on the hospitality sector is overall positive, as with reduced end-user costs, the industry will likely attract more customers and tourists. Additionally, the regime is expected to improve government's revenue. It will have a long-term positive impact, and the tax structure will be further simplified for end-customers as well as hotels.

Here are GST rates on hospitality services:

One-Night Tariff	GST Rate
Less Than INR 1,000	Not applicable
INR 1,000 To 2,500	12%
INR 2,500 To 7,500	18%
More Than INR 7,500	28%

Understanding GST Regime with an Example:

Sl. No.	Room Details	Pre GST (Rs)	Post GST (Rs)
1	Room Tariff	3000.00	3000.00
2	Luxury Tax	625.00	0.00
3	Service Tax	252.00	0.00
4	Swatch Bharat Cess	9.00	0.00
5	Krishi Kalyan Cess	9.00	0.00
6	9% SGST	0.00	270.00
7	9% CGST	0.00	270.00
8	**Total Charge**	**3895.00**	**3540.00**
Source : Hotel in Chennai			

Advantages of GST on the Hospitality Sector

- With the removal of multiple taxes and VAT’s cascading effect, taxation is streamlined and simplified. The end-customers won’t have to pay a series of taxes on food and beverages and hotel bills.
- Taxation processing and calculation have been made easier and time-saving for the hospitality industry.
- Previous tax regime was complicated to customers and they were not able to recognize the correct tax order. With unified tax system, it is hassle-free for end-users to cross-check and understand the taxation structure.
- The hospitality industry can avail the benefits of input tax credit, which means that the hotels can reduce the tax already paid on input while paying the output.
- GST, will lead to improved financial management and increased transparency in tax planning of establishments in the hotel industry. With accounting taken seriously and accurate records maintained in profitability books of hospitality sectors, there will be less room for tax avoidance/evasion, thus paving the way for legal and corrupt-free industry.

Disadvantages of GST for Hospitality Services:

- The hospitality industry is facing multiple issues regarding the implementation of GST. Compliance and maintenance process of GST is complicated as there are multiple GST rates (5, 12, 18, and 28) for different categories of services and goods offered. To avail input tax credit’s full advantage, businesses have to match outputs and inputs based on the tax rate applied.
- The importance of a hospitality software cannot be discounted, and while this sector takes the lead in adapting to technological advancements for maintaining its reach and reliability in the market, the response of the industry to the onslaught of GST has been at most, cautious and resentful. With the utter complexity inherent in the GST compliance/implementation process and filings mandated at multiple stages, this will mean added technological burdens, increased compliance costs and a lot of time and effort pumped in, making the journey seem longer and more exhausting.
- Although GST may have reduced end-user prices, if hotels spend extra on maintaining compliance, they end up charging more to customers. This will ultimately reduce the positive impact of GST in decreasing end-user costs.
- If SMEs fail to buy products from registered dealers, they’ll not be able to avail benefits of the input tax credit.
- The complicated structure may lead to the formation of a parallel economy where users may opt out of receiving bills. It will create numerous undocumented transactions.
- Many neighbouring countries have 5% to 10% GST tax slab for hospitality services. However, in India, most hotels fall under the tax slab of 18% to 28%. This can negatively impact the tourism industry.

IV. Conclusion

- GST is a mixed bag of better and easier rules and regulations, and increased costs and compliances. The biggest beneficiaries of GST could be food and beverages companies. The Hotel and Restaurant Association of Western India had been lobbying for a GST rate of 5% as it believed that a lower rate will bring in more tourists and allow Indian businesses to compete with global chains. However, the GST Council deemed it fit to set the rate at 18%.
- The Tourism and Hospitality industry in India is expected to grow to US$ 280.5 billion by 2026, and the initial hiccups after GST implementation are highly unlikely to impede this growth. However, it remains to be seen whether the cons outweigh the pros for this sector.
- Hope fully GST would lead to cost optimization and free flow of transactions.

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Impact of GST - A Study among Retailers in Chalakudy Locality

Lakshmy Priya M G[**] & Godwin Davis[***]

*(**Assistant Professor, Department of Commerce, NIMIT)*

lakshmipriya@naipunnya.ac.in

*(***Student, III.B.com Finance, NIMIT)*

Abstract

Direct tax is a kind of charge which is imposed directly on the tax payer and paid directly to the government by the person on whom it is imposed. A significant direct tax imposed in India is income tax. Retail business in India is a key pillar of the Indian economy, accounting for about 10% of GDP. The Indian retail market is estimated to be more than US $600 billion and one of the top five retail markets in the world by economic value. . Retailers face a relief from the cascading effect of taxes thereby reducing the total tax burden on them. The government aims that, while implementing GST, retailers can claim credit for the tax previously paid by them on the purchase of inputs. This new tax regime has forced retailers to change their plan and complement new promotional strategies. This study focused on the impact of GST on retailers. The study is based on some research questions such as what are the impacts of GST on the retailers, whether the retailers fully adapted the new system or not, what are the challenges faced by the retailers due to the GST implementation and what are the benefits enjoyed by the retailers with the adaptations of GST.

Keywords: GST, Impact, retailers

1 Introduction

A tax may be defined as a primary burden lay upon individuals or property owners to support the government, a payment exacted by the legislative authority. In any welfare nation, it is the prime responsibility of the government to fulfill the increasing developmental needs of the country and its people by way of public expenditure. India being a developing economy has been striving to fulfill the obligations of a welfare nation with its limited resources, the primary sources of revenue being the levy of taxes. Thus taxes are collected to fulfill the socio economic objectives of the government.

Taxes are of two kinds, direct tax and indirect tax. Direct tax is a kind of charge which is imposed directly on the tax payer and paid directly to the government by the person on whom it is imposed. A significant direct tax imposed in India is income tax. If the tax payer is just a conduit and at every stage the tax incidence is passed on till it finally reaches the consumer, who really bears the brunt of it, such tax is indirect tax. Also called consumption taxes, they are regressive in nature and are levied on consumption, expenditure, privilege or right but not on income or property. Until now a number of taxes were levied in India, namely excise duty, customs duty, service tax, central sales tax, value added tax (VAT), entry tax, purchase tax, luxury tax, advertisement tax etc. Thus a plethora of taxes levied simultaneously has created the tax system to be a complex one and often obstructing the growth and development of commerce and business.

Thus indirect taxation in India witnessed a paradigm shift on July 1, 2017 with the introduction of Goods and Services Tax (GST) being the biggest tax reform Independent India has ever seen. GST is a comprehensive, multi-staged, destination based tax that is levied on every value addition. It makes India 'a one nation one tax' system. It subsumes all indirect taxes levied by the central and state governments and makes a significant impact across industries. GST is, as usual applicable to almost every retail supply affecting the cost of end consumers.

Retail business in India is a key pillar of the Indian economy, accounting for about 10% of GDP. The Indian retail market is estimated to be more than US $600 billion and one of the top five retail markets in the world by economic value. Retail industry in India is expected to grow to US $1.3 trillion by 2020, registering a compound annual growth rate of 16.7 percent over 2015-20. Tax practitioners think that the passage of GST is a favorable development for retailers in India as it is seen as a business-friendly step towards making it easier to do business in India.

Statement of the Problem

This study identifies its topic of research as the 'The impact of Goods and Services Tax (GST) implementation on retailers with special reference to Chalakudy Locality'. Retailers face a relief from the cascading effect of taxes thereby reducing the total tax burden on them. The government aims that, while implementing GST, retailers can claim credit for the tax previously paid by them on the purchase of inputs. This new tax regime has forced retailers to change their plan and complement new promotional strategies. This study focused on the impact of GST on retailers. The study is based on some research questions such as what are the impacts of GST on the retailers, whether the retailers fully adapted the new system or not, what are the challenges faced by the retailers due to the GST implementation and what are the benefits enjoyed by the retailers with the adaptations of GST. In this present context, conducting a study based on these aspects deserves much relevance.

Objectives

1) To know the impact of GST on Retailers.

2) To analyze the benefits of GST to the retailers.

3) To know the challenges faced by the retailers due to GST implementation.

Significance of the Study

India, a developing country is now going through a process of economic transition. Trade and commerce is a major area that is affected in this transition. This in turn affects retailers, who constitute the very backbone of trade and commerce of our nation. The introduction of GST system is considered as a milestone in the tax history of our country. It helps in increasing growth and development of business concerns. This research addresses the impact of GST implementation on the retailers with special reference to chalakudy locality. Understanding the usage of this scheme will help the retailers to make their ventures a successful one.

Scope of Study

This study is mainly conducted to know the effectiveness of GST implemented on 1st July. This study highlights retail sector and to know the changes of the above mentioned after implementation of GST. This helps the researcher to find out the problems faced by retailers regarding GST and to take necessary actions to overcome those entire problems.

Research Methodology

Both primary and secondary data were used for the study. A well-structured questionnaire is used for collecting the data. The first part of the questionnaire includes socio- economic profile of the respondents and second part includes the questions related to the objectives formulated for the study.

The secondary data are collected from papers, published articles in journals, newspapers, magazines and websites etc. With the help of these primary & secondary sources, an attempt has been made to study about the "Impacts of GST on retailers in Chalakudy locality.

Tools and Techniques Used For Data Analysis

Simple Percentages, tables and graphs are used for the representation, analysis and interpretation of the raw data.

Sample Size

The sample size of the study is fifty retailers from Chalakudy Locality.

Limitations of the Study

- Due to lack of awareness of GST system among retailers the response of participants might be biased to an extent. So maximum care has given for analyzing and interpreting the data.
- The study is based on impact of GST among retailers running different types of business in Chakakudy. Due to the paucity of time a comparison between impacts of GST on different types of retail business is not included in the study.

II. Review on literature

Poonam (2017) in her study, she had cleared that GST would be a very important step in the field of indirect taxation. The cascading and double taxation effects can be reduced by combing central and state taxes. Consumer's tax burden will approximately reduce to 25% to 30% when GST is introduced. After introduction of GST concept, Indian manufactured products would become more and more competitive in the domestic and international markets. This taxation system would instantly encourage economic growth. GST with its transparent features will prove easier to administer .In this paper the author has tried to attempt to spot the concept of GST & its current status in India. Paper has tried to give information about GST system. The study also aims to be familiar with the advantages and challenges of GST in Indian scenario.

In his study **Prof. .Pooja.S.Kawle (2017)** stated that taxation plays an significant role in the development of the economy as it impact the efficiency and equity. It is expected that a good system should control income distribution and at the same time it will also endeavor to generate tax revenue which will support government expenditure on public services and development of infrastructure. GST will have positive impact on Indian economy. GST have faced lots of controversy and opposition in terms of its implementation. Finally the GST bill has been passed and it ready to roll out in market. Time will only decide whether it will have positive impact or negative impact. International trade, firms and consumer will have new system of tax which is single level and more transparent. The new system of taxation is considered to be more improved system over the pre-existing central excise duty at the national level and sales tax system at state level.

Shefali Dani (2016) has proposed that GST regime is a half-hearted attempt to rationalize indirect tax structure. Approximately more than 150 countries have implemented GST concept. As per researcher government of India must study the GST regime set up by various countries and also their fallouts before implementing GST. IT is the need of hour that, the government must make an attempt to insulate the vast poor population of India, against the inflation due to implementation of GST. There is no doubt, GST will simplify its existing indirect tax system and will have to help to remove inefficiencies created by the existing current heterogeneous tax 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.

The study conducted by **Monika Sehrawat (2015)** concluded that consumption and productions of goods and services is undoubtedly increasing and because of multiplicity of taxes in current tax regime administration complexities and compliance cost is also accelerating. Thus, a simple, user -friendly and transparent tax system is required which can be fulfilled by implementation of GST. Its implementation stands for a coherent tax system which will colligate most of current indirect taxes and in long term it will lead to higher output, more employment opportunities and flourish GDP by 1-1.5%

Girish Garg (2014) states that moving towards GST is the next most logical step that India should adopt. He believes that GST will integrate the state economies and create a robust nation. His studies reveal that the tax burden will be equally divided amongst manufacturing and service sectors by lowering the tax rates and increasing the tax base.

Kanojia.N (2014) made an attempt to study on Goods and Services Tax in India. This paper result shows that reasons for moving GST i.e., current system of indirect taxes is not able to increase the competitiveness of industry, exports and company. This paper also emphasized that how a goods and service tax is an improvement over VAT and Service Tax.

The studies conducted by **Nitin Kumar (2014)** talks about how the various indirect taxes have to be subsumed into a single tax regime. With the advent of GST in India it is certain that it will bring about transparency, efficiency and uniformity in tax structure thereby reducing economic distortions.

III. Tax in India – An overview

The word tax is derived from the Latin word "taxare" meaning "to estimate". "A tax is not a voluntary payment or donation, but an enforced contribution, exacted pursuant to legislative authority and is any contribution imposed by government whether under the name of toll, tribute, impost, duty, custom, excise, subsidy, aid, supply, or other name." A **tax** is a mandatory financial charge or some other type of levy imposed upon a taxpayer (an individual or other legal entity) by a governmental organization in order to fund various public expenditures. A failure to pay, along with evasion of or resistance to taxation, is punishable by law. Most countries have a tax system in place to pay for public/common/agreed national needs and government functions.

Broadly, there are two types of Taxes viz. Direct and Indirect taxes. Taxes in India are levied by the Central Government and the State Governments. Some minor taxes are also levied by the local authorities such as Municipality or Local Council. The authority to levy tax is derived from the Constitution of India which allocates the power to levy various taxes between Centre and State.

Evolution of taxation system

The first 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 show that the pharaoh would conduct a biennial tour of the kingdom, collecting tax revenues from the people. Other records are granary receipts on limestone flakes and papyrus. Early taxation is also described in the Bible. In Genesis, it states "But when the crop comes in, gives a fifth of it to Pharaoh. The other four-fifths you may keep as seed for the fields and as food for yourselves and your households and your children." Joseph was telling the people of Egypt how to divide their crop, providing a portion to the Pharaoh. A share of the crop was the tax.

In India, the tradition of taxation has been in force from ancient times. It finds its references in many ancient books like 'Manu Smriti' and 'Arthasastra'. The Islamic rulers imposed jizya. It was later on abolished by Akbar. However, Aurangzeb, the last prominent Mughal Emperor, levied jizya on his mostly Hindu subjects in 1679. Reasons for this are cited to be financial stringency and personal inclination on the part of the emperor, and a petition by the ulema. The period of British rule in India witnessed some remarkable change in the whole taxation system of India. Although, it was highly in favor of the British government and its exchequer but it incorporated modern and scientific method of taxation tools and systems. In 1922, the country witnessed a paradigm shift in the overall Indian taxation system. Setting up of administrative system and taxation system was first done by the Britishers.

Taxation system in India before GST

1. **Income Tax:**

An income tax is a tax imposed on individuals or entities that varies with respective income or profits .Income tax generally is computed as the product of a tax rate times taxable income. Taxation rates may vary by type or characteristics of the taxpayer. The tax rate may increase as taxable income increases (referred to as graduated or progressive rates). The tax imposed on companies is usually known as corporate tax and is levied at a flat rate. However, individuals are taxed at various rates according to the band in which they fall. Further, the partnership firms are also taxed at flat rate. Most jurisdictions exempt locally organized charitable organizations from tax. Capital gains may be taxed at different rates than other income. Credits of various sorts may be allowed that reduce tax. Some jurisdictions impose the higher of an income tax or a tax on an alternative base or measure of income.

2. **Customs duties:**
Duties are collected on the exports and imports of goods. A tariff is a tax on imports or exports between sovereign states. It is a form of regulation of foreign trade. It is a policy that taxes foreign products to encourage or protect domestic industry. It helps limit trade deficits. The tariff is historically used to protect infant industries and to allow import substitution industrialization.

3. **Service tax:**
Taxes are gathered on various services. Service tax was a tax levied by Central Government of India on services provided or agreed to be provided excluding services covered under negative list and considering the Place of Provision of Services Rules, 2012 and collected as per Point of Taxation Rules, 2011 from the person liable to pay service tax. Person liable to pay service tax is governed by Service Tax Rules, 1994 he may be service provider or service receiver or any other person made so liable. It is an indirect tax wherein the service provider collects the tax on services from service receiver and pays the same to government of India.

4. **Central excise:**
Taxes on manufacturing of dutiable goods, State Governments levied the following taxes. Central Excise Act, 1944, which imposes a duty of excise on goods manufactured or produced in India. Central Sales Tax, 1956, which imposes sales tax on goods sold in inter-state trade or commerce in Indisale of property situated within the state.

5. **Value Added Tax (VAT):**
Value Added Tax, or otherwise called as VAT, is a multi-point tax system, wherein the tax is levied by the state government, at each level of production or distribution of goods. In this regime, the tax is levied on the incremental value of the goods, to eliminate the cascading effect, at different levels of sale. It is a type of consumption tax, wherein the value addition made by the firm is equal to the difference between proceeds and the cost of purchases. It allows the purchaser of the goods to avail input tax credit, i.e. the tax paid at the previous stage will be deducted from the net tax liability. To avail the input tax credit under VAT system, every dealer is required to obtain registration. In this system, the VAT is levied at different types of rates, 0% is for agricultural goods and items of social importance, 1% gold and silver jewellery, 4% raw material or inputs used in manufacturing and capital goods, 20% for luxury items and remaining items are taxed as per normal slab rate, i.e. 12.5%.

History of GST

GST was first introduced by France in 1954. Within 65 years of its advent, 160 countries across the world have adopted GST because this tax has the capacity to raise revenue in the most transparent and neutral manner. Most of the countries followed unified GST while some countries like Brazil, Canada follow a dual GST system.

Rate of GST (some countries)

Countries	**Rate**
Australia	10.00 %
Canada	6.00 %
China	17.00 %
France	19.60 %
United Kingdom	17.50 %
Singapore	7.00 %

New Zealand	12.50 %

2.5 Genesis of GST in India

It has now been more than a decade since the idea of national Goods and Services Tax was mooted by Kelkar Task Force in 2004.The Task Force strongly recommended fully integrated 'GST' on national basis. Subsequently, the then Union Finance Minister, Shri P.Chidambaram, while presenting the Central Budget(2007-08), announced that GST would be introduced from April 1, 2010. Since then, GST missed several deadlines and continued to be shrouded by the clouds of uncertainty. The talks of ushering in GST, however, gained momentum in the year 2014 when the NDA Government tabled the Constitution (122nd Amendment) Bill, 2014 on GST in the Parliament on 19th December, 2014. The Lok Sabha passed the Bill 6th May, 2015 and Rajya Sabha on 3rd August, 2016.Subsequent to ratification of the Bill by more than 50%of the states, Constitution (122nd Amendment) Bill, 2014 received the assent of the President on 8th September, 2016 and became Constitution (101st Amendment) Act,2016, which paved the way for introduction of GST in India. In the following year, on 27th March, 2017, the Central GST Legislations- Central Goods and Services Tax Bill, 2017, Integrated Goods and Services Tax Bill, 2017, Union Territory Goods and Services Tax Bill, 2017 and Goods and Services Tax (Compensation to States) Bill, 2017 were introduced in Lok Sabha. Lok Sabha passed these bills on 29th March, 2017 and with the receipt of the President's assent on 12th April, 2017, the Bills were enacted. The enactment of the Central Acts was followed by the enactment of the State GST laws by various State Legislatures. Telangana, Rajasthan, Chhattisgarh, Punjab, Goa and Bihar were among the first one s to pass their respective State GST laws. GST is a path breaking indirect tax reform which will create a common national market.

The Concept of GST

The Goods and Services Tax (GST) is a destination based, value added tax charged on the production, sale and consumption of goods and services. It is important to note that GST applies to the value addition at each stage, and no other tax would be levied, which results in the elimination of cascading effect.GST does not differentiate between goods and services and thus, the two are taxed at a single rate.

In this system, the supplier of the goods or services is eligible to avail input tax credit, i.e. the GST paid on the purchase of goods, will be set off against the GST payable on the supply of goods and services. So, ultimately, the end consumer bears the tax imposed by the last supplier in the distribution chain.

State GST: This model is to have a State GST in which the States alone levy GST and the Centre withdraws from the field of GST completely. In this case, the State GST will work as a redistributing mechanism. The loss to the Centre from vacating this tax field could be offset by a suitable compensating in fiscal transfers to the States. This would significantly enhance the revenue capacity of the States and reduce their dependence on the Centre. This model of GST is followed in USA.

Central GST: In this system, the two levels of government would combine their levies in the form of a single National GST, with appropriate revenue sharing arrangements between them. In the case of Central GST (where all goods and services are taxed by the **Central** government only), the Centre will collect most of the country's total tax revenue, leaving very little for the sub-national Governments. It is followed by China and Australia.

Non concurrent Dual GST: In this model, GST on goods can be levied by the States collect where as GST on the services would be charged by Central Government.

Concurrent Dual GST: Tax in this model is levied by central and state government on both goods and services. In India Concurrent dual model of GST is followed.

Quebec Model: In this system different provisions prevail for States and central government for collecting tax.

Components of dual model of GST:

GST is levied on both goods and services at all the stages of value addition. GST in India comprises of Central **Goods and Service Tax (CGST)** - levied and collected by Central Government and **States Goods and Service Tax (SGST)** - levied and collected by State Governments/ Union Territories with State Legislatures (Delhi and

Puducherry) and **Union Territory Goods and Service Tax (UTGST)** - levied and collected Union Territories without State Legislatures (Chandigarh, Dadra & Nagar Haveli, Andaman & Nicobar Islands, Daman & Diu, Lakshadweep), on intra- state supplies of taxable goods and services.

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. The Government of India will collect the revenue under IGST. For Inter State Transactions, Integrated Goods and Service Tax (IGST) is levied on goods and services which are based on destination principle.

GST Tax Rates on some common items

Tax Rates	**Products**
5%	Household necessities such as edible oil, sugar, spices, tea, and coffee (except instant) are included. Coal , Mishti/Mithai (Indian Sweets) and Life-saving drugs are also covered under this GST slab
12%	This includes computers and processed food
18%	Hair oil, toothpaste and soaps, capital goods and industrial intermediaries are covered in this slab
28%	Luxury items such as small cars, consumer durables like AC and Refrigerators, premium cars, High-end motorcycles are included here.

Impact of GST among Retailers

Table 1 Nature of Business

PARTICULARS	**NO. OF RESPONDENTS**	**PERCENTAGE**
HOTELS/RESTAURANTS	8	16%
TEXTILE	18	36%
STATIONERY	1	2%
OTHERS	23	46%
TOTAL	**50**	**100%**

(Source: Primary Data)

Inference: It is noted that the respondents chosen for survey represents businesses such hotels or restaurants, textile, stationery and others are 16, 36, 2, 46 percentages respectively.

Table 2 difficulties faced in the process of adaptation

PARTICULARS	**NO. OF RESPONDENTS**	**PERCENTAGE**
MANUFACTURES, WHOLESALORS AND DEALERS WERE LESS ACQUAINTED	9	18%
INITIAL EXPENDITURE	7	14%
LACK OF AWARENESS	27	54%

HIRING STAFF WITH TECHNICAL EXPERTISE	7	14%
TOTAL	**50**	**100%**

(Source: Primary Data)

Inference: It is observed that the major difficulty faced in the process of adaptation to the new tax system was the lack of awareness (54%).

Table 3 availability of government support in the transition to GST

PARTICULARS	NO. OF RESPONDENTS	PERCENTAGE
STRONGLY AGREE	1	2%
AGREE	19	38%
NUETRAL	15	30%
DISAGREE	11	22%
STRONGLY DISAGREE	4	8%
TOTAL	**50**	**100%**

(Source: Primary Data)

Inference: It is observed that the majority of the retailers agreed to the availability of government support in the transition period.

Table 3. Crisis borne by retailers in the working operations after introduction of GST

PARTICULARS	NO. OF RESPONDENTS	PERCENTAGE
HUGE INITIAL EXPENDITURE	12	24%
INCREASED PAPER WORKS	10	20%
TIME CONSUMING	8	16%
IGNORANCE OF CUSTOMERS	20	40%
TOTAL	**50**	**100%**

(Source: Primary Data)

Inference: It is inferred that the main crisis borne by the retailers in the working operations after introduction of GST was ignorance of customers about the new law.

Table 4 awareness of the changes effected in GST law

PARTICULARS	NO. OF RESPONDENTS	PERCENTAGE
YES	38	76%
NO	12	24%
TOTAL	**50**	**100%**

(Source: Primary Data)

Inference: It is found that majority of the retailers (74%) are not aware of all the changes effected in GST law since its introduction.

Table 5 hikes in the tax rate and tax amount paid

PARTICULARS	NO. OF RESPONDENTS	PERCENTAGE
STRONGLY AGREE	11	22%

AGREE	16	32%
NUETRAL	16	32%
DISAGREE	4	8%
STRONGLY DISAGREE	3	6%
TOTAL	**50**	**100%**

(Source: Primary Data)

Inference: It can be noted that equal number of retailers, at the same time agreed and to be of neutral opinion with respect to the hikes in tax rate and tax amount paid.

Table 6 general rise in the prices of commodities

PARTICULARS	NO. OF RESPONDENTS	PERCENTAGE
STRONGLY AGREE	6	12%
AGREE	23	46%
NUETRAL	9	18%
DISAGREE	10	20%
STRONGLY DISAGREE	2	4%
TOTAL	**50**	**100%**

(Source: Primary Data)

Inference: It is found that majority of the retailers agreed to the fact that there is a general rise in the prices of commodities.

Table 7 approachability and user – friendliness of GST portal

PARTICULARS	NO. OF RESPONDENTS	PERCENTAGE
STRONGLY AGREE	0	0%
AGREE	5	10%
NUETRAL	17	34%
DISAGREE	10	20%
STRONGLY DISAGREE	18	36%
TOTAL	**50**	**100%**

(Source: Primary Data)

Inference: It is observed that majority of the retailers (36%) found the GST portal to be not approachable and user friendly.

Table 8 convenience in maintenance of financial records as per GST

PARTICULARS	NO. OF RESPONDENTS	PERCENTAGE
STRONGLY AGREE	2	4%
AGREE	13	26%
NUETRAL	23	46%
DISAGREE	9	18%
STRONGLY DISAGREE	3	6%
TOTAL	**50**	**100%**

(Source: Primary Data)

Inference: It is observed that larger proportions of the retailers are of neutral opinion with regard to the convenience of maintaining financial records as per GST.

Table 9 benefit of composition scheme

PARTICULARS	NO. OF RESPONDENTS	PERCENTAGE
STRONGLY AGREE	4	8%
AGREE	7	14%
NUETRAL	19	38%
DISAGREE	11	22%
STRONGLY DISAGREE	10	20%
TOTAL	**50**	**100%**

(Source: Primary Data)

Inference: The result shows that larger proportion of retailers (38%) found the composition scheme to be neutrally beneficial.

Table 10 convenience of e-way bill

PARTICULARS	NO. OF RESPONDENTS	PERCENTAGE
STRONGLY AGREE	5	10%
AGREE	8	16%
NUETRAL	7	14%
DISAGREE	11	22%
STRONGLY DISAGREE	19	38%
TOTAL	**50**	**100%**

(Source: Primary Data)

Inference: The Table shows that majority of retailers are strongly disagreeing (38%) to e-way bills are convenient

Table 11 effectiveness of GST over VAT

PARTICULARS	NO. OF RESPONDENTS	PERCENTAGE
STRONGLY AGREE	5	10%
AGREE	20	40%
NUETRAL	12	24%
DISAGREE	5	10%
STRONGLY DISAGREE	8	16%
TOTAL	**50**	**100%**

(Source: Primary Data)

Inference: The table shows that larger part of retailers (40%) found GST to be more effective in comparison to VAT system

Table 12 successful adaptation to the new tax system by the retailers

PARTICULARS	NO. OF RESPONDENTS	PERCENTAGE
YES	17	34%
NO	7	14%

SATISFACTORY	26	52%
TOTAL	**50**	**100**%

(Source: Primary Data)

Inference: The table shows that more majority of the retailers (52%) responded that the adaptation to GST as satisfactory.

Table 12 assessment on the requirements of further improvements in the GST law

PARTICULARS	**NO. OF RESPONDENTS**	**PERCENTAGE**
STRONGLY AGREE	10	20%
AGREE	15	30%
NUETRAL	11	22%
DISAGREE	6	12%
STRONGLY DISAGREE	8	16%
TOTAL	**50**	**100%**

(Source: Primary Data)

Inference: It is observed that the most retailers (30%) suggested that further improvements are needed in the GST law.

VI. Findings

- The respondents chosen for survey representing businesses such hotels or restaurants, textile, stationery and others are 16, 36, 2 and 46 percentages respectively.
- There is lack of awareness on the part of both retailers as well as customers about the new tax law which lead to difficulties in early adaption to the new tax regime.
- The availability of government support did help majority of the retailers during the transition period from VAT to GST.
- Majority of the retailers were not aware of all the rapid changes effected in GST law since its introduction.
- Equal number of retailers, at the same time agreed and was of neutral opinion with respect to the hikes in tax rate and tax amount paid but certainly agreed to the fact that there is a general rise in the prices of commodities.
- The brute majority of retailers were of neutral opinion with regard to the threshold limit of GST.
- The study revealed that the GST returns of most of the retailers were filed by their accountants and found their day-to-day businesses to be affected by the regular return filing procedure.
- More than half of the retailers did not find tax calculation in dual model of GST difficult.
- Majority of the retailers found the GST portal to be not accessible and user friendly.
- Larger proportions of the retailers are of neutral opinion with regard to the convenience of maintaining financial records as per GST.
- In GST system, the composition scheme, the single registration system and the e-way bills were found to be highly convenient and beneficial to majority of the retailers.
- The responses of customers to the working of GST act as a new tax law was noted to be average.
- Larger part of the retailers found GST to be more effective over VAT system.

- The study revealed that more than half of the retailers rated their adaptation to GST as satisfactory.
- Most of the retailers suggested for further improvements in the GST law.

VII. Suggestions

- As the entire activities related to GST such as registration, return filing, payment of taxes, etc happens on GST portal, so it can be made more efficient and accessible to ensure smooth run of the procedures.
- More awareness programmes can be conducted to bring clarity regarding the procedures matters related to GST and thereby enabling the retailers to file returns and make payment of taxes themselves.

- A large number of retailers are benefited from composition scheme of tax levy and further improvement to the scheme can be brought by extending it to all service providers and interstate suppliers.
- Timely information should be provided regarding the rapid changes in the GST law.
- Relief must be given to small scale operators in order to comply with the system.

VI. Conclusion

Retail is one of the major industries in India and one of the largest in the world. Retail business in India is a key pillar of the Indian economy, accounting for about 10% of GDP. Goods and Services Tax (GST) is the biggest tax reform Independent India have ever witnessed and is applicable to almost every retail supply.

In conclusion, we can say about the impact of GST on retail sector that GST has laid the path for a more organized and transparent retail sector for budding, small and big players alike. The loopholes are the technical glitches of GSTN Network and taxpayer's non-compliance. The GST Council can surely overcome these issues and ensure proper compliance by taking measures like educating people through social network websites as well as NGOs. For a tax system like GST to work, government and people must be responsible and compliant.

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A Study on customer perception towards GST (Goods &Service Tax) in Ernakulum District

Litty Vincent*, Lakshmi Priya M R**

*Assistant Professor, Department of Commerce, Naipunnya Institute of Management and Information Technology, Pongam, Koratty

**Assistant Professor, Department of Commerce, Naipunnya Institute of Management and Information Technology, Pongam, Koratty

Abstract— *Goods and Services tax is considered to be an important tax reform in the country. The study seeks to understand the customer perception towards Goods and Service tax and their views on new taxation system. Common people are more affected by the Goods and Service tax and the effects were adverse at the time of introduction of GST. The study finds that GST is not that beneficial to customers because of its complexity in understanding and increased legal formalities. However it increased the tax collection of the government but have no positive impact on savings of common people.*

Keywords— Goods and Service tax, Customer perception

INTRODUCTION

Tax is today an important source of revenue for the government in all the countries. Tax in general is the imposition of financial charge upon an individual or a company by the government of India or their respective states or similar other functional equivalents in a state. Taxes can be direct tax and indirect tax. The reference of GST was first made in the Indian budget in 2006-07 by Finance Minister Mr P Chidambaram as a single centralized indirect tax. GST was implemented to the welfare of the customers or citizens in India. GST is one of the indirect taxes implemented in 1 June 2017 by the Prime Minister of India. However to know the customer perception towards GST, the Indian government has implemented four tier tax rate for all goods and services under different slabs such as zero percentage, five percentage, twelve percentage, eight percentage and twenty eight percentage.

REVIEW OF LITERATURE

R. Karthick, Esther Hepziba. R (October-2017), a new dimension in taxing system has taken over in the recent past. The researcher says the modification of the tax system passed by the government. The implementation was created lot of misunderstandings among the different categories in the business entities. This paper says about the impact of GST implementation and their consumer's value chain.

Dr. Manoj Kumer Agarwa (September 2017) the researcher says People also have a strong perception that GST has increased the tax burden on Businessman and GST has increased the tax problem to the Common Man too. People confirm in their perception that GST will increase the inflation (prices) in the country though by the same interval it is beneficial in long-term, it will increase the tax collection of the government and also is going to affect the small business very badly. However, the awareness is strongly reverse about accepting GST.

Rajesh (2017) found that implementation of GST will help to increase the revenue of Central and state govt.

Modi (2017) had the opinion that GST implementation would have a negative impact of common man because GST may leads the service expensive.

Shokeen, Banwari, and Singh (2017) express that GST will leads to reducing the price of product and increasing the revenue of the government.

OBJECTIVES

- To analyse the perception of customers towards Goods and service Tax.
- To assess customer's view regarding importance of GST.
- To know their views on this new taxation system.

METHODOLOGY AND DATA COLLECTION

Sample: A sample of 50 customers were selected from Ernakulam District through convenient sampling method.

Tools: The data have been collected through a structured questionnaire with Likert 5 point scale and have been analysed with the help of percentages.

RESULTS AND DISCUSSIONS

The selected customers were distributed a structured questionnaire which was filled and returned. The questionnaire was aimed at understanding the perception of customers towards GST. The results of the survey are discussed in the following paragraph categorising into three major areas:

1. Perception of customers towards GST.
2. Customer's view regarding importance of GST.
3. Customer's views on new taxation system.

Table 1: Perception of customers towards GST

Statement	SA	A	NR	DA	SDA
GST is very difficult to understand	12	36	30	20	2
GST increased tax collection of government	44	34	16	6	0
GST results in increased price for products and services	14	16	40	26	4
GST has increased legal formalities	42	42	14	2	0
GST has increased tax burden in common man	16	32	30	22	0

Source: Primary data

SA- Strongly Agree, A- Agree, NR- No Response, DA- Disagree, SD-Strongly Disagree

Table 1 shows that, out of the selected sample size, 36% of customers agreed that GST is very difficult to understand. 44% of respondents strongly agreed that GST increased tax collection of government. Majority of the respondents have no response regarding the increased price of products due to implementation of GST. 42% strongly agree that GST has increased legal formalities. 32% agreed that GST has increased tax burden in common man.

Table 2: Customer's view regarding importance of GST

Statement	SA	A	NR	DA	SDA
GST encourages to	0	10	28	48	14

save part of your income					
It is a good method to replace sales and service tax	26	28	24	18	4

Source: Primary data

It is evident from Table 2 that 48% of respondents disagree that GST encourages to save part of your income and 28% agree that GST is a good method to replace sales and service tax.

Table 3: Customer's views on new taxation system.

Statement	SA	A	NR	DA	SDA
GST is beneficial in long term	16	50	28	6	0
Government has imposed GST without preparation	12	24	44	16	4
It increased your disposable income	4	20	30	20	26

Source: Primary data

From Table 3 It is clear that 50% of respondents have an opinion that GST is beneficial in long term. Majority of respondents have no opinion regarding preparation of government before implementation of GST. 30% of respondents have no response about the increase in their disposable income due to GST.

CONCLUSION

To conclude, goods and service tax is considered as the important tax reform for the nation. It seeks to make the country one common economic market. Even though it is implemented to reduce the tax burden on normal customers, it created an unfavourable impact on customers regarding price of the products and complexity in its procedures.

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A Comprehensive Analysis of Goods and Services Tax (GST) in India

Teresa Parackal** & Jeslin Saju***

*(**Associate Professor, Naipunnya Institute of Management and Information Technology,East Koratty, Pongam, Koratty, Thrissur District, Kerala 680308 Email id: coursecoordinatorug@naipunnya.ac.in*

*(***M.com Student Naipunnya Institute of Management and Information Technology,East Koratty, Pongam, Koratty, Thrissur District*, Kerala 680308 Email id: jeslinsaju007@gmail.com)*

***Abstract**: The Goods and Services Tax (GST), implemented on July 1, 2017, is regarded as a major taxation reform till date implemented in India since independence in 1947. GST was planned to be implemented in April 2010, but was postponed due to political issues and conflicting interest of stakeholders. The primary objective behind development of GST is to subsume all sorts of indirect taxes in India like Central Excise Tax, VAT/Sales Tax, Service tax, etc. and implement one taxation system in India. The GST based taxation system brings more transparency in taxation system and increases GDP rate from 1% to 2% and reduces tax theft and corruption in country. The paper highlighted the background of the taxation system, the GST concept along with significant working, comparison of Indian GST taxation system rates with other world economies, and also presented in-depth coverage regarding advantages to various sectors of the Indian economy after revising GST and outlined some challenges of GST implementation.*

Keywords: Tax, indirect tax, goods and services tax (GST), taxation reforms, Indian taxation system, GST Council.

- *Introduction*

The word "tax" is derived from Latin word "taxare" meaning to estimate. A tax is not a voluntary payment or T donation, but enforced contribution, exacted pursuant to legislative authority and is contribution imposed by the government, whether under the name of toll, tribute, impost, duty, custom, excise, subsidy, aid, supply, or any other name (Chakraborty & Rao, 2010; Garg, 2014).

Taxation was first imposed in Ancient Egypt around 3000 B.C.- 2800 B.C. during the first dynasty of the old kingdom. Records indicate from that period that the Pharaoh would conduct a biennial tour of the kingdom, collecting tax revenues from the people. Other data indications are granary receipts on limestone flakes and papyrus.

In India, the taxation system was started in ancient times. The early taxation system's existence can be seen in many ancient books like Manu - Smriti and Arthasastra. During the British empire, the entire taxation system of India was transformed. It was entirely in favor of the British empire, but it also incorporated modern and scientific techniques of taxation systems. Another remarkable transformation came in the year 1922 in the taxation system when Britishers established an entirely new administrative and taxation system in India. In this system, the taxation system was categorized in two main categories: Direct Taxes and Indirect Taxes. In India, the taxation system is entirely controlled, imposed, and updated by Central and State governments. The authority to levy tax is derived from the Indian Constitution, which allocates the power to levy taxes between Central Government System and State Government System.

- ***The Indian Taxation System - Scenario Before GST***

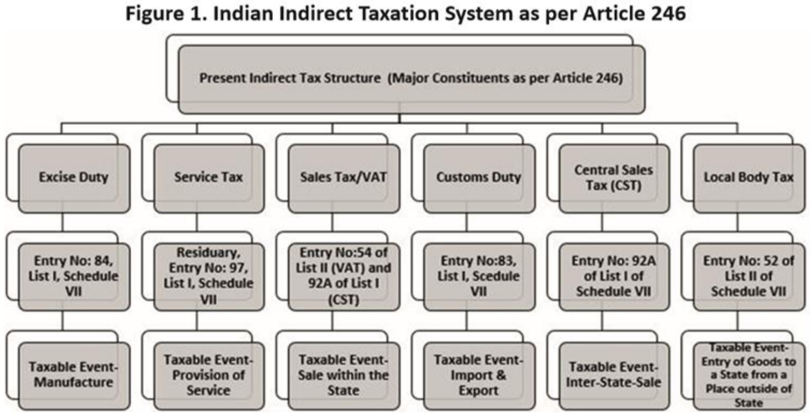
Tax policies play a vital role in any country's progress and have a direct impact on any country's economy in terms of efficiency and equity. A good taxation policy is that which takes care of the entire income distribution and also generates tax revenues in such a manner for Central and State Governments, which can lead to overall benefit in the nation's infrastructure, defense, public amenities, people's security, and a country's exports.

The entire framework to impose indirect taxes comes under Constitutional provisions of India. Article 246, Seventh Schedule gives the right to Central and State Governments to levy taxes and collect indirect taxes on the basis of goods and services transactions. The taxation system varies from manufacturer to manufacturer on point of sale or level of imports or exports. Indirect taxation-based collection systems are based on origin, and are designed to impose tax and collect the same at the event of happening of any taxable activity.

The Figure 1 depicts a tabular representation of Indian indirect taxation system as per Article 246 of the Indian Constitution System. The following Table 1 gives a tabular representation of taxes imposed and collected by Central and State Governments of India.

(1) Journey of Indirect Taxation Tax & Important Turning Points in India: The following points highlight the z

Figure 1. Indian Indirect Taxation System as per Article 246



Source: Reproduced from Jain (n.d.) from https://www.caclubindia.com/articles/goods-and-st-basics-25424.asp

Table 1. Taxes Imposed and Collected by Central and State Governments in India

Name of Tax	When it was Imposed?	Imposed by	Collected by
Central Excise Duty	Goods manufactured in India (Excluding Goods manufactured in SEZ in India).	Central Govt.	Central Govt.
Service Tax	Any sort of service in territory (wherever applicable).	Central Govt.	Central Govt.
Sales Tax / VAT	Sales of Goods within state.	State Govt.	State Govt.
Customs Duty	Import of goods to India from any place outside Indian Territory or Export of goods outside Indian Territorial Border.	Central Govt.	Central Govt.
Central Sales Tax (CST)	Inter-State goods sale.	Central Govt.	State Govt.
Local Body Tax (Entry/Octroi)	Goods entry to a state outside of state.	State Govt.	State Govt.

Journey of Indian indirect taxation and turning points, which reformed the taxation system till date before the introduction of GST taxation system in India.

1974: Report of LK Jha Committee suggested introduction of VAT system. 1986: Introduction of restricted VAT called “MODVAT”.

1991: Chelliah Committee report recommended “VAT/GST” and recommendations accepted by the Government. 1994: Service Tax introduction.

1999: Empowered Committee formation on State VAT.

2000: Introduction of Uniform Floor State Tax Rates and abolition of tax-related incentives granted by State Governments.

2003: Implementation of VAT system in Haryana.

2004: Strong progress towards introduction of CENVAT.

2005-06: Implementation of VAT based taxation system in 26+ states in India.

2007: First GST Stuffy released by Mr. P. Shome in January; Finance Minister speech carries the introduction of GST in Budget; CST phase out starts in April 2007; joint working group created and reports submitted.

2008: EC rolls out the GST Structure of Taxation System in April 2008.

2009: Date proposed for Implementation as April 1, 2010.

2010: Department of Revenue commented on GST discussion paper and finance minister suggested probable GST rate.

2011: Team was created to lay down the road map for GST and 115th Constitutional Amendment Bill for GST was laid down by the Parliament.

2012: Negative list regime for service tax was implemented.

2013: Parliamentary Standing committee submitted its report on the Bill.

2014: 115th Amendment Bill lapsed and was reintroduced in 122nd Constitutional Amendment Bill.

(2) Limitations and Issues Pertaining to the Existing Indian Taxation System:

Various taxes are imposed on the Indian population by Central and State Governments like Central Excise, Service Tax, VAT, etc. Before the introduction of VAT in Sales Tax and CENVAT in Central Excise and Service Tax, the Indian Taxation System was very complex and this had cascading effects. The tax imposed on one destination was also taxed on another destination. However, in recent times, the taxation system has seen remarkable revolutions.

Many changes in taxation were implemented, that is, VAT, and implementation of Service Tax by Central Government. In Central Excise taxation system, the government introduced CEVAT by setting off taxes on inputs, while producing output products. With introduction of VAT based taxation system in India, the foundation stone of GST implementation was laid.

The following points highlight the primary and severe issues pertaining in Indian indirect tax structure system:

(i) The CENVAT (excise duty) was imposed on the products manufactured in India. But issues originated regarding product valuations. The issue regarding implementation of CENVAT only at the manufacturing level acted as a critical barrier to efficient and neutral flow of tax credit. This led to the replacement of VAT to GST in many countries.

(ii) The Indian Constitution has distributed the taxation system between Central and State Governments. The State government has right to impose any sort of tax on any matter or item under the state. In Service Tax, the Central government enjoys the power to impose tax but in Work Contracts, the State government has the dominance. This sort of system creates distortions in revenue generation and distribution for the government.

(iii) Various things like copyrights, patents, software are not considered for taxation system by the government. So, complexity again arose for classifying these goods under the taxation policies.

(iv) With the booming of the service sector, the Central government has monopolistic right to impose tax. The State Governments, on the other hand, are losing their revenue by not imposing any tax on the service sector.

(v) Considering CST on interstate sales of goods, no set off was allowed, which increased the cascading effect.

(vi) For better monitoring and administration of taxes, major transformations in technology are required, which is costly and time consuming and has to be redressed.

(vii) Lack of cross verification of returns filed under Central and State taxation systems led to lot of discrepancies.

(viii) Under the Indirect taxation system, there were more than 15 different taxes which had to be filled under different norms. So, it required immediate and one system regulation of filling and calculating taxes. (ix) The Indian taxation system was cumbersome and full of burdens and different taxes on same products in different states led to high inflation, which had to be redressed.

Despite of the existence of multiple taxes in the Indian Economy like Excise Tax, Custom Duty, Service Tax etc., still the GDP of India is much less as compared to the GDP of other countries like USA - 13.84%, China - 6.99%, Japan - 4.3%, and France - 2.05%. So, the GDP data of various countries demonstrates that there is utmost need of tax reform, that is, implementation of Goods and Services Tax (GST) in India.

Research Methodology

This paper is based on descriptive research technique and data cited in this paper were collected via secondary sources available like statistical data available on various websites of Indian Government like Finance Ministry (finmin.gov.in), GST Council (gstcouncil.gov.in), GST Council Archives (gstindia.com), and many more ; literature review from journal papers ; annual reports ; newspaper reports ; and wide collection of magazine based articles on GST. Based on the analysis of above-mentioned data collection sources, the objectives of the study are defined and research design is drafted which is highly descriptive in nature.

Objectives of the Research Undertaken

The research has been undertaken and presented considering the following foremost objectives:

- To gain an in-depth understanding of GST taxation system evolution.
- Understanding in - depth the concept of new taxation system introduced - Goods and Services Tax (GST) in India.
- Understanding the features, working, and differentiating the current taxation system in India v/s GST.
- To evaluate the advantages and challenges surrounding GST.
- To evaluate the prospects of taxation position of various goods and services in India.
- To furnish the information for future research on GST based taxation system.

Scope of the Study

This paper provides a detailed insight regarding implementation of GST tax among various sectors of the country. GST after implementation will bring uniformity with tax rates and will also overcome lots of shortcomings in the Indian taxation system with regard to indirect taxation. The Good and Services Tax would surely be highly advantageous for major areas of the India economy.

Impact of GST on the Indian Economy: Advantages and Challenges of GST Implementation

(1) Impact of GST on the Indian Economy: GST will impact the overall taxation system of the Indian economy. It will improvise the country's GDP ratio and also control inflation to a certain extent. However, the reform will mainly be advantageous to the manufacturing industry, but will make some things challenging for the service sector industry.

GST is expected to raise the GDP growth from 1% to 2%, but these figures can only be analyzed after successful implementation. Some countries have faced a mixed response in growth like New Zealand saw a higher GDP as compared to countries like China, Thailand, Australia, and Canada (Shokeen, Banwari, & Singh, 2017).

The GST rate is implemented in various slabs like 5%, 12%, 18%, and 28%, which will automatically provide great tax increments to the government and the manufacturing sector will face immense growth with reduction in tax rate. There is definitely something good for everyone. Various unorganized sectors which enjoy the cost advantage equal to tax rate which will be brought under GST. This will make various sectors like Hardware, Paint, Electronics etc. under the tax slab. GST requires everything to be planned meticulously for organized rate of taxation. There are still lots of sectors which are to be discussed under GST and this requires proper planning. For the common man and different companies, the collection of Central and State taxes will be done at point of time when sales originate, both components will be charged on manufacturing costs and price of the product will downgrade and consumption will thereby increase (Shokeen et al., 2017).

(2) Impact of GST on Various Sectors: Goods and Services Tax (Taqvi, Srivastava, & Srivastava, 2013) will unite the Indian economy into one common market under a single umbrella of taxation rates, leading to easiness of starting and doing businesses, leading to increase in savings and cost reduction among various sectors. Some industries will be empowered by GST because of reduction in tax rates, while some will lose because of higher rate of GST interests (Panda & Patel, 2010). In this section, we discuss various sectors and elaborate the impact of GST on them:

(i) IT Companies: GST will allow more implementation of digital systems and services. GST will increase the rate of tax from 14 -15% to 18%, which will increase the cost of electronic products like mobile phones, laptops, etc. (Adhana, 2015). (ii) FMCG Industry: GST will have a significant impact on the FMCG sector. Some food items are exempted under GST like grains and cereals, milt, meat, fish, fruits and vegetables, candy etc. Before GST, FMCG companies paid 24-25% tax including Excise Duty etc. With GST, the rate of return would be 17-19% leading to strong impact in production and consumption (Jain, 2013). (iii) Online Shopping: With the introduction of GST, various Ecommerce companies will face much burden of work in rate of filling taxes and cost will be increased. (iv) Telecom Sector: With the current VAT charges of 15% being replaced by18% GST rate, the price of mobile calling, SMS, and broadband services would be impacted. This will have a negative impact for big telecom giants like Airtel, Vodafone, Idea, etc.

(v) Automobiles: GST will provide reduction on on-road price of vehicles to max by 8% as per the latest report. Lower prices mean various automobile companies can boost up volumes and sales and have tremendous opportunities for expansion in India.

(vi) Small Scale Enterprises: There are three categories: (a) below threshold, need not register for GST, (b) between threshold and composition turnovers will have the option to pay a turnover based tax or opt to join the GST regime, (c) above threshold level, will be within the GST framework. Manufacturers and traders will pay less tax after GST Implementation.

(vii) Entertainment: With GST, taxes can do down by 2 - 4%, but the rate of tax for cinema lovers will be increased. GST will soon comprehend with demands and bring best for boosting up the film industry's business.

(3) Challenges of GST Implementation: The following are some of the major challenges for GST implementation in India (Poddar & Ahmad, 2009):

(i) Nature of Taxes: In India, there are various taxes like Central Excise, VAT, CESS, and other state level taxes which will all be removed and come under one tax, that is, GST, but still lots of states and union territories have other taxes out from GST which has to be worked upon.

(ii) Types of GST: As GST would be of two types: Central GST and State GST and further division is required on the basis of utmost necessity and property based like need, location, geography, and resources which has to be worked upon.

(iii) Rates of Tax: Still the tax rate is not fully finalized and lots more has to be worked upon considering the standard of living of people, etc.

(iv) Tax Management and Technology Infrastructure: It is utmost necessary that proper management of tax and infrastructure is required to implement proper policies and plans.

Conclusion

Primarily, the concept of GST was introduced and proposed in India a few years back, but implementation has been done by the current BJP government under the able leadership of Prime Minister Shri Narendra Modi on July 1, 2017. The new government was in strong favor for the implementation of GST in India by seeing many positive implications as discussed above in the paper. All sectors in India - manufacturing, service, telecom, automobile and small SMEs will bear the impact of GST. One of the biggest taxation reforms- GST will bind the entire nation under a single taxation system rate. As forecasted by experts, GST will improvise tax collections and boost up India's economic development and break all tax barriers between Central and State Governments. No doubt, GST will give India a clear and transparent taxation system, but it is also surrounded by various challenges as discussed in this paper. There is need for more analytical based research for successful implementation.

Limitations of the Study and Scope for Future Research

The following are the limitations of the study:

(a) GST is still in maturity phase, so tax reforms can occur from time to time via GST council meetings regarding finalization of tax rates and even imposition of new rates and even deduction of existing rates,

(b) most of the data cited in the paper was speculatively exploratory in nature as GST meetings are going and still, a lot more needs to be done,

(c) Final conclusions may vary considering different perceptions. After GST implementation, there is emergent requirement of modern technology-based infrastructure like GSTNET for successful monitoring of taxation system as well as the GST Council should regularly conduct meetings for change in tax reflections. These areas can be covered by researchers in future studies.

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Impact of GST on Corporate Performance – A Comprehensive Analysis

**Lakshmy Priya M G, Assistant Professor, Department of Commerce
E-mail: lakshmipriya@naipunnya.ac.in

***Teresa Parackal, Associate Professor, Department of Commerce
E-mail: coursecoordinatorug@naipunnya.ac.in

Naipunnya Institute of Management and Information Technology,
East Koratty, Pongam, Koratty, Thrissur District, Kerala 680308

Abstract: *GST also known as the Goods and Services Tax is defined as one indirect tax for the entire nation, which will make India "one unified common market". With the introduction of GST there is a mixed expectation and diverse responses on GST from manufacturers, service providers and market intermediaries. Against the implementation, there has been a huge hue and cry, also there still remains deficiency of studies on the subject, specifically in the context of India, that provide a realistic support on both positive and negative impact of GST. The present study is a comprehensive analysis on the impact of GST on corporate performance with regards to stock market values of companies stocks, impact of GST on FMGC. The study is purely based on secondary data. The study reveals that GST has both positive and negative impact on companies' performance and will be useful for corporate managers to cope up with the challenges posed by GST.*
Key word: - GST, Corporate Performance, Stock market, FMGC, Durable and capital goods, Automobiles.

I. Introduction

Indian industries are not able to compete in the global market because of the various limitations of Indirect Taxes such as complicated and comprehensive tax structure, lack of transparency and more legal conflict due to different interpretation. GST is one indirect tax for the whole nation, which will make India a unified common market. GST levied by the

Government in a move to eliminate cascading effect i.e. tax over tax and this will lead to bringing about cost efficiency of the products and services both at the national and international market. GST System is erected on integration of different taxes and is expected to give full credit for input taxes. For corporates, the eradication of multiple taxes will improve the comfort of doing business. And for consumers, the biggest gain would be in terms of a lessening in the overall tax burden on goods.

Statement of the problem

Along with the implementation of GST, the business world in India needs to redeem itself and chart a new path of development, wealth creation and equitable distribution, sustainable growth and world class quality. The challenges confronting the Indian business community are far more diverse than ever before while comparing with the western business world which has had an uninterrupted run of free enterprise over the last 100 years and which has seen unbridled growth without the fetters of sustainability, conservation, environmental pollution and so on. The new factors are the results of the harms done by the enormous consumption and growth, and which have made the cost of doing business a much more than what it was earlier, now have started affecting unfavorably the cost of doing business only in the last 10 to 15 years or so. And so now the Indian industry will have to bear all the consequences. The existing studies shows that GST has an impact on corporate performance and hence to conduct a study based on GST's impact on corporate performance deserves significance.

Objectives

- To explore the impact of GST on corporate performance.
- To identify benefits and challenges of GST for the corporate sectors.

Research Methodology

The present study is based on secondary data .The research articles, published records, online journals, etc. are used for collecting data. Based on the collected secondary data a comprehensive analysis had been done to reach a meaningful conclusion in order to satisfy the objectives formulated for the study.

Limitation of the study

1. GST implementation has impact on all most every sector. The present study only includes the impact of GST on corporate performance.
2. Due to the paucity of time only a comprehensive analysis of corporate sector performance has done with the available data.

II. Review of Literature

Shalini Sukla and Ram Singh (2018) conducted a study on "GST in India: Performance of Companies after One - Year of Roll Out". The study empirically analyze the performance of companies after one year of GST implementation. A probability sampling methods was used to get the applicable sample. 192 BSE listed companies were taken for scrutiny. Financial parameters (total assets, profit, and market capitalization for FY2017 and FY 2018) and demographic variables (size and experience of companies) were used to analyze the impact of GST roll out. The results specified that among all three financial parameters, only total assets were meaningfully different from the pre GST time (FY2017). Additional analysis highlighted that age and size of the company also affected the calculation and were found noteworthy in influencing the performance of companies after GST implementation. Complete analysis and results were subsequently deliberated in this paper. The study highlighted new insights on effect of new indirect tax regime on financial performance of the companies in demand to bridge the research gap. The results of the study will be valuable for policy makers, strategists and corporate managers to cope up with the challenges posed by GST.

Milandeep Kour, Kajal Chaudhary, Surjan Singh, Baljinder Kaur (2016) 'A Study on Impact of GST after its implementation' This paper assisted to show that, what will be the impact of GST after its implementation, difference between present Indirect Taxes and GST and what would be the benefits and challenges of GST after implementation.

Sankar R (2019) GST: Impact and Implications on Various Industries in Indian Economy. GST is Goods and Service Tax is the latest kind of Indirect Tax which is anticipated to be in force from 1st July, 2017 which is already in force on many countries around the world and they all were viewing it as their Sales Tax system. GST will be the taxed on the manufacture, sale and the consumption of goods and services in India. It is said to be the biggest form of transformation in the indirect taxation aspect ever since 1947. The council of the GST was headed by the Union Finance Minister, Arun Jaitley. The main perseverance of GST is to bring about the single tax system for the manufacture and the sale of goods at the both central and the state level in the country. GST is mainly employed to remove all other taxes like VAT (Value-Added Tax), Excise duty and Sales Tax. The Tax will be very much beneficial for the consumers in the aspects of payment of Taxes that is, payment of separate tax at state level and central level for the goods and services purchased and after implementation of GST there will be only one tax to be paid for the goods and services consumed which is the Goods and Services Tax (GST). This paper brings out about the overview of the concepts of GST and its effects on the various Industries in the Indian Economy.

Shashank S. Dhond (2010) in the study on "Impact of Sales Tax, VAT & GST on the Profitability of Organizations" investigated the key issues involved in the successful implementation of VAT and GST, impact of Sales tax, VAT and GST on the profitability of manufacturing industry, the key drivers for the smooth implementation of tax from VAT to GST, the Impact of Sales tax, VAT and GST on the price of the product and the impact of Sales tax, VAT and GST on Government Revenue. Both primary and secondary data are used as a part of data collection. The major findings shows that the rate rationalisation into four floor rates should be done taking account of all supplementary levies like surcharge on sales tax and turnover tax. If these additional levies arc continued and if their rates too are distinguished depending on the turnover range of the dealers, there will be much more rate differentiation than what is intended and the purpose of lessening rate differentiation will be defeated.

P. Govindan (2019) conducted a learning through his paper "A Study on Growth of Goods and Services Tax (GST) in India - An Golden Opportunity for Growth of Indian Corporate Sectors" based on secondary data. Statistical tools such as tables, charts, percentage analysis were used for analysis and interpretation of data. Inferential statistical tools such as correlation, paired t test were used to test various hypotheses of the study. The study period covered information from the time of implementation to 30th April, 2019. This results of study indicated that total number of 1, 31, 88,052 GST tax payer and totally 20, 31,884 (RS in Thousand Crores) collected India as on 30th April, 2019. Out of twenty months, positive growth showed up in eleven month and negative growth in nine months when compared with previous month collections. This study finally suggested that government of India, ministry of finance, ministry of commerce and various State/UT governments to take necessary reforms in GST registrations, filing of GST return, payment of tax, refund, interest, penalty and various types GST exemptions different type of tax payers. It is finally concluded that the introduction of GST in India has replaced all indirect taxes by one tax and common market for entire nation thus it will bring positive energy for entrepreneurs for staring new business ventures in India.

Shetty Deepa Thangam Geeta, S P. Mathiraj, M.Thivya Bharathi (2019) examined the "Impact of GST on MSMEs". The paper brought out issues and challenges experienced by MSME Entrepreneur. In order to find out the impact on various aspect such as applying of GST, created the registration for taxation and high compliance burden by using Cluster Random Sampling Technique in which 158 MSME Entrepreneur were selected in Sivaganga District in Tamil Nadu for the study. The statistical tools used for the analysis is one-way ANOVA. ANOVA is used to identify the significance of the difference in the levels of impact of GST among MSMEs. It was concluded that the impact of GST on the Indian MSME sector can go both positive and negative ways.

III. GST and Corporate Performance – A Comprehensive Analysis

- **Increase Foreign Investment**: GST has gone on to generate a positive sentiment among the foreign investors or buyers. After the uniform tax, India's image abroad has taken a big boost, as earlier the foreign investors were required to pay different tax and complete various hectic formalities. However, after the arrival of the GST, now they are required to pay a single tax and thus this has led to an increase in the foreign investment in the India stock market.
- **Compulsory Digital Records**: After coming up of GST, more emphasis is devoted on sustaining the digital records of the investment undertaken in the stock market. Now, the smaller firms that carry out a large percentage of their business in cash will be bound to maintain the digital records. One of the biggest advantages of this will be the companies will not be able to hide or under-report revenues. Recently, the Securities and Exchange Board of India (SEBI) has made it compulsory for the dematerialisation of the shares held in the physical form to April 1, 2019. This will go on to diminish the fraud and manipulation risk in physical transfer of shares.
- **Improvement in the Economy**: With the introduction of GST, now there is a unified market, when we talk about the tax implementation in India. The transaction of goods and services will be quite smooth across the states. This means that there will be an improved affordability for the trade. It leads to the higher or excellent productivity gains and most prominently improvement in the GDP will help in ease of doing business and make Indian economy attractive as a foreign investment destination.
- **Boost Profits and Share Prices**: GST has reduce the cost of logistics as there is no need to pay the octroi tax, which was needed to pay earlier. Now, with the unified taxation system, there is no requirement to pay 5-6% as the octroi tax and reduce multiple levies on the transactions on the various checkpoints. This is in turn makes the supply chain more efficient. The FMCG sector benefits greatly from this because now they will pass on the benefits to the consumers in terms of discounts or uniformity in the product prices. When the demand for the product is higher, then it signposts that the company is performing well or earning profits and makes the shares

of the company more attractive. All these factors improve the market sentiment, which in turn lead to the rise in the share prices.

Fast Moving Consumer Goods (FMCG)

Measures: On the first day of a two-day meeting of the GST Council, it was decided that commonly used products like hair oil, soaps and toothpaste will be charged with a single national sales tax or GST of 18%. These items at present attract 22-24 % tax incidence through a blend of central and state government levies.

Impact: The sector emerged as a clear winner with government's focus on keeping tax on items of mass consumption low. While milk, grain and cereals are exempt from GST; other products like sugar, tea, coffee and edible oil will attract just 5% GST. This will benefit companies like Nestle NSE -1.46 %.

Consumer Durables and Capital Goods

Measures: The impact of GST has been a mixed basket for the capital goods and the consumer sector. All capital goods and all industrial intermediaries would attract 18% tax instead of 28%. Whereas, a few sections in the consumer durables would see higher effective taxes and need to take price hikes to offset cost pressures from increased taxes.

Impact: Companies like Voltas and Havells NSE 0.68 % may increase some price after the GST being rolled out.

Some of the products like fans, cables and air conditioners may see some price hike in coming future. According to Motilal Oswal Financial Services NSE 4.63 %, fans which were expected to come in the 18 per cent tax bracket but have been bought at 28% (At present: 24%) and need price hikes. Air conditioners which have been put in the 28% bracket and would need 2-3% hikes, transformer put in the 28% GST rate against the current 18% implies price hike.

Stocks to watch: Voltas, Havells and CG Consumer may benefit fundamentally as GST will bring more companies under the organised domain and reduce the unfair competition from unorganised players.

Automobiles

Measures: Cars will attract GST at the top rate of 28% with a cess in the range of 1 to 15% on top of it. Luxury cars will attract 28% GST plus cess of 15%. Small petrol cars will face 28% plus 1% cess, and small diesel cars 28% GST plus 3% cess. Bigger cars' cess is on expected lines, but the cess on small cars is a surprise for markets. However, market experts believe cess at 1-3% on small cars will be absorbed by the market as seen in the case of excise duties being increased by 2% in the past. Current tax rates on small cars amount to around 29%. Other automobile segments like two-wheelers are at 28% rate which is slightly lower than the existing indirect tax rates on two-wheelers. Motorcycles with engines of more than 350cc and above will attract 3% cess. However, the current tax incidence for Eicher Motors NSE -0.14 % is 31% and hence a 28% GST plus 3% cess will be neutral.

Impact: Nirmal Bang Securities sees no major impact for four-wheeler auto stocks as the GST plus cess for most auto segments is closer to the existing indirect tax rates. While for two-wheeler stocks, the rate is slightly below the indirect tax rate, although in line with expectations of 28% tax rate.

GST roll-out had a temporary impact on Corporate Sector performance

As India finalized its changeover to Goods & Services Tax (GST) with effect from July 2017, the financial performance of Indian Corporate Sector during the first quarter of the current fiscal stumbled, as many of the consumer-oriented sectors faced inventory de-stocking (by trade channel) and offered discounts to clear pre-GST inventories, according to ICRA Research Services.

In addition, recovery in raw material prices, especially metals and rubber also led to shrinkage in earnings across few sectors, while sector-specific dynamics (like increasing competitive pressure in Telecom) and regulatory hurdles (in Pharmaceuticals) played a spoil sport.

Revenue growth slowed down but earnings narrowed and was sharper as multiple factors hurt margins According to ICRA's estimates, the growth in aggregate revenues of 448 companies slowed down to 5.3% during Q1 FY 2018 as compared to the preceding quarter (Q4 FY2017 – 8.3%) when performance of corporate India had started showings marks of recovery from the demonetisation move.

However, the impact of GST roll-out was higher on margins as revealed by almost 180bps contraction (on YoY basis) to 15.3%, which is among the lowest in past several quarters.

In ICRA's view, lower primary sales (ahead of GST roll-out) and discounts offered by companies to clear pre-GST inventory, played a key role in exhausting earnings, especially in sectors like Automobiles, Consumer Durables and FMCG.

GST Cess on cars may increase soon

Apart from higher promotional activity, recovery in raw material costs also donated to margin pressure, especially in the Automobile sector, which also had carry over impact of transition to BS-IV.

Cement and Steel companies performed relatively better on price hikes. Cement companies were relatively better during the quarter even as volume growth remained unresponsive.

The stable performance was driven by sharp increase in apprehensions, especially in the Northern and Eastern markets, which helped companies to offset the impact of recovery in power and fuel (higher pet coke prices) and freight costs (diesel and ban on overloading).

The performance of steel companies was a mixed basket during the quarter. For instance, while Tata Steel reported strong performance backed by emission in volumes (ramp up in Kalinganagar plant) and better realizations, JSW Steel reported margin contraction owing to lower volumes (weak exports) and higher raw material costs.

Overall, the high indebtedness in the steel sector continues remain a credit concern. Automobile OEMs, Telecom, Pharmaceutical and FMCG contributed to lower revenue growth during Q1 FY2018.

Among the key sectors, the automobile sector perceived deferment in sales as GST rates across many of the segments; especially in Passenger Vehicles (Mid-size plus vehicles) were expected to bring down vehicle prices. As a result, OEMs resorted to lower production in July and focused on clearing pre-GST stock by offering higher discounts.

IV. Findings

- The GST has gone on to generate a positive sentiment among the foreign investors or buyers.
- The digital records of investments became obligatory after GST implementation. This will bring down to diminish the fraud and manipulation risk in physical transfer of shares.
- The improvement in the GDP will help in comfort of doing business and make Indian economy attractive as a foreign investment destination.
- GST has reduced the cost of logistics as there is no need to pay the octroi tax, which was needed to pay earlier.
- The FMCG sector benefits greatly from the lessening of octroi tax because now they will be pass on the benefits to the consumers in terms of discounts or uniformity in the product prices.
- With regards to fastest moving consumer goods (FMCG) milk, grain and cereals are exempt from GST; other products like sugar, tea, coffee and edible oil will attract just 5 per cent GST. This will benefit companies like Nestle NSE -1.46 %.

- With regards to consumer movable and capital goods a few sections in the consumer durables would see higher effective taxes and need to take price hikes to offset cost pressures from increased taxes. Companies like Voltas and Havells NSE 0.68 % may increase some price after the GST being rolled out.
- Some of the electrical products like fans, cables and air conditioners may see some price climb in coming future.
- With regards to automobile, Nirmal Bang Securities sees no major impact for four-wheeler auto stocks as the GST plus cess for most auto segments is closer to the existing indirect tax rates. While for two-wheeler stocks, the rate is slightly beneath the indirect tax rate, although in line with prospects of 28% tax rate.
- Cement and Steel companies performed moderately better on price hikes. Cement companies were fairly better during the quarter even as volume growth remained subdued.
- Overall, the high indebtedness in the steel sector lingers to remain a credit concern.

V. Conclusion

There is mixed expectation and diverse responses on GST from manufacturers, service providers, and market intermediaries. The challenges confronting the Indian business community are far more diverse than ever before. The study based on the impact of GST on corporate performance reveals that GST has both positive and negative impact on companies' performance. Amongst the key sectors, the automobile sector observed deferment in sales as GST rates across many of the segments; especially Passenger Vehicles (Mid-Size plus vehicles) were estimated, to bring down vehicle prices. As a result, OEMs resorted to lower production in July and concentrated on clearing pre-GST stock by offering higher discounts. Similarly, the problems with the anti-profiteering clause can be pressed out with more time and the enactment of widespread education and price monitoring policies in the lead-up to the GST. The formation of a committee to handle grievances can help build corporate and public trust in the GST.

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Impact of GST on Travel and Tourism Industry in India

[1]ALPHY PAUL, [2]HEERA T.B, [3]ARCHANA K.M

([1]Student, Naipunnya Institute of Management And Information technology, Pongam, Koratty. Trissur)

([2]Student, Naipunnya Institute of Management And Information technology, Pongam, Koratty. Trissur)

(\[3]Student, Naipunnya Institute of Management And Information technology, Pongam, Koratty. Trissur

Abstract
Tourism in India is important for the country's economy and is growing rapidly. The World Travel and Tourism Council calculated that tourism generated Rs.16.91 lakh crore or 9.2% of India's GDP in 2018 and supported 42.67 million jobs, 8.1% of its total environment. The sector is predicted to grow at an annual rate of 6.9% to Rs.32.05 lakh crore by 2028. The present study is based on impact of GST on Travel and Tourism industry and the opportunities and challenges of GST in Tourism industry. The present study reveals that Tourism industry has become the fastest growing service industry in the country with greatest potential for its further expansion and diversification. GST will be an efficient destination-based tax system and will remove the problems faced by the tourism sector leading to cost optimization and a free flow of transactions. GST is a ray of hope for the Tourism Industry if the country can adjust the GST rate between 10 to 15%.

Keywords: GST, Impact, Travel and Tourism Industry

I. Introduction

Goods and service tax is an indirect tax which was introduced in India on first July 2017.It is an incredibly important footstep in the field of indirect tax reforms in India.GST is an amalgamation of central and state taxes in to a single tax which replace manifold cascading or double taxation levied by the central and state governments.

"One nation one tax "slogan is a unified approach to indirect taxation to eliminate taxes like service tax, value added tax(VAT),entertainment tax etc. India adopted a dual GST model which is divided between central and state as CGST and SGST .For interstate transactions and imported goods or services,IGST is levied by the central government.GST is based on "destination principle" which means applied to goods and services at the place of actual consumption. It can also be called consumption based tax because it does not implement on the state where the product is produced but taxes are charged to the state where product are consumed .

The supplier at each stage is permitted to avail credit of GST paid on the purchase of goods and services and can set off his credit against the GST payable on the supply of goods and services to be made by him.Thus,only the final consumers bears the GST charged by the last supplier in the supply chain, with set off at all the previous stages.

TOURISM IN INDIA

Tourism in India is important for the country's economy and is growing rapidly. The World Travel and Tourism Council calculated that tourism generated Rs.16.91 lakh crore or 9.2% of India's GDP in 2018 and supported 42.67 million jobs, 8.1% of its total environment.The sector is predicted to grow at an annual rate of 6.9% to Rs.32.05 lakh crore by 2028.

The Travel and Tourism competitiveness report 2019 ranked India 34 th out of 140 countries overall. Travel and Tourism industry holds a significant role in the Indian economy by providing employment,income and foreign exchange earnings. It is the most competitive and growing industries in India. It is one of the tax generating sectors in the country. This industry of India has ranked 7th in the world concerning its aggregate commitment to the nation's GDP.

OBJECTIVES

- To study the impact of GST on Travel and Tourism industry.
- To analyse the opportunities and challenges of GST in Tourism industry.

RESEARCH METHODOLOGY

This research studies the impact of GST on the tourism and Travel sector in India. In this research secondary data is used which is collected from websites,newspapers , research papers , articles and reports published about GST.

II. LITERATURE REVIEW

1. Jonathan and et. Al (2017) conducted a study on "Impact of GST in hotel and restaurants". The objective of the study is to how the restaurant bill will look under GST and what are the implications for the end consumers for the owner and the overall industry.Thefindings revealed that hotels are liable for GST of 28% (14% CGST +14% SGST) as against the effective tax of 21% under present indirect tax regime.
2. Poonam(2017) conducted a study on, " Goods and services tax in India- An Introductory study". The objectives of the study is to study the concepts of GST and its impact on Indian economy, and to preserve how GST will work in India , to know the advantages and challenges of GST in Indian context.
3. Dash .A Volume 3 Issue 5 May 2017, conducted a study on "positive and negative impact of GST on Indian economy". The objective of the study is to cognize the concept of GST, to study the features of GST to furnish information for further research work on GST, to evaluate the advantages and challenges of GST . Credits of input taxes paid at each stage will be available in the subsequent stage of value addition which makes GST essentially a tax only on value addition at each stage.

III. IMPACT OF GST ON TOURISM

TOURISM TAXES BEFORE AND AFTER GST

Before GST regime launched, the tourism industry or business had to pay a wide variety of taxes.At the state level, there was the VAT, luxury tax and entertainment tax. Then, the Central government charged its own taxes including excise duty, central sales tax, customs duty and service tax.

The goods and service tax regime subsumed all of those taxes and replaced it with a single tax GST. This eliminates tax on tax effect and lowers the final rate for many tourism services, which means that you can offer lower prices to your customers in many cases.

The VAT tax regime in the past increased the final cost as an end user or customer paid a tax on tax. This was termed as cascading tax for consumer. Tourism business could not avail any input tax credit on the taxes they paid as state taxes like VAT could not be set off against central taxes like service tax.

GST RATES FOR HOTEL

Hotels are an important component of the tourism product.They contribute to the overall tourism experience through the standards of facilities and services offered by them.

RATES UP TO 30.9.2019

GST RATES WITH EFFECT FROM 01.10.2019

The GST Council in its 37th meeting held on 20thSeptember 2019,recommended changes in GST rates in respect of hotel and tourism industry.

Per night	**GST Rate (%)**
Rs.1000 and less	**0**
Rs.1001-7500	**12%**
Rs.7501 and above	**18%**

Price of hotel roomper night(INR)	**GST Rate(%)**
<1000	0
1000 to 2500	12%
2500 to 7500	18%
>7500	28%

TAX CALCULATION UNDER PRE AND POST GST REGIME

Basic room	Before GST	After GST
Room Tariff	Rs. 4000	Rs. 4000
Luxury tax (15% as per new delhi)	Rs. 600	
Service tax rate @ 9%	Rs. 360	
GST@ 18%		Rs. 720
Total	Rs. 4960	Rs. 4720

BENEFITS OF GST FOR TOURISM INDUSTRY

If properly implemented the GST can prove to be a major benefit for the tourism industry.Under GST tourist have a clearer idea about the tax they are paying.

POSITIVES

1. Uniformity in taxes :The multiple taxes would be replaced by one single tax,the rate of which is likely to be between 16% - 18%.The sector may benefit in the form of lower tax rates which should help in attracting more tourists in India.
2. Increased revenue for government: Under GST,the states having maximum tourist places,hotels or restaurants for tourists shall earn maximum revenue by way of SGST which will be equivalent to CGST.
3. Simplicity for consumers: Most average consumers cannot distinguish between multiple taxes and rates. With the GST regime, Consumers will have a more comprehensible and transparent tax structure with only a single charge on their bill.

NEGATIVES

1. Multiple registration:Service providers having centralized registration will have to get registered in each stage from where they provide services.'One nation one tax' practically it is not going to be so.

2. Increased compliance burden:The procedure for all the invoices or receipts towards inward and outward supplies will become cumbersome as each one of them will have to be uploaded in the system. The concept of credit matching under the GST would be very difficult to handle and would lead to increase working capital requirements.

3. Liquour not included : Liquour should have been included in GST to ensure the seamless credit for the tourism industry. Exclusion of liquour from GST regime defeats the very purpose of bringing in an uniform tax structure across the nations.

GST RATES FOR TRANSPORTATION

The GST's effect on the transportation sector has been minor. Air travel tax rates depends on the flight class.

- For travellers taking economy-class flights,the tax rates dropped from 6% before GST to 5% after GST. Taxes on business-class flights rise from 9% to 12%.
- If travelling is through bus or non-AC trains, no need to pay GST as there services are exempted from tax.
- For first-class trains and air conditioned taxs, the tax rate rose slightly from 4.5% to 5%. Taxes on taxis dropped from 6% to 5%.

GST ON AIR TICKET BOOKING SERVICE BY AGENTS

18% GST will be levied on the commission income earned by air travel agents from airlines as well as on service charges and other charges from the passengers. ITC is available on GST paid on commission / service charge by an air travel agent.

Commission/incentive paid by the airline company

i. In case of domestic ticket – 5% of basic fair.
ii. In case of international ticket – 10% of basic fair.

GST ON COMMISSION OF RAIL TRAVEL AGENTS

18% GST is levied on the service charge (commission) collected by a rail travel agent from the customer. No commission is paid by the railways to such agents, and therefore no GST is levied in this case.

GST ON RENT-A-CAB SERVICE

5% GST will be paid by a cab operator on the service charge collected from a customer on renting of a motor cab, including the cost of fuel. No ITC is available on the GST paid.

INTERPRETATION

- Initially, VAT, luxury tax, entertainment tax etc. were levied up on the individuals with the introduction of GST, the cascading taxes are combined and a single tax is been introduced. This is actually a benefit to the tourists.one tax gives the customer a better idea regarding the cost they used.
- The price paid by the consumers has been reduced under GST regime. So, it is actually a good indication that the consumers are greatly benefited and the aim to reduce the prices are possible.
- GST can hit the inflow of foreign tourists to India. Compared to other Asian countries such as Singapore,Malaysia etc. they charge only 8% and 7% on their hotel and travel industry. This can become a big factor in making them more preferred tourist location as compared to India. Tourists may simply skip India.
- The hotels charging rates over Rs 7500 are worst hit, as their final prices for customers will increase significantly with a tax rate of 18%.
- For travellers, the GST will bring about an increase in prices when it comes to travelling and payment of hotel charges.
- Travelling became more convenient for ordinary people because travelling through bus and non AC trains are exempted from GST and economic class flight has also been dropped.
- Since the government declared that the GST rate slabs on accommodation service would be levied on the basis of transactional value or declared tariff value, it provided relaxation to the hotel industry as well as to the consumers.
- The reduction in the rates of hotel rooms per night will be a very big footstep for boosting tourist arrivals and will benefit consumers.

Tourism industry has become the fastest growing service industry in the country with greatest potential for its further exapansion and diversification.GST will be an efficient destination-based tax system and will remove the problems faced by the tourism sector leading to cost optimization and a free flow of transactions.GST is a ray of hope for the Tourism Industry if the country can adjust the GST rate between 10 to 15%.

Liquor should have been included in GST as the exclusion of liquor from GST regime defeats the purpose to bring a uniform tax structure across the nation. Everyone likes consolidation of taxes as it leads to greater transparency and will help the consumers understand overall costs. GST might herald with its uniformity of tax rates, a better utilization of input credit which in turn benefits the end user in terms of affordability. Our country which stills reigns high on tourism even though the tourism industry is not as economical as its neighboring countries are, can possibly attract more tourists, by passing of the GST law, which then will indirectly amount to more revenues generated for the government.

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A Study on The Impact of GST on Entertainment Sector

Tony V M, Assistant professor at Naipunnya Institute of Management and Information Technology, Affliated to University of Calicut
Manu Abraham, Assistant professor at Naipunnya Institute of Management and Information Technology, Affliated to University of Calicut

Abstract:
The introduction of Goods and Service Tax in India can be considered as the most important financial reform ever in the history Indian economy. The implemaenatin of GST has made tremendous influence in manufacturing and service sectors of our economy. This paper is focusing on the impact of implementation of GST in the entertainment sector. For the effectiveness of the study cinema industry is selected at random. This study is based on primary data which is collected from 29 movie theatre owners across Thrissur district in Kerala. Their responses are analysed to examine the effect of GST based new tax policy on cinema industry. The results from the study shows that implementation of GST has mo significant impact on entertainment sector especially in film theatre industry.

Keywords: GST, Entertainment sector, Film industry

I. INTRODUCTION

Taxation in India is rooted from the period of *Manu Smriti and Arthasastra.* GST is an indirect tax has introduced on 1 July 2017 in India and was applicable throughout India which replaced multiple cascading taxes levied both by central and state governments. The GST is governed by a GST Council. Under GST, goods and services are taxed at the following rates, 0%, 5%, 12% ,18% and 28%. Expert viewed it as biggest tax reform in India founded onthe notion of "one nation, one market, one tax" The main agenda of the Goods and Services Tax ('GST') is to revamp the existing structure of taxation within the federal setup, to create one simultaneous levy on goods and services imposed by the Centre and States. India is globally the fifth largest media and entertainment market, (Source Deloitte report.) The Indian media and entertainment industry is a raising sector, with a rapid growth curve.

This study focus to analyse how the GST implementation influenced the cinema industry and there by the entertainment sector. Also a comparative study also conducting in order to know the peoples perception towards tax system before and after the GST. How the implementation of GST influenced the cinema the ate profitability, cost, turnover and competitiveness etc..

II. OVERVIEW OF MEDIA INDUSTRY IN INDIA

The Indian Media and entertainment industry is a sunrise sector with a rapid growth curve. In 2015, the industry grew at 11.76% with a market size of USD 19 billion (INR 1,281 billion 1). Overall, the industry is expected to grow at 13.98% till 2018. By 2025, the industry is expected to attain a market size of USD 100 billion (INR 6,743 billion). India is globally the fifth largest Media and entertainment market.
The key sub sectors of the Media and Entertainment industry are Telivision, Print, Films, Sports, Music, Radio, Digital Advertising, Out of home advertising, Animation and VFX and Gaming.
Television, print, and films are the three largest sub-sectors in India. India is the world's second largest television market with 168 million television households and 890 television channels approximately (including 400 news and current affairs channels approximately).India has the world's largest film industry in terms of tickets sold and the number of films produced (more than 1,250 films are produced yearly in more than 20 languages).

TAXES SYSTEM IN ENTERTAINMENT INDUSTRY BEFORE GST

Before GST, the entertainment tax was levied by states and the rates range from 0 to 110%, with an average of 30%.Entertainment tax falls in List 2 of the Seventh Schedule of the Constitution of India and is exclusively reserved as a revenue source for the state governments.

This source of revenue has grown with the advent of pay television services in India. The fiscal principle underlying article 246 of the constitution of India separates the sources of taxation for the Union and the States and also maintains the exclusivity. This article also provides that in case of conflict between the powers of Union and the States, the Union power to tax shall supersede the power of the State to levy tax on the taxable event or in relation to the subject or object of taxation. Entertainment tax structure in India varies across states and is the highest in Uttar Pradesh at 60 per cent. In Maharashtra, entertainment tax was reduced by five per cent in 2005 and now stands at 45 per cent. There is no tax for Marathi films in Maharashtra, and in Tamil Nadu, Tamil films are tax free if they have a Tamil title and a U certificate from the Censor Board. Failing any of these, films are imposed a 15% tax. The entertainment industry in India was facing the challenge of double taxation on such transactions.

AFTER GST::

Tax rates applicable to the entertainment industry

TYPE	GST RATE
Circus	**18 %**
Indian classical dance including folk dance	
Theatre	
Drama	
Movie festival	**28%**
Amusement parks	
Race	
Cinema	
Any sporting events like IPL	

III. SCOPE OF THE STUDY

This study focus on before the GST implementation every state were charging different tax rates for cinema tickets but now it is 28% for all cinema theatre in India. This study is an sincere attempt to analyse how the changing tax rate affected the cinema industry in Kerala. A comparison is taken to check the impact of GST among the movie theatres in thrissur district of kerala

IV. OBJECTIVES OF THE STUDY

- To analyze what is the tax rates before and after GST for entertainmentsector.
- To analyse how the new tax system affected the cinema industry.

V. HYPOTHEIS IN THE STUDY

H1: There is significant difference in theatre owners perception on tax policy before and after GST implementation.

VI. RESEARCH METHODOLOGY

The study is based on both primary and secondary data. The tax rates prevailing for entertainmemnt sector is collected from different published sources. Primary data is colleted from different movie theaters inThrissur district. Among the 41 theaters in Thrissur 29 cinema theatre is selected using randon sampling method.Structured questionnaire used as the data collection instrument. Opinon from the respondents are quantified using 5 point scale.Paired t Test is used for analyzing.

VII. DATA ANALYSIS

Table 1 - Satisfation Level on GST

STATEMENT	AGREE	NEUTRAL	DISAGREE
GST is favourable to entertainment sector	79.5%	6.8%	13.7%

GST made the industry more competitive	34.48%	48.27%	17.24%
GST online server is efficient	44.82%	10.34%	44.82%
gst reduced the complexities in tax filing	58.62%	17.24%	24.13%
Gst e-filing is user friendly	51.72%	24.13%	24.13%
Efficient grievance redressal system	51.72%	31.03%	17.24%
Implementation of GST is systematic in entertainment sector	31.03%	37.93%	31.03%

While analyzing the table 1 it is evident that majority of the respondents having a favourable attitude towards the introduction of GST and they are satisfied due to reduced complexity in GST filing.

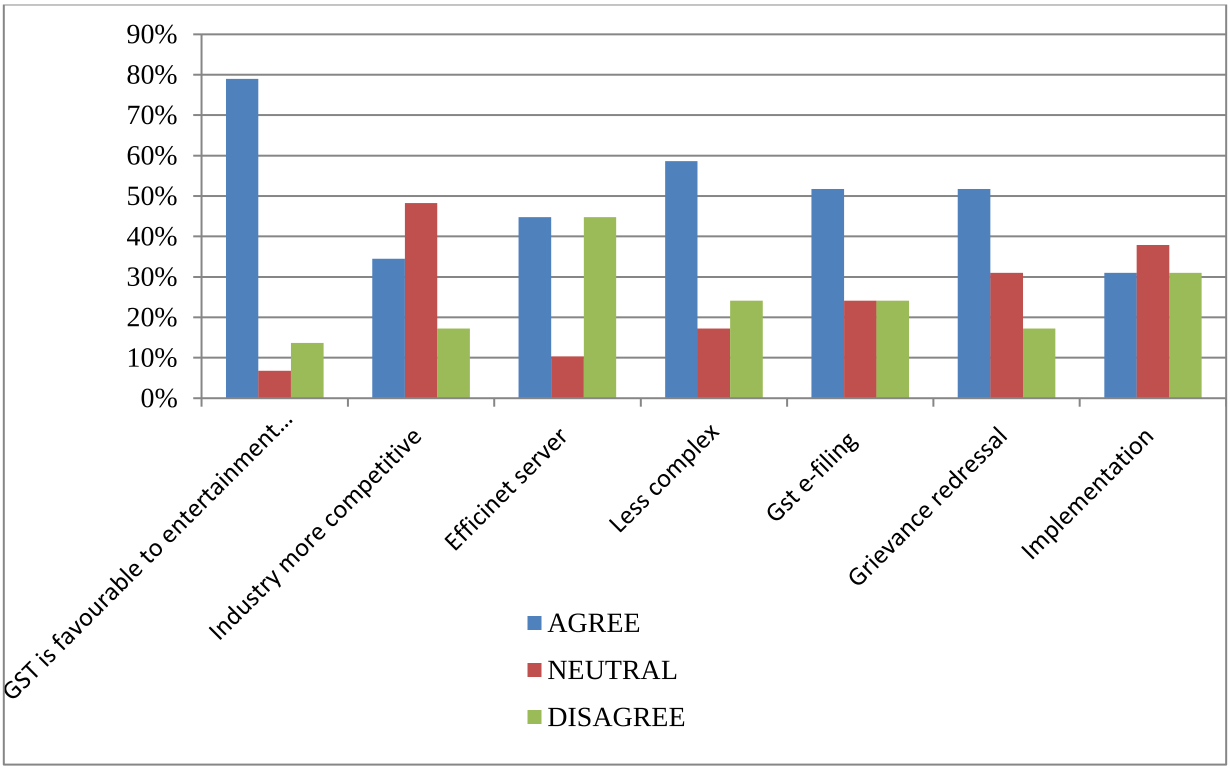

Figure 1 - Satisfaction Level Of Gst Among Movie Theatre Owners

Table 2- Dissatisfaction Level on Gst

STATEMENTS	AGREE	NEUTRAL	DISAGREE
GST increased cost of running the theatre	31.03%	31.03%	37.93%
GST has affectd the profitability adversely	48.27%	10.34%	41.37%
GST increased cost of inputs	51.72%	6.89%	41.37%
GST has made the tickets costlier	41.37%	51.72%	6.89%
GST has reduced the number of online ticket booking	48.27%	10.34%	41.37%

Source: Primary Data *(figures in combined percentage)*

It is clear from the table 2 that majority of the respondents are dissatisfied with GST due to the increase in the cost of inputs in the theatre industry.

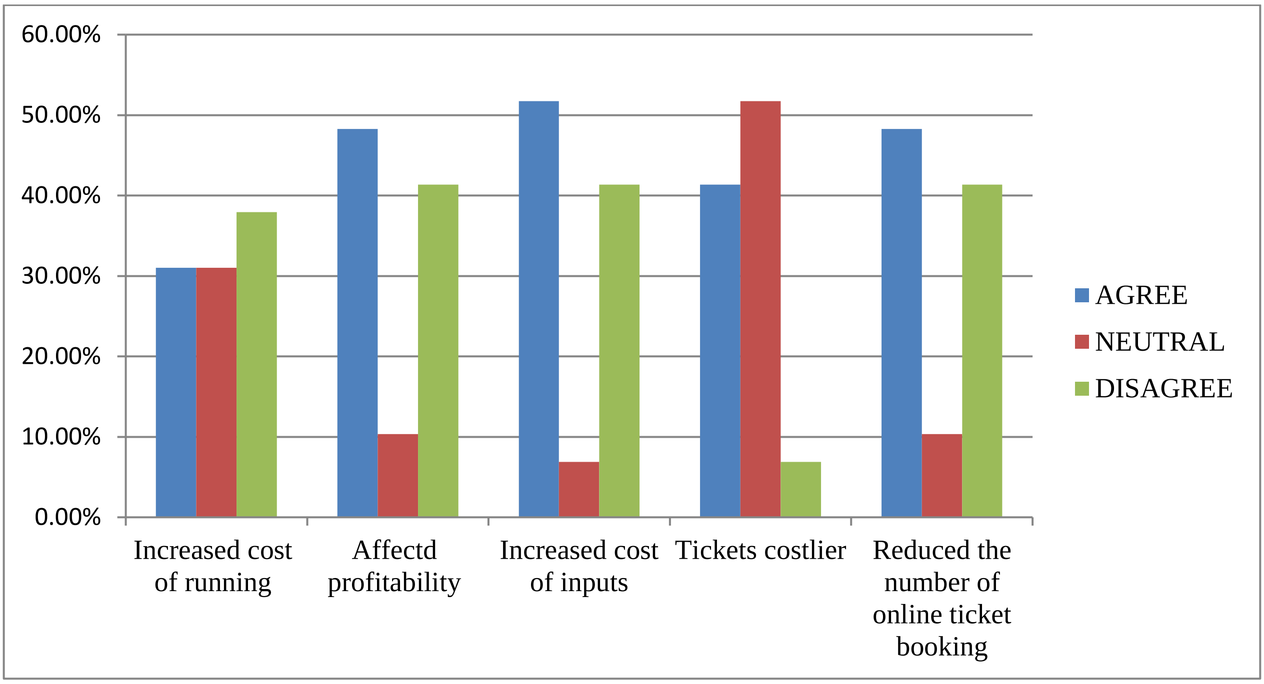

Figure 2 Disastisfaction Level On Gst

Table 3- Comparison on Gst Based Tax Policy And Vat Based Tax Policy

Factors	**Vat Baed Tax Policy**	**Gst Based Tax Policy**
Facourable to entertainment sector	104	113
Negative impact of profitability	94	99
Industry is more competitive	93	94
Reduced complexities in tax filing	91	100
Efficient grievance reddressal	100	103
Ticket become costlier	114	103

Source : Primary Data *(figures in combined score)*

Interpretation:

It is evident from the table that the GST is favourable to the entertainment so far and the implimentation of GST makes the tickets cheaper as compared to the value added tax prevailed earlier and it also reduces the complexity in filing the return

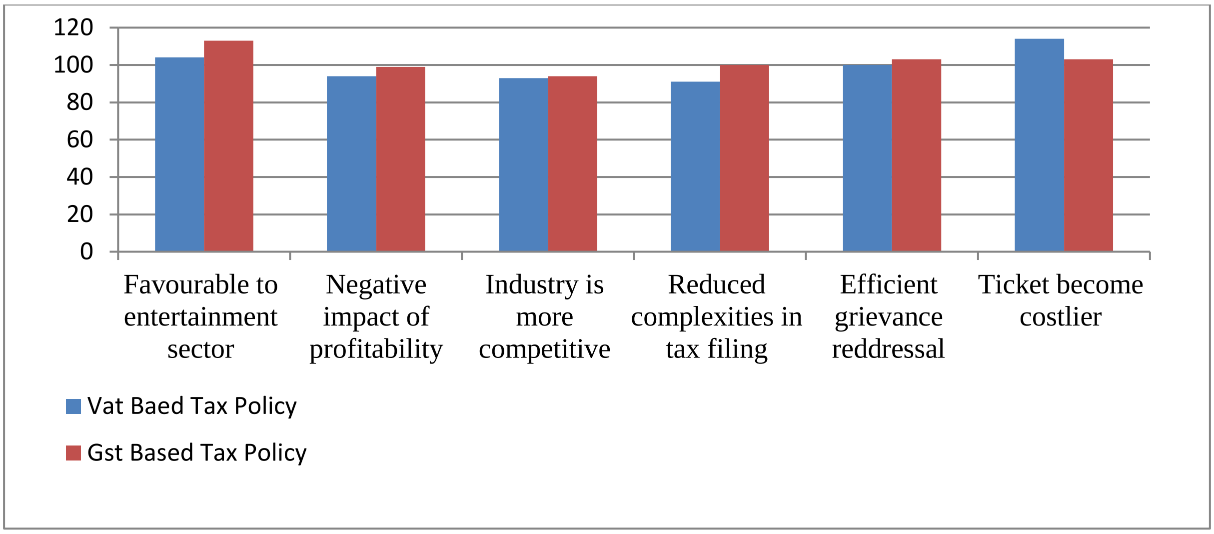

Figure 3 - Comparison on VAT and GST

Comparison On VAT And GST

Paired t Test

H1: GST has significant impact among Movie theatres.

Table 4 - Pre score and Post Score

Sl.No	Combined score for VAT	Combined score for GST
1	104	113
2	94	87
3	94	99
4	93	94
5	101	98
6	90	81
7	91	100
8	114	103
9	87	91
10	97	105
11	100	103
12	93	100

Calculated value of Test statistic (Paired t Test): .70

Table value at 5 % Level of significance = 2.201

Here Table value (2.201) > Calculated value (.70)

Therefore, accept the Null Hypothesis (H0). Ie, GST has no impact among movie theatres.

VIII. FINDINGS

Majority of the theatre are favouring the implementation of GST. Eventhough it affects the profitability upto an extent and increases the cost of inputs where as it will make the industry more competitive. GST has more effective and efficient grievance redressal as compared to the era of Value added taxation policy. There fore GST has no significant impact among the movie theatres in middile kerala.

IX. CONCLUSION

GST is a revolutionary stepping in Indian economy as it relies on the concept of 'one nation, one tax'. Implementation of GST has abolished numerous taxes and in the long run it will definitely contribute to the development of our nation. GST will create a single, unified Indian market to make the economy stronger. 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. It will make the Indian market more competitive than before and will increase the taxpayer base bringing the unorganized sector under its purview. That is, it will enhance the tax compliance ratio in the near future.

X. LITERATURE REVIEW

World Bank (2018): Research study on "GST in India" concluded that the Indian GST system is among the most complicated ones in the world, with its high tax rates and a larger number of tax rates and negative impact on its economy.

Lourdunathan F and Xavier P (2017): studied "Implementation of goods and services tax (GST) in India: Prospectus and challenges" and observed that GST will make one tax, one nation, will provide relief to producers and consumers through input credit set-off, will result in resource and revenue gain at both Central and State levels.

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Impact of GST on Telecommunications Sector

[1]Swapna M Benedict, [2]Rose Mariya P B, [3]Geo George

([1]Student, M.com Finance, NIMIT)

([2]Student, M.com Finance, NIMIT)

([3]Student, M.com Finance, NIMIT)

Abstract :- *GST –possibly one of India's greatest indirect tax reforms – proposes to unify the multitude of indirect taxes in India and bring all goods and services under a single GST. It will not only boost economic growth but will also improve the ease of doing business in India by allowing a seamless flow of goods and tax credits across all categories of transactions and state borders without any barriers or restrictions. Presently, the telecom industry faces several shortcomings such as the cascading effect of taxes, issues with the classification of services, etc. that hamper the growth of this sector. The present study is based on the impact of GST on telecom sector. Telecom services have seen huge penetration in the country in recent times. So any margin preasure faced by these firms due to GST has the potential to impact their pricing and in turn millions of customers. It is there fore crucial that the GST council provide more clarity to this sector and address any open issues.*

Keywords: - Impact of GST, Benefits, Challenges

1. INTRODUCTION

The goods and services tax is an indirect tax leivied *on most goods and services* sold for domestic consumption. The tax is included in the final price and paid by consumers at point of sale and passed to the government by the seller. In effect, GST provides revenue for Govt. The GST is a common tax used by the majority of countries globally.

India established a dual GST structure in 2017, which was the biggest reforms in the countries tax structure in decades. The main objective of incorporating the GST was to eliminate tax on tax or double taxation, which cascades from the manufacturing level to the consumption level.

In the present scenario, from the conventional belief of being a communication service provider to providing multiple streams of value-added services, the telecommunication sector has become one of India's core economic drivers. The sector is also the top five employment generators in India. Given the importance of communication services in our lives, they could easily qualify as 'Necessity Services'. In this perspective this present study has been undertaken to understand the impact of GST on telecommunications sector.

OBJECTIVE

- To understand the impact of GST on telecommunications sector
- To study the challenges and opportunities of telecommunications sector.

RESEARCH METHODOLOGY

The present study is based on Secondary data. A genuine attempt had made to reach a meaningful conclusion of the impact of GST on telecommunication sector with the available data.

LIMITATIONS

- The study is limited to the telecom sector only

II. LITERATURE REVIEW

In the article '*unraveling gst in the telecom sector'* (2019) Saloni Roy states that the frequent rate changes have also triggered scrutiny by tax authorities. Another area that adds to the woes of not only the telecom sector but any business as a whole, is the compliance requirement the GST law entails.

'GST: Impact on the telecommunications sector in India' is the article dealing the impact of GST in telecommunications sector by SKP group. In order to achieve the congruent goal of brodening the telecom business and attaining socio-economic development, it is essential that the cost of consumption of the telecom services go down, for which it is necessary that law makers draft the GST framework considering the issues under the current indirect tax legislation with intention of curtailing it or having the clarity on the same. Additionally, the law makers should also consider the advanced products telecom companies offer to their customers and should seek to cover such transactions appropriately under the new indirect tax legislation with a vision of having minimal legislations at a future date.

According to Leena.S Guruprasad and Bharath Bhushan.H.N.(2018) in their study *'Implications of New Goods & Services Tax on Telecommunications sector in India'* reveals that GST will make the audit procedure relaxed and reduces the complications of inter-linking roaming and international call rates. Where as there are mixed opinion about sim cards and recharge coupons will become cheaper, reduction in the service cost of mobile wallets, GST will attract new entrants into the telecommunications market, companies may have to pay higher taxes under GST and internet and call charges may be cheaper. The study states that there is no significant association between professionals qualification and their opinion about GST implications on telecommunications sector.

III. IMPACT OF GST ON TELECOMMMUNICATIONS SECTOR: AN INDIAN OVERVIEW

Under GST regime in telecommunication sector , there has been a rise in tax rate from 15% to 18% which shows an increase in tax to 3%. Communication which is an indispesable part of our lives tales the shape of "*Necessity Services"*which can attract a lower rate as per the GST bill.There are some sector specific issues related to GST, especially with the telecommunication sector. The sector is burdened with struggling high taxes of 18%. In the present scenario, this sector could be broadly divided into three segments: telecom service providers, infrastucture providers, and equipment manufacturers.

There has been a conflict among the telecom companies and the tax authorities regarding the *CENVAT* credit given to the materials used in the making of the towers and shelters. According to the PwC "a restriction has been imposed on the input tax credit for the goods and services related in the construction of immovable properties".The bill would cause a rise in the services of the tower firms which would further lead to an increase in the operational cost of the telecom service providers and thus there is hike in the call charges and data rates. Before implementation of GST the distributors and agents of the sim cards are free from the service tax charges, but after implementing GST the sale of sims and recharge coupon vouchers are subject to GST, hence the distributors and all the retailors are been taxed.

The GST rate imposed on mobile phone is 12%. GST provides the same taxation rate over the states in India, with a market value of 12%. In case if a customer buy a cell phone from a seller located in his state/union teritory, he will pay CGST of 6% plus SGST/UTGST of 6%. If the mobile phone seller is located outside of the customer state/union teritory, eg, an Ecommerce vendor, he will have to pay IGST of 12% on his purchase.

Benefits

- GST allows for an input tax credit. It means that the tax paid on purchase can be used to offset the tax on the sale. The availability of input tax is expected to reduce operating costs and capital expenditure. Thus, the impact on profit margins could be small.

CHALLENGES

- To service providers
- **Sale of SIM card – whether to be considered as goods or service?**

The crux of the various Judicial Rulings in the earlier regime is that the amount received towards SIM cards will be leviable to service tax as the SIM cards on their own, without the services, would have a negligible value. However, there is a contradiction from certain states as they have included the SIM cards in their VAT schedule. So, it is not clear whether it is to be treated as goods or services.

Further it can be observed from Sec.12 (11) (c) (i) of the IGST Act, 2017 that the prepaid services for mobile connection provided by a distributor of SIM cards has been included in the provisions of *'place of supply of services',* which means that the intention of the law is to include the supply of SIM cards in the supply of services.

- **Mobile Phone Bills : Impact on prepaid and post paid users**

Previously under service tax telecommunication services were subject to a 15% service tax including SBC and KKC. The GST rate is determined at 18% & telecommunication companies pass on these to the customers.

Under the GST regime if the current post paid bill is Rs.500/- the customer have to shell out Rs.590/- . It is Rs.15/- more than which was under Service tax.

Effective talk time for prepaid customers come down. Under GST if phone is recharged with Rs.100/- talk time it dips to Rs.82/-. A total reduction of Rs.3/- from Service tax.

The 3% increase reflects in the bills of the post paid users. For the prepaid users there is reduction in the talk time.

- **Increase in compliance cost**
  Telecommunication service providers were not obliged to conduct regular '*mandatory audit'* under the previous tax regime. Whereas under GST regime, mandatory audit provisions do apply for them. This will lead to hike in the compliance cost.

- **Intra-circle roaming & Intra-circle termination services**
  The main aspect in this new regime is that the termination of the intra-circle roaming. In multi state circles the roaming services of intra-circle for same operator is a matter of concern. Telecommunication companies were not required to track such termination and roaming supplies of intra-circles, as they were categorized as self supplies. However, under GST regime such self supplies come under tax net. It's mandatory that telecommunications companies are to be registered PAN-India rendering such services for its valuation for tax purpose.

- **Place of charge**
  In case of transportation of goods/services such as recharge, transfer via telecommunications, the place of sale and payment and the place of consumption may not coincide and allocation of revenue will have to be negotiated and settled. Clearly defined principles and rules for the allocation of revenue from transactions in such services are needed.

➢ To infrastructure providers

- **Exclusion of petroleum products**

  The GST on petroleum products has been deferred. The petroleum products are the necessity of the telecommunication industry to maintain round-the-clock uninterrupted supply of services, the telecommunication towers run on diesel, i.e, DG sets, electricity and lithium cell batteries. At the present, the central excise duty and the VAT are charged on the sale of petroleum products. Hence this result in huge cascading effect on the telecom sector.

- **Non availability of ITC on telecommunication towers**

  As per Sec.17(5)(c) of the CGST Act, 2017, the ITC of the works contract services when supplied for construction of an immovable property(other than plant and machinery) is not allowed. Further, Sec.17(5)(d) also denies the ITC of goods or services used for construction of an immovable property(other than plant and machinery), even if such goods or services are used in the course or furtherance of business.

  The term *'plant and machinery'* excludes the telecommunication towers as per the explanation to Sec. 17(5) of the CGST Act, 2017 for the purpose of ITC. Therefore, the telecommunication towers shall be treated as the immovable property.

➢ To equipment manufacturers

- **End of online benefits**

  Before the GST under the VAT regime there were a lot of attractive offers that varied with different prices in the retail stores. Anyone could purchase where the VAT rate was low as compared to other states. VAT rates were different over states from a low of 5% in Karnataka & Tamil Nadu to a high of 14% in states like Delhi. But this indent is close for the consumers as GST is applied uniformly in the whole country.

- **Increase in procurement cost**

An additional burden for the telecom sector is increase in basic custom duty on import of telecommunication equipments such as base stations, PCBA of cellular mobile phones, optical transport equipment etc. though the move was aimed to encouraging domestic procurement under the make in India initiative, the domestic market currently lacks capacity to cater to this demand. This has left telecom companies with no choice but to import equipment at higher rate of customs duty leading to increase in procurement cost.

IV. FINDINGS

3% increase in Gst rate of telecommunications sectormay make telecom services such as broadband connections and calling services abit costlier, particularly for retail customers. Evevthough there are few players in the market, there is stiff competiotion for market share due to the ever reducing prices of data and voice technologies. Due to these crunched margins, any increase in pricing might directly impact the customer's pocket. The deniel of credit on infrastructure will certainlly lead to cascading tax for this sector. Also no input tax credit of taxes paid on diesel will be available to telecom companies, thus increasing their tax burden. In case place of supply , instead of putting the onus on the taxpayer to determine whether the transaction is intra- state or inter-state, the GST should provide for a simpler redressal mechanism. In the GST regime telecom companies will be require to have individual registrations in everystate they are present in. State- wise registration will certainly lead to asubstantial increase in compliance level, given that most companies currently have a centralized registration under service tax. Effectively a company which may be filing only two returns on an annual basis as a service tax assessee, will now be required to file as many as 37 returns per year for every state they are present in.

V. CONCLUSION

Telecom services have seen huge penetration in the country in recent times. So any margin preasure faced by these firms due to GST has the potential to impact their pricing and in turn millions of customers. It is there fore crucial that the GST council provide more clarity to this sector and address any open issues.

An Evaluation of Retailers in Angamaly Under GST Regime

***Jeena Antony*
Associate Professor
Department of Commerce, NIMIT, Pongam

****Rehna John M*
Assistant Professor
Department of Commerce,NIMIT,Pongam

Abstract *- Good and services Tax (GST) Act has radically reshaped Indian economy. This Act has been considered as a biggest indirect tax amended so far which was long anticipated and certainly guarantee to create independent platform for all goods and services offered in India. The objective of this study is to analyse the significant effect of GST system in Retailers business with reference to Angamaly, Ernakulam District. Presumably, GST system have created uneasiness among various sectors in Indian economy. The case of retail sector is predominant effect as it generate wide employment opportunities in rural and urban sector and also enables large volume of transactions. As per global scenario, India is considered to be highest in terms of per capita retail space and the fifth largest preferred retail destination. The rapid growth of retail sector has made a way for GST era to move forward and it is an important discussion across several division. GST is comprehensive tax levy on production point to consumption point. It is hoped that implementation of Goods and Service Tax (GST) will transform India's tax regime, making the system more transparent and put in order. This paper focuses on the impact of GST on retail sector.*

Keywords: GST System, Impact, Retailers, GSTN

I. INTRODUCTION

Goods & Services Tax is a comprehensive, multi- stage, destination-based tax that will be levied on every value addition. Goods and Service Tax (GST) implemented in India to bring in the 'one nation one tax' system, but its effect on various industries will be slightly different. The first level of differentiation will come in depending on whether the industry deals with manufacturing, distributing and retailing or is providing a service.

Types of GST

GST has four different kind of taxes namely CGST, SGST, IGST and UGST.

CGST

CGST stands for CENTRAL GOODS AND SERVICE TAX, the tax is levied based on intrastate supply of goods and services. The share of GST tax is redirected to the revenue department of central government. CGST replaces all the current Central taxes like Central Excise Duty, Service Tax, Custom Duty, SAD, etc. the share of this tax compensates all loss of current service tax and excise duty of the central government. In case of local sales, Under GST 50% quantum tax is transferred to SGST.

SGST

SGST stands for STATE GOODS AND SERVICE TAX, this tax is similar to CGST, as part of tax which is diverted to the state government has been credited to revenue department of state government. In SGST, tax are exacted by within one state where transaction of goods and services take place. SGST compensate the loss of other existing tax like sales tax and value added tax(VAT) which was replaced all these taxes and has been a sole claimer of the revenue to the state government. In case of local sales, 50% of quantum tax which was under GST has been redirected to SGST tax.

IGST

IGST stands for INTEGRATED GOODS AND SERVICES TAX. This tax is applicable when transactions take place on interstate or when two states involved in purchases of goods and services. This tax is collected by central government. One part of tax is transferred to central government and rest is transferred to the state government.

UTGST /UGST

UTGST stands for Union Territory Goods and Services Tax. UTGST provide the same benefits as SGST. The main purpose of UTGST bill is to levied tax on every purchase of goods and services which take place within intrastate. This tax is only applicable to union territories of India namely
Andaman and Nicobar Islands, Chandigarh, Daman, Diu, Dadra, Lakshadweep and Nagar Haveli.
Impact of GST system to Retailers

Retail sector is one of the key pillars for Indian economy and it accounts for around 10% of Gross Domestic Product (GDP). GST will usher in wide changes in various industries and sectors and Retail industry is not an exception. While GST implementation is now just few days away, let's see what will be the impact of GST on Indian Retail Industry and which changes will this industry need to imbibe to become GST ready. Common characteristics of Indian economy are high population growth, accessibility of skilled cheap labor resource, growing demand for consumer goods and services and minimum political and legal risks which are made India is one of the hot spots of the world for investors, traders, businesses. However, they were complained about the complexities involved in the tax (both direct and indirect) structure. In this regarding requisite reforms have placed in order to strengthen the direct and indirect tax system in India. In GST Input Tax Credit is available.

The impact of GST on retail sector is going to be positive from both taxation and operations point of view. Retail businesses will flourish more, thus contributing to overall growth of Indian economy. GST will depose total indirect taxes, upsurge supply chain efficiency and facilitate seamless input tax credit. The end price for consumers will also reduce because of GST. Except some clauses, GST will benefit retail sector in a big way. Under GST, which is a destination based tax, tax is collected by the state where the goods or services will be consumed. Therefore, it becomes highly imperative to select the appropriate place of supply for making a tax payment. On careful evaluation of the GST model, it should be noted that POS for retail will be the location of the goods at the time of supply to the customer i.e. the location of the outlet/store. It can be deduced that for retail B2C transaction, CGST+SGST will be charged. Even for home deliveries made by a retailer within his local limits, the rule remains the same. Therefore, under the GST regime, the place of supply for retailers will be the final location where the goods are delivered to the customers.

It is believed that the impact of GST on retail sector is going to be positive as it will bring down total indirect taxes, increase supply chain efficiency and facilitate seamless input tax credit. Vanishing state boundaries will reduce the complexity for retailers and increase the distribution reach as well as efficiency. This study also evaluates the GST Network usage by the retailers at Angamaly, Ernakulam District.

II. REVIEW OF LITERATURE

This study incorporates academic literatures pertaining to macro and micro levels of business as presented below:

The prospect of Good and Services Tax in various states has tax implications i.e., comprehensive tax levied at each stage of production and it is found through research agencies that presently 140 countries have implemented GST including India. Further, it is beneficial to customers as it reduces the financial burden of taxation.

Khan M and Shadab(2012) have mentioned that the significance of Products and Services Tax in India and its prospects to have healthy competition in present situation and suggests that it brings transparency in taxation and addresses global perspectives at each state of India .

However, in the study made by Mukherjee, S. (2015) there are dark side of cascading effects of tax regime. Further, study has discussed on implications with the current taxation with State and Central Government with concurrent effects of taxation. Broadly, it is classified into two heads namely GST Design and Structure and GST Administration and Institutional. There are several challenges faced by Government in order to resolve issues on Tax administration between Central and State across state tax. Finally, the paper addresses the broader perspective of proposed GST regime.

The study made by Nitin Kumar (2014) indicates that the implementation of GST in India would help to remove economic disruption prevailing indirect tax system which is unbiased tax structure which is different from geographical locations. This in fact provides opportunities to the concept of Make in India which would attract new foreign investments (Srinivas K.R (2016).

Further, GST provides wide coverage of input tax credit set-off, service tax set-off and efficient formulation of GST would lead to expansion of business for Centre and State governments through widening of tax base systems.(Akanksha Khurana(2016).

In the similar line Pradeep Chaurasia et al(2016) have mentioned that in India, the unified tax system will take the form of a Dual GST to be levied both by Centre and State government. Further, study concludes that there is improvement in Indian economy in terms of Gross Domestic Product though GST is in nascent stage. Many academic literatures indicate that in India, GST is tax on Goods and Services with set of benefits from marketing channel from manufacturer to retail chain (Anoop Joseph(2015)). Further, it is tax levied at each stage of business which is set to integration of tax at state level to boost overall growth of Nation. The implementation of GST will lead to eradication of taxes that currently existed such as Octroi, CST, State level sales tax, stamp duty, tax on transportation on products and services etc.In short, GST is a comprehensive tax levied on each stage of production/sales from Manufacturer to retailer. This system is devised keeping in mind that end consumer bear the taxes who is last person in supply chain.

STATEMENT OF PROBLEM

GST implementation resulted in simplified system of indirect tax in the country. Thereby, enables perpetual business transactions across our country and also around the world. As per the international reforms the arrival of GST has forced retail sector to renew their strategies, supply chains, costing and systems which is apart from meeting the quality standards. Due to the lower cost structures raised from tax benefits, disorganized retailers have grown faster compared to organized rivals. India's standard shifts to the Goods and Services Tax (GST) management brought majority of retailers into the indirect tax net for the first time and thereby increased compliance costs for retailers. Complying with GST is bit complex for retailers at present. However, in the long run it will benefit for concise and medium scale businesses and for the consumers as well. By considering the above statement, the present study conducted a research to identify the impact of GST system to retailers focusing on retailers of Angamaly.

OBJECTIVES OF THE STUDY

- To study the impact of GST System to Retailers with special reference to Angamaly.
- To identify the problems faced by the retailers due to GST implementation.
- To give feasible solutions based on the findings analyzed.

SIGNIFICANCE OF THE STUDY

- To study about Goods and Service Tax and its impact on the economy by mainly focusing on retailers.
- To examine benefits and opportunities of Goods and Service Tax.
- To understand the concept behind GST.
- To learn the highlights of GST.
- To measure the pros and challenges of GST.
- To present further information of research work on GST.

SCOPE OF THE STUDY

The study is helpful to describe how GST implementation really affected the retailers and the scope is limited to sample selected from Retailers at Angamaly.

RESEARCH METHODOLOGY

1. Research Method

   Descriptive research method is used for the study on impact of GST system to retailers with special reference to Angamaly.

2. Source of Data

This research is containing both primary and secondary data. Primary data for this study is generated through questionnaire & interview with retailers. Source of secondary data to make the study more effective was possible with the help of published data available on web sites.

3. Data Collection Tool
   Well-structured questionnaire using Ordinal and Likert scale is used to retrieve data from primary sources backed by interview.

4. Sampling Techniques
   This study is carried out by Convenience sampling.

5. Sample unit and size
   The sample unit for this study is comprised of retailers at Angamaly. The sample size for the study is 30.

III. DATA ANALYSIS AND INTERPRETATION

Sl. No.	Category	Sub group	No. of Respondents	Percentage
1	Category of business	Manufacturing	6	20
		Service	15	50
		Trading	9	30
2	Demand for goods and services	Positively	12	40
		Negatively	3	10
		No impact	15	50
3	Transition to GST Regime	Smoother	9	30
		Difficult	21	70
		Very Difficult	0	0
4	Issues with Goods and Services Tax network portal	Yes	19	63.6
		No	8	27.3
		Neutral	3	9.1
5	Claiming refund under GST regime	Easy	20	67
		Difficult	7	23
		Yes	3	10
6	Matching of ITC with GST	Yes	16	53
		No	5	17
		May be	9	30
7	End price to consumers	Yes	3	10
		No	18	60
		May be	9	30
8	Government intervention in rationalization and simplification of the tax structure	Yes	21	70
		No	9	30

Sl. No.	Category	Excellent	Good	Fair	Poor	Total Respondents
9	Experience with GST portal		37	46	17	30
10	Opinion about Business flow	10	40	40	10	30

SL. No.	Category	Very Satisfied	Satisfied	Neutral	Dissatisfied	Very Dissatisfied	Total Respondents
11	Level of satisfaction with the present GST system	20	40	30	10		30

Sl. No.	Category	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total Respondents
12	Cost of Compliance to GST high	10	60	20	10	0	30
13	Cumbersome procedures and documentations	10	47	33	10		30
14	Opinion regarding user firiendly of GSTN Portal		20	53	27		30
15	Present GST system aims at future aspects		30	40	20	10	30
16	Complexity and Reduction in the cost of distribution	10	70	10		10	30
17	Everything into single tax	10	60	30			30
18	Free flow of goods across the nation		40	40	20		30

IV. FINDINGS

- 50% of the respondent retailers are engaged in services.
- 40% of the respondents argue that GST implementation has positively increased the demand of products and services.
- 70% of the respondents argue that the transition to GST was difficult.
- Majority of the respondents argue that there was issues regarding the network portal.
- 67% of the respondents agree that it was easy to claim refund under GST.
- 53% argue that matching of ITC is useful to the taxpayers to avoid disputes in future.
- 60% agree that there is no reduction in the end price of the products or services for consumers.
- 70% of the respondents opine that government should intervene in rationalization and simplification of the tax structure.
- 46% of the respondents fairly agree with the positive experience with GSTN portal.
- 40% of the respondents agree with the GST implementation has helped in free flow of business.
- 40% are satisfied with the present GST system and 10% of the respondents are dissatisfied and many have a neutral opinion.
- 60% of the respondents agree that the compliance cost of GST is high.
- 47% agree with the cumbersome documentation and procedures.
- Only 20% of the respondents agree that the GST portal is use-friendly. Most of them do not agree with that.
- 30% of the respondents agree that the present GST norms aim at future aspects also.
- 70% of the respondents agree with the reduction and complexity in the distribution.
- 60% of the respondent argue that GST will lessen the retailers' tax burden as it will streamline everything into single tax.

- 40% of the respondents agree with free flow of goods across the nation without any kind of barriers after GST implementation.

V SUGGESTIONS

1. Government should take measures to introduce GST portal to computer illiterates.
2. Training is to be provided to business owners.
3. Good and fast GST portal system to be introduced.
4. Minor complications in filing procedures need to be cleared out. Eg: GSTR 2A

VI CONCLUSION

The GST system is basically structured to simplify the multiple indirect tax system in India. A well designed GST is an attractive method to reduce the tax burden. This study traced out the fact in the study region that retailers have given mixed opinion about the implementation of GST in the study region and they have thought that in future days this move will be beneficial for retail traders. It is clear from the field that retailers have not very much angered with the central government move of implementation of GST in the study region. GST will become good and simple, only when the entire country works as a whole towards making it successful.

As GST is being implemented in India, it becomes necessary for the organizations to understand the benefits and thrive hard to execute their businesses with various price-tax equations which has undergone severe changes both positively and negatively. It can be concluded from the study that there is a transition of current taxation system into unified taxation system across the nation. It is a testing time for the Indian business systems as there are huge positive and negative impacts on particular businesses and consumers as well.

GST has come to stay and we need not expect any drastic change in the indirect tax regime for some time to come. So, ideal would be to work on reforms that would make this system more practical to the retailers.

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Study on Major Challenges Reflects in GST

[1]Jisna Alias, [2]Dency Baby, [3]Arathy P. Nair

([1]Student, M.com Finance, NIMIT)

([2]Student, M.com Finance, NIMIT)

([3]Student, M.com Finance, NIMIT)

Abstract: - *Twenty nine months after India's biggest and boldest tax reforms hit the ground, the challenges have spread from the discontentment of small traders to more systematic issues. The emergence of nationwide fake invoices rackets and the failure to reach a consensus on rationalisation of rates and the inclusion of petroleum products in GST ambit. The paper highlights the challenges of present GST and the opportunities of the same if it is rectified.*

Keywords: GST, Opportunities, Challenges

1. Introduction

The goods and service tax is a vast concept that simplifies the giant tax structure by supporting and enhancing the economic growth of the country. GST is a comprehensive tax rate levy on manufacturing, sales and consumption of goods and services at national level. The goods and service tax bill or GST bill also referred to as the constitution bill 2014. Initiates as 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 single tax payment. It would also enhance the position of India both domestic and international market. At the consumer level GST would reduce the overall tax burden, which currently estimated at 25-30%.

Twenty nine months after India's biggest and boldest tax reforms hit the ground, the challenges have spread from the discontentment of small traders to more systematic issues. The emergence of nationwide fake invoices rackets and the failure to reach a consensus on rationalisation of rates and the inclusion of petroleum products in GST ambit.

This study is intended to reveal some of the problems associated with GST and also to find opportunities of the same if these problems are rectified.

2. Objectives of the study

- To analyse the major challenges in the GST.
- To identify the opportunities that enable to reduce the challenges in GST.

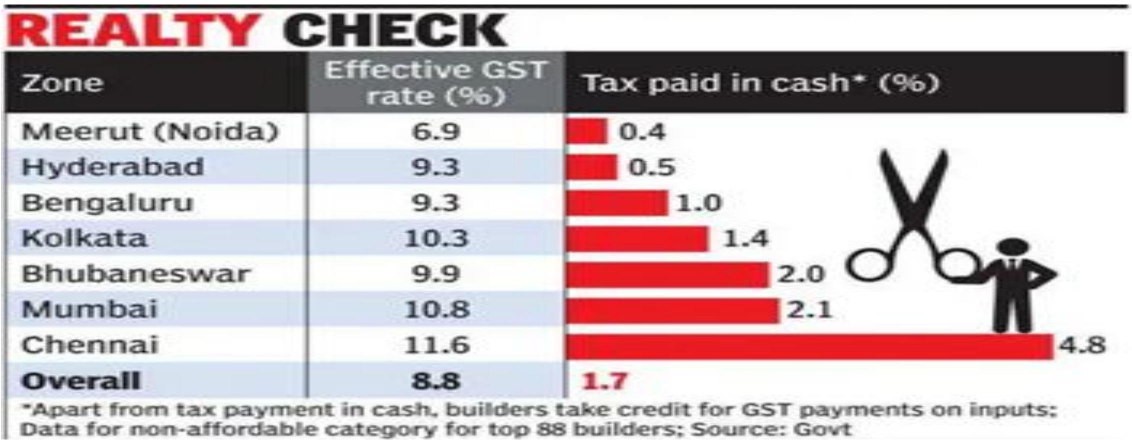
3. Research methodology

The data is collected from past literature from respective journals, annual reports, newspapers and magazines covering wide collection of academic literature on goods and service tax.

4. Limitations of the study

- This study is focusing on only the major problems in the GST.

5. RESULTS AND DISCUSSIONS



REALTY CHECK

Zone	Effective GST rate (%)	Tax paid in cash* (%)
Meerut (Noida)	6.9	0.4
Hyderabad	9.3	0.5
Bengaluru	9.3	1.0
Kolkata	10.3	1.4
Bhubaneswar	9.9	2.0
Mumbai	10.8	2.1
Chennai	11.6	4.8
Overall	**8.8**	**1.7**

*Apart from tax payment in cash, builders take credit for GST payments on inputs; Data for non-affordable category for top 88 builders; Source: Govt

The count of these malpractices is increasing day by day as more number of people are becoming aware of these malpractices. Till now, in 2019-20, 535 cases of fake invoices involving wrongful ITC claims of Rs.2565 crores has been detected. Further, in 2018-19, 1620 cases of fake invoicing involving wrongful ITC claims of Rs.11251 crores were detected by the GST authorities.

CBIC block funds

The Central Board of Indirect taxes and Customs (CBIC) have blocked GST input tax credit of more than 2000 companies. It has obstructed around ₹40000 crores in the name of fake invoices. The data authentication in the department reported a mismatch in filing and returns. An invoice or a bill is issued without movement of goods or input tax credit has been wrongly availed.

PENALITIES FOR FAKE INVOICES

A new section – 271AAD – has been proposed to be inserted in the Income Tax Act, to penalise person maintaining books of account in case of a false entry or omission of an entry relevant for computing total income." Such person shall be liable to pay by way of penalty a sum equal to the aggregate amount of such false and omitted entries," details in the Finance Bill reveal.. The amendment will take effect from April 1, 2020

Consequences of Fake Invoicing

- These malpractices are causing a huge loss to the government exchequer as wrongful input credit claims are eroding the tax base of the government. This bogus billing is creating illegal money out of the GST system, since the taxpayer would have paid the taxes in cash instead of utilizing the invalid input tax credit.

- Further in order to arrest the offenders government officials invests their time & resources to look behind the persons involved in such menace. It is hampering the machinery of the government which can be put to a better & progressive use.

- Through this wrongful input credit claims, the defaulters are giving a boost to their working capital in the business, as a result the honest taxpayers become uncompetitive in the business environment unless they also resort to such menace.

- The defaulters are securing loans from the banks & financial institutions by inflating their turnover through bogus invoicing which is leading to improper usage of funds

Measures to overcome fake invoices and tax evasion

- Introducing the invoice matching system.
- Check the validity of GSTIN over the GST portal.
- Control over the generation of E-way bill.
- Adequate checks while granting registration.
- GST compliance rating score.

Opportunities that arises if there is no fake invoices

The main aim of presenting fake invoices is to earn profit through input tax credit. Input tax credit is one of the main expense of the government. Now the government is liable to pay input tax credit to people both have fair as well as fake invoices. The major part of the government's revenue is misusing here. If a proper system for invoicing and a proper measures for restricting the fake invoices is developed, the government can reduce its unwanted expenses and save its revenue.

Exclusion of petroleum products

The government, both central and state earns substantial revenue from petro-products through taxation. As they have kept out of GST, states are also able to levy variable taxes as a result of which prices vary across states. The government also provides a subsidy for fuel products in order to buffer against prices.

Chart 3: Tax collections on Petro-products (in ₹ lakh crores)

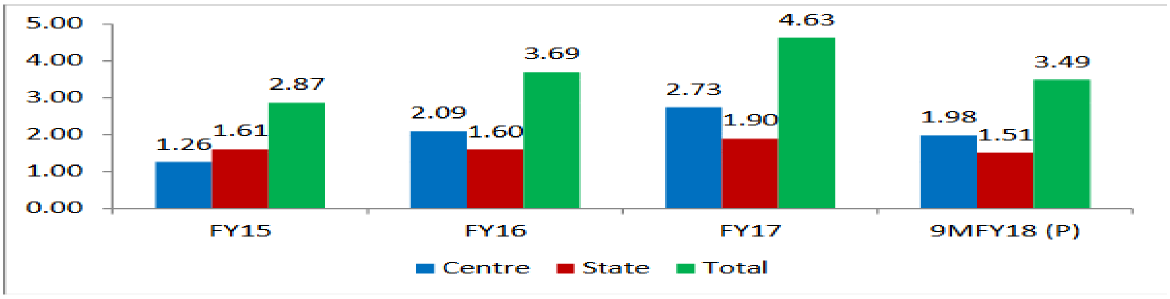


Chart 3 above provides information on the tax revenue earned by the government on crude oil and petroleum products. As can be seen during financial year '17 4.63lakh crore was collected by the government through various taxes and levies with the centre accounting for 62%of the total. For the centre during financial year '17, 89%of the total came from excise duties and the balance from crude oil cess and customs .For the state during financial year '17 88% of the total came from state VAT levied on petroleum products and the balance from royalties, crude oil cess , octroi and duties.

EXCLUSION OF PETROLUEM PRODUCTS FROM GST

The government is collecting around 100% taxes on the base price of petroleum which is much higher than the peak GST rate. When the price of petrol being charged to the dealers exchange rate as well as the governments effective tax is levied. Therefore, the government's tax collections have benefited significantly on this score. It has been observed that the collection by the government of excise duty and VAT increased over the years as the incidence of taxes too has increased commensurately. The lower price of global crude did not lead to commensurate decline in retail prices as tax rates were increased progressively

PRICE BUILD UP FOR PETROL AND DIESEL

	PETROL	DIESEL
Price charged to dealer excluding VAT and excise duty	35.15	37.42
Excise duty collected by central govt	19.48	15.33
Dealer commission	3.60	2.52
VAT collected by the state	15.72	9.55
Retail selling price	73.95	73.95

INCLUSION OF PETROL AND DIESEL UNDER GST

The inclusion of petrol and diesel under the GST ambit has long deliberated. Over the past few years when crude oil prices had propped globally government had increased the excise duty on petroleum products which had leads to increase in the revenue receipts of the government coffers. With the sharp recovery of crude oil prices globally and with the increase in the price of the auto fuels, inclusion of petroleum and diesel under GST will help in rationalising the prices of these auto fuels.

RETAIL PRICE OF PETROL AND DIESEL UNDER DIFFERENT TAX RATES

Effective tax rate	90%	80%	60%	53%
	petrol	petrol	diesel	diesel
Price charged to dealers excluding excise duty and VAT	35.15	35.15	37.42	37.42
CGST	15.82	14.06	11.11	9.88
dealer Commission	3.60	3.60	2.52	2.52
SGST	15.82	14.06	11.11	9.88
Retail selling price	70.39	66.87	62.16	59.70
Change from the current selling price	-4.8%	-9.6%	-4.0%	-7.9%

- There should be a strong case for bringing petrol and diesel under GST.
- The present effective tax rates are significantly higher than the GST slab.
- By increasing the rates when crude oil price came down the government was able to garner additional revenue.

Rationalization of GST rates

The structure of GST followed in India is very complicated as compared with other nations which is imposed GST.GST is a major customer-friendly indirect tax reform. The intention is not to increase the taxes but to increase the revenue by implementing GST as it would bring transparency, simplification and efficiency in tax evasion and thereby buoyancy.

Currently, GST has seven rate categories:

Exempt, 0.25%, 3%, 5%, 12%, 18% and 28%.

There is a need to re-look at the structure. It can be do it in a calibrated manner to avoid sudden shocks. It is better to rationalization of GST slabs, it will leads to increasing rates on some goods to correct inverted duty structures, including on mobile phones, and revisiting rates on items that had seen a reduction to 18% from 28%.

Out of 1216 commodities that find common use, about 183 are taxed at zero rate, 308 at 5%, 178 at 12% and 517 at 18%. Standardization of rates should be done with focus in making the regime more inclusive by bringing more sectors within the tax net as is the case globally.

A three rate GST structure is being explored against the present four-rate structure, adding the 5% and 12% slabs could be merged to form an 8% or 9% slab. Alternatively the 12% and 18% slabs merged into a single rate of 15% or 16%.

Before going to rationalization detailed study is needed, only with proper long term planning GST rationalization become successful. The GST council, the apex decision-making body for the tax, suggested the ways to boost the revenue includes rationalization of GST rates also.

The merging of rate slabs would result in better tax administration and ease out interpretation and classification of issues which was the overall spirit of GST. It is more better is that only one rate for all items, that is an ideal scenario but that is not going to happen. So the final solution is that to merge different tax into convenient single taxes.

This will help to reduce the difficulty in computation of tax, small and medium enterprises and small exporters have struggled to cope with this present tax structure.

5. Conclusion

The proposed GST regime is a half-hearted attempt to rationalize indirect tax structure. More than 150 countries have implemented GST. The main drawbacks happened in GST is that lack of proper planning in its implementation .There is no doubt, GST will simplify existing indirect tax system and will help to remove inefficiencies created by the existing heterogeneous taxation system. But still the GST is suffered with various problems like refund delay due to fake invoice submission and still the petroleum and electricity is out of the GST ambit, which are necessary items for proper living. GST is not implemented to increase the tax burden of common people but the present structure gives the picture of complication so necessity of rationalization of rates is arising. Until the problems are rectified the real benefit of GST is not available to ordinary people. If the problems are wipe out the scope of GST become wider and the objectives for which GST is implemented is accomplished.

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Green Tax in India – A Comprehensive Analysis in the Current Perspective

Lakshmy Priya M G[**] & Druva M A[***]

([**]Assistant Professor, Department of Commerce, NIMIT)

lakshmipriya@naipunnya.ac.in

([***]Student, III B.B.A, NIMIT)

Abstract

Green taxes are meant to improve the environment or reduce the negative impact on the environment or create an environmentally sustainable environment. "Green taxes" are a kind of economic instrument to address environmental problems. It is generally believed that "green taxes" will reduce environmental harm in the least costly manner, by encouraging changes in behaviour by firms, organizations, communities and households and individuals etc. Taxes on pollution provide clear incentives to polluters to reduce emissions and seek out cleaner and sustainable alternatives. The environmental taxes have been successfully used to address a wide range of issues including waste disposal, water pollution and air emissions. The public is still unaware about the Green tax concept. The present study focused on the concept as well as to bring up awareness about the green tax and also attempted to make a comprehensive analysis on the effectiveness of green tax on Indian economy.

Keywords: Green Tax, India, Effectiveness, Comprehensive Analysis,

I. INTRODUCTION

A green tax, also called environmental tax is a tax levied on activities which are considered to be harmful to the environment and is intended to promote environmentally friendly activities via economic incentives. Such a policy can complement or avert the need for regulatory (command and control) approaches. Often, an green tax policy proposal may attempt to maintain overall tax revenue by proportionately reducing other taxes (e.g. taxes on human labor and renewable resources); such proposals are known as a green tax shift towards ecological taxation. Green taxes address the failure of free markets to consider environmental impacts.

"Green taxes" are meant to improve the environment or reduce the negative impact on the environment or create an environmentally sustainable environment. "Green taxes" are a kind of economic instrument to address environmental problems. It is generally believed that "green taxes" will reduce environmental harm in the least costly manner, by encouraging changes in behaviour by firms, organisations, communities and households and individuals etc. Taxes on pollution provide clear incentives to polluters to reduce emissions and seek out cleaner and sustainable alternatives. "green tax" that has recently gained favour is a carbon tax. Australia introduced carbon tax (July 2012), which is an excise levy on the carbon-based content of fossil fuels (coal, petroleum, gas) as a means of reducing greenhouse gas emissions that contribute to global warming and climate change. The carbon tax may encourage development and use of clean energy sources in Australia (renewable or green energy such as wind, hydro, and solar). India and Japan have also introduced carbon tax. In Europe, a number of countries have imposed energy taxes or energy taxes based partly on carbon content. There is apparently no "green tax" in the USA; however "green tax" supporters often cite the gasoline tax as a "green tax". Many European countries have used pollution taxes imposing taxes on emissions of common air pollutants such as sulfur dioxide and nitrogen oxides. To combat the negative environmental effects, several states in India (Maharashtra, Andhra Pradesh, Himachal Pradesh, and Karnataka- August 2010) have implemented/going to implement a new "green tax" to fight pollution from old vehicles (commercial vehicles over 8 years old and private vehicles over 15 years old) and creating better public transportation. Very recently, Bangladesh imposed green tax (June 2014) to force polluting factories (principally tanneries) to pay extra levies to clean up the country's increasingly dirty rivers and reducing impacts on the aquatic environment. Everyone may not agree with "green taxes" however, "green taxes" can be seen as an incentive to lessen environmental burden and preserve the environment.

STATEMENT OF THE PROBLEM

Today, all over the globe is facing serious issues regarding pollution. Pollution is of different types: air pollution, water pollution, sound pollution etc.. so it is very important to safeguard earth from all this harms .As an initial step to reduce air pollution effectively, the government of India ;mainly state governments impose a tax to pollutants which is called green tax .Environmental taxes have many important advantages, such as environmental effectiveness, economic efficiency, the ability to raise public revenue, and transparency. Also, environmental taxes have been successfully used to address a wide range of issues including waste disposal, water pollution and air emissions. The public is still unaware about the Green tax concept. The present study focused on the concept as well as to bring up awareness about the green tax and also attempted to make a comprehensive analysis on the effectiveness of green tax on Indian economy. So conducting a study based on green tax deserves much significance in the present condition.

OBJECTIVES OF THE STUDY

1. To understand the concept of green tax.
2. To analyse the effectiveness of green tax in Indian economy.

SCOPE AND SIGNIFICANCE OF THE STUDY

Green tax is an environmental tax that aims at ensuring that polluters are duly punished for the activities that deter the environment.It can be done through charging them a direct tax to perpetors on emission is an economical means to provide them with an incentive to lower their pollution.It is also extent where further reduction could potentially turn out to be more expensive than paying the tax itself.The study focused on the effectiveness of green tax on Indian economy.

RESEARCH METHODOLOGY

The present study is based on secondary data .The research articles, published records, online journals, etc. are used for collecting data. Based on the collected secondary data a comprehensive analysis has been done to reach a meaningful conclusion in order to satisfy the objectives formulated for the study.

LIMITATION OF THE STUDY

1. As green tax is a newly implemented concept, it is not possible to understand its concept completely with all this available data.
2. Due to lack of awareness among the people, it is only possible to conduct a study on the basis of secondary data.

II. Review of Literature

Monika Gupta (2016) conducted a study on "Willingness to pay for carbon tax: A study of Indian road passenger transport". Road transport bears 73% share of total CO_2 emissions from transport sector. High concentration of these gases leads to air pollution in terms of poor air quality and health related risks. The study presents the contingent valuation analysis of people's willingness to pay with the help of primary data collected from three different metropolitan cities – Delhi, Mumbai and Bangalore. Probit and tobit regression models are used to analyse the data. Findings show that people of India are willing to pay. Environmental awareness in terms of people's interest in environment, their environmental activities, education, income and age have significant role in determining WTP. The study suggests macro level policy recommendations in terms of utilizing fiscal instruments (such as tax) for environmental externalities. It also helps to analyse sustainability oriented behaviour in terms of society's willingness to pay to avoid environmental risks through contingent valuation method.

N Anil Kumar, T Sai Pranitha, and N Kiran Kumar (2018) in their study on "Green Accounting and Its Practices in India" explains that Green accounting is a popular term for environmental and natural resource accounting. It is an expanding field focused on factors like resource management and environmental impact, in addition to company's revenue and expenses. Companies are incorporating the concept of environmental element in their business operation. Green accounting will help the organization to identify the resource utilization and incurred cost. Practically for developing countries like India it is a twin problem about saving environment and economic development.This method records cost and benefits of a business concern. Green Accounting and reporting in India is in developing stage both at the corporate level and at the national level. The present research paper concentrates on understanding the concept of green accounting.

Aratrika Deb (2018) in his study on "Green Tax: An International Perspective" investigated the purpose of enumerating and illustrating how environmental and regulatory policies all over the world have led to the incorporation of green tax reforms in the primary tax regime, as a widespread tool to combat the ever-increasing pollution globally. It shall further discuss the rationale behind various countries' adopting green tax as part of their legal framework and debate upon the reliability and plausibility of the implications it has in order to correct such environmental diseconomies. It shall conclude with the range of public acceptance that these reforms have achieved through the ages in various countries and recommend the changes, if any, that may be made under the Indian law to better equip with the current international standards to maintain a steady balance between industrialisation and environmental protection. The ultimate objective behind levying Green Tax is to keep a check on the non-environment friendly product and services so that the negative impact from the usage of the same can be offset. By charging firms and people approximately the same price as the value of the damage done by the externality, the government gets them to internalize the negative externalities they are creating. These reforms consist of firstly the adaptation of existing taxation systems so as to conform to an environmentalist line of reasoning and, secondly, the introduction of new taxes with a financial, environmental or mixed nature. Examples of measures adopted in a reform program of this kind include changes in fuel taxation from the current specific tax to one that takes into account the environmental impact of different kinds of fuels, or a new tax on harmful emissions.

Janusz Rosiek (2018) conducted a study on "The Impact of Environmental Tax Policy on Sustainable Development of The Eu Economies. Dea Approach". The Paper Reviews the Theoretical and Empirical Evidence to Assess Whether There is consensus on the problem: how ecological taxation affects the sustainable development. A detailed empirical analysis of the environmental tax policy impact on sustainable development in the EU countries concerning economic (the impact on selected economic development variables) and climate (the impact on selected ecological development variables) aspects have been carried out in the subsequent part of the study. The study uses the DEA (Data Envelopment Analysis) methodology, which allows to make a comparative analysis of the relative effectiveness of ecological tax policy in the above mentioned countries.

III. Green Tax in India – A Comprehensive Analysis

THE CONCEPT OF GREEN TAX - TYPES OF GREEN TAX

1. Industrial pollution taxes:
Because industrial companies are often responsible for producing a significant amount of pollution but are not the sole sufferers of the pollution (the surrounding area and local environment suffer, instead), taxes must be placed on the amount of harmful emissions they produce. This can take the form of a carbon tax, which places a levy on the carbon-based content of fossil fuels in use at any particular industrial facility. It is a common practice in much of Europe, Australia and, as of 2010, India as well.

2.Individual revenue-based taxes:

These taxes are also aimed at curbing behaviour and practices which can damage the environment, but are aimed primarily at private individuals rather than big business and industry. They can take the form of congestion charges, other vehicle taxation or increased gasoline tax. Though they may not be popular policies in the short-term, history has shown that they can pay off. For example, the London congestion charge has reduced traffic on the roads by 30% and CO_2 emissions have fallen by 20% since its inception.

3.Incentivised taxation:

This type of taxation can apply both to industrial and domestic spheres and works in a contrary manner to the two types outlined above. Instead of castigating people for producing too many harmful gases, it rewards them for employing practices designed to help the environment. For example, subsidised solar panel implementation and a reduced tax rate thereafter encourages home-owners and business-owners alike to pursue sustainable methods. However, there is a small danger that such methods could encourage more people to pollute, albeit less each. The lessened amount of pollution that each is producing is offset by the increased number of polluters – as such, it needs to be rigorously monitored.

IMPORTANCE OF GREEN TAX

The indirect tax system in India has undergone extensive reforms for more than two decades. It can induce appropriate environmental decisions by raising the relative costs of polluting inputs and outputs and thereby correcting the negative externalities of a polluting activity. To the extent that promotion of 'environment' is a public good, like all public goods, financing of this public good should also be from the general pool of taxes including the environmental taxes. The supply of all public goods including the environmental public good should be determined by reference to the principle of 'marginal social cost of public funds'. Environmental challenges are increasing the pressure on governments to find ways to reduce environmental damage while minimising harm to economic growth. When tax is imposed on a polluting or environmentally harmful substance or activity, it introduces an economic cost that the polluter will take into account when making the decision on whether or not to carry on the activity or, how it is done or its extent.

Environmentally related taxes as any compulsory, unrequited payment to general government levied on tax-bases deemed to be of particular environmental relevance. The relevant tax-bases include energy products, motor vehicles, waste, measured or estimated emissions, natural resources, etc. The aim and purpose of environmental taxes is to curb or reduce the extent and amount of the use or consumption of harmful substances or activities, or depletion of a resource. When the imposition of the tax is well targeted, it will add to the costs of the subject paying the tax. The adding of costs to a producer within one country or region, that is not imposed on producers outside that country or region, may of course impact on the competitiveness of the local producer. The result may be that a polluting activity is reduced in geographical areas where environmental standards are higher, and increased or taken over by competitors in places with laxer regulatory regimes.

Green tax (or environmental tax) are taxes imposed on environmental pollutants or on goods whose repeated use contributes to pollution. It is a novel idea to enforce or introduce taxes on substances, which pollute the environment, the ultimate aim being the substantial reduction of pollution. In a country like India, green taxes shall have a deterrent effect, sensitizing the denizens about pollution control and management. This paper will discuss the issue of whether the imposition of green taxes shall assist in the reduction of pollution.

IV. Findings

EFFECTIVENESS OF GREEN TAX IN INDIA

RECENT TRENDS IN AUTOMOBILE INDUSTRY TO REDUCE POLLUTION

On February 19, 2016, the Indian Ministry of Road Transport and Highways (MoRTH) issued a draft notification of Bharat Stage (BS) VI emission standards for all major on-road vehicle categories in India.1 The standards apply to light- and heavy duty vehicles, as well as two- and three-wheeled vehicles. As proposed, the BS VI standards will go into effect for all vehicles in these categories manufactured on or after April 1, 2020. The draft BS VI proposal specifies mass emission standards, type approval requirements, and on-board diagnostic (OBD) system and durability levels for each vehicle category and sub-classes therein. In addition, reference and commercial fuel specifications are included in the BS VI proposal. The adoption of the proposed BS VI emission standards will essentially bring Indian motor vehicle regulations into alignment with European Union regulations for light-duty passenger cars and commercial vehicles, heavy-duty trucks and buses, and two-wheeled vehicles. While not yet reaching European levels, more stringent emission standards are also set for three-wheeled vehicles. With this proposal, the Indian Government has confirmed its intent to leapfrog BS V level emission standards and move directly to the more stringent and robust BS VI level.

SCOPE OF BSV1

The proposed BS VI standards are far-reaching in scope and incorporate substantial changes to existing Bharat Stage III and IV emission standards. Of particular note is the tightening of particulate matter (PM) mass emission limits and the introduction of particle number (PN) limits for light- and heavy-duty vehicles (LDV, HDV) fitted with gasoline direct injection (GDI) and compression ignition (CI), or diesel, engines. As evidenced by the adoption of nominally equivalent PM and PN standards in Europe, this step will likely lead to the near-universal application of diesel particulate filters (DPF) to control PM emissions from new diesel LDVs and HDVs. A second important component of the BS VI standards is the expansion of type approval and in-service conformity test requirements for LDVs and HDVs. For LDVs, provisions are included in the BS VI proposal for real-world driving cycle emission measurements using portable emissions measurement systems (PEMS). For HDVs, the European Stationary Cycle (ESC) and European Transient Cycle (ETC) used for BS III and IV type approval are replaced with the World Harmonized Steady-State Cycle (WHSC) and World Harmonized Transient Cycle (WHTC), respectively.

FEATURES OF BSV1

Representative of real-world driving conditions and better capture driving modes in which pollutant emissions can be elevated. In addition, off-cycle emissions testing requirements and in-service conformity testing for type approval and in-service vehicles using PEMS are introduced for HDVs in the BS VI proposal. For both LDVs and HDVs, these requirements will help to ensure that emissions performance demonstrated in laboratory testing is also maintained under real-world driving conditions. Additional noteworthy aspects of the BS VI proposal include enhanced OBD requirements for all vehicle classes, with first-ever OBD specifications for two- and three-wheeled vehicles, and the introduction of emission limits on nitrogen oxides (NOX), carbon monoxide (CO), and hydrocarbon (HC) for two-wheelers that are equivalent to proposed BS VI norms for light-duty gasoline passenger vehicles. This step will ensure that BS VI two-wheelers will be as clean as BS VI gasoline passenger vehicles on a per-kilometer-driven basis. Policy background Indian regulations for four-wheeled vehicles follow European Union regulatory pathways. The implementation of progressive standards in India has generally lagged behind equivalent EU standards by about 5 years in major cities and 10 years nationwide. In general, standards for two- and three-wheeled vehicles have been developed independently, and do not follow the European model. Currently, emission standards for motor vehicles in India are at BS III or BS IV levels.

EFFECTIVENESS OF BSV1 IN INDIA

. Nationwide implementation of BS IV standards for new vehicles is expected to begin Two-wheeled vehicles, such as motorcycles and mopeds, are the largest vehicle class in India, both in terms of current vehicle population, as well fraction of new vehicle sales. As such, they represent an important source of pollutant emissions and have a significant impact on air quality, particularly in urban areas of the country. As proposed, the BS VI regulations largely align emission limits for two-wheeled vehicles with the most stringent standards adopted for similar vehicle types in the EU, and ensure that these vehicles will generally be no more polluting than BS VI four-wheel passenger vehicles. BS VI emission standards are set for Class 1-3 two-wheelers equipped with SI engines, which account for the majority of the two-wheeled vehicle population in India, and separately for two-wheelers fitted with CI engines. Separate standards are also set for two-wheelers with SI engines less than 50 cubic centimeters and maximum rated speed less than 50 km/h. This class of two-wheeled vehicles largely consists of pedal-powered mopeds, which make up a very small fraction of the market.9 In all cases, BS VI standards will apply to vehicles manufactured on or after April 1, 2020.This means that, for two-wheeled vehicles, the BS VI regulation essentially harmonizes emission limits, as well as implementation schedules with Europe. Relative to BS IV levels, NOX emission limits for these two-wheeled vehicle classes 9 ICCT (2014) Bharat Stage IV Emission Standards for Two-Wheelers in India. INDIA BHARAT STAGE VI EMISSION STANDARDS are reduced by between 70 and 85%. In the BS VI standards, an independent tailpipe HC emission limit of 0.10 g/km is also introduced. In previous regulatory stages, HC emissions from two-wheelers were regulated under a combined NOX+HC standard.

RELATION BETWEEN BSV1 AND COST OF VEHICLES

Those who buy Bharat Stage VI-compliant vehicles will have to pay more since such vehicles will cost automakers more and they will pass on the additional cost to the buyers. The Bharat Stage VI-compliant fuel too will be more expensive. Oil companies have already begun selling fuel complying with the new emission standard in Delhi. The companies are working on meeting the instruction by the Supreme Court to make available BS-VI fuel to 13 metro cities besides the national capital region by April 2019. State companies don't plan to recover the incremental cost incurred in producing higher grade fuel from customers immediately but may do so after April 2020 when the BS-VI petrol and diesel begin selling across the country.OX, BS VI emission standards will help to ensure that emissing in April 2017

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BS V1 AS POLLUTION REDUCERS

Union Minister Prakash Javadekar said that this transition would reduce air pollution by 80-90 per cent. Maruti Suzuki has said in a release that BS-VI compliant petrol vehicles will lead to a substantial reduction of nearly 25 per cent in Nitrogen Oxide (NOx or oxides of nitrogen) emissions. NOx emissions will be brought down by 70 per cent for diesel engines.

The sulphur content of BS-VI fuel, which is five times lower than that in BS-IV fuel, is one of the major differences between the two. The presence of OBD (Onboard Diagnostics) and RDE (Real Driving Emission) on all vehicles will also enable real-time tracking of emissions.

According to reports, BS-VI compliant petrol cars are required to emit no more than 60mg/km of NOx (Nitrogen Oxides) emissions, versus the cap of 80mg/km for BS-IV vehicles. The particulate matter (PM) limit has been capped at 4.5mg/km for petrol engines that use direct injection, reports further state. As for diesel cars, NOx emissions have to be reduced from 250mg/km to 80mg/km, HC+NOx emissions from 300mg/km to 170mg/km, and PM emissions from 25mg/km to 4.5mg/km.

CHANGES IN AUTOMOBILE INDUSTRY FROM APRIL 2020

As for the price, post the transition to BS-VI emission norms, the price of petrol vehicles is expected to see a surge of Rs 10,000 to Rs 20,000 (or more), with its diesel counterparts expected to be privy to a hike of up to a lakh or more. This is due to the higher cost of upgrading diesel vehicles to BS-VI norms.

There have been several discussions in the industry on the viability of selling small diesel engine cars after the new emission norms come into play. Various carmakers have already announced plans to discontinue certain diesel models post the BS-VI transition. Notably, Maruti Suzuki has said it will stop selling all diesel-powered vehicles post BS-VI, even as the diesel variants of Maruti contributed close to 25 per cent of the company's total sales in FY 2018-19.

Whilst grappling with one of the worst slowdowns in recent times, the auto industry also has to ramp down its production of BS-IV vehicles before the deadline, so that the BS-IV stock is completely sold out, as post the deadline, BS-IV vehicles will equate to mere scrap. Meanwhile, automakers have to simultaneously invest in building BS-VI engines and ramp up the production of BS-VI vehicles.

Carmakers have already started rolling out discounts and offers, to revive customer demand now that the festive season is around the corner. Buying a BS-IV car now can be a viable option if customers don't want to pay extra for the same car with a BS-VI engine a few months later. But, if the environment is also to be weighed in, customers can wait for the BS-VI variants to be rolled out by April.

Meanwhile, for automakers, ensuring a seamless transition to the BS-VI emission standards by April 1, 2020, is a top priority, and this impending transition has also been identified by most of them as one of the major reasons for the current subdued demand. It remains to be seen if the automobile industry, which contributes more than 7 per cent to the country's GDP, will finally be able to put the worst behind it, after the transition to the greener BS-VI emission norm in April.

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A Study on Impact of GST System to Retailers with Special Reference to Ernakulam District

**Dr Antony George & ***S Padmadas

*(**Assistant Professor Naipunnya Institute of Management and Information Technology,East Koratty, Pongam, Koratty, Thrissur District*, Kerala 680308)*

Email id: antonygeo@hotmail.com

*(***Student, 4th Semester M Com, Naipunnya Institute of Management and Information Technology, East Koratty, Pongam, Koratty, Thrissur District*, Kerala 680308)*

Email id: s.padmadas@gmail.com

Abstract: The institution of Good and services Tax (GST) Act has made a situation meriting to the complete restricting and transformation of the Indian economy. The enactment of the Goods and service tax, shortly called to be as the GST is considered to be as the biggest indirect tax scheme amended so far with the objective of regulating and monitoring the inequivalent system of the tax system prevailed in India which could certainly guarantee to create an independent platform for all goods and services offered in India. The objective of this study is to analyze the significant impact of GST system in Retailers business with reference to Ernakulam District. Presumably, and as reported, GST system have created uneasiness among various sectors in Indian economy. The case of retail sector is predominant effect as it generate wide employment opportunities in rural and urban sector and also enables large volume of transactions. The rapid growth of retail sector has made a way for GST era to move forward and it is an important discussion across several division. The real challenges faced by the retailers in the present GST system will be sourced through this study and suggested for better integration of State economies and boost overall growth.

Keywords: GST System, Retailers.

I. INTRODUCTION

The origin of the word "tax" is derived made to be from Latin word "taxare" meaning to estimate. A tax is not a voluntary payment or T donation, but enforced contribution, exacted pursuant to legislative authority and is contribution imposed by the government, whether under the name of toll, tribute, impost, duty, custom, excise, subsidy, aid, supply, or any other name.

GST stands as the abbreviate form for Goods and Service Tax.

The chronology depicting the planning and implementation phases of the GST implies of a five-stage process from 1986 is listed as below.

- Vishwanath Pratap Singh who was the 7th Prime Minister of India first initiated GST act in 1986.
- After that in 2007, the prevailing government suggested to deploy GST Act and the proposal has been presented in Lok Sabha
- In 2011 and again the same proposal was presented in Lok Sabha in Dec 2014.
- GST Act was passed in 2015.
- After the approval of Rajya Sabha GST act was launched from 1st July 2017 and it was referred as 101 Amendment of Constitution.

GST has become a revolutionary change in indirect taxes after crossing 25 years of economic improvement or amelioration.

The GST or Goods & Services Tax is a comprehensive, multi- stage, destination-based tax that will be levied on every value addition. Goods and Service Tax (GST) implemented in India on the objectives on bring in the 'one nation one tax' system. But, ironically, and as reports states it to be, the impact and effect of its on various industries are different based on different variables and quantum. The first or the basic level of differentiation arises while in determining on whether the industry deals with manufacturing, distributing and retailing or is providing a service.

1.1 TYPES OF GST

The forms of GST taxes are basically quad furcated as such as;

- **CGST**
  CGST is the abbreviated form for Central Goods and Service Tax, the CGST is basically referred to be as that tax which is levied on the intrastate supply of goods and services. The share of GST tax is redirected to the revenue department of central government. CGST replaces all the current Central taxes like Central Excise Duty, Service Tax, Custom Duty, Special Additional Duty (SAD), etc. the share of this tax compensates all loss of current service tax and excise duty of the central government. In case of local sales, Under GST 50% quantum tax is transferred to SGST.

- **SGST**
  SGST abbreviates for State Goods and Service Tax, this tax system is more identical or is similar to CGST, as part of tax which is diverted to the state government has been credited to revenue department of state government. In SGST, tax is exacted by within one state where transaction of goods and services take place. SGST compensate the loss of other existing tax like sales tax and value added tax (VAT) which was replaced all these taxes and has been a sole claimer of the revenue to the state government. In case of local sales, 50% of quantum tax which was under GST has been redirected to SGST tax.

- **IGST**
  IGST stands for Integrated Goods and Services Tax. This tax is applicable in those transaction cases wherein two states are involved in the purchases of goods and services. This tax is collected by central government. One portion or quantum of the collected tax of IGST tax is transferred to central government and rest is transferred to the state government.

- **UTGST /UGST**

  UTGST stands as the abbreviated form for Union Territory Goods and Services Tax. UTGST provide the same benefits as that of the SGST. The main objectives of the UTGST bill is to levy tax on every purchase of goods and services 'which take place within intrastate'. The UGST/UTGST is only applicable to union territories of India namely Andaman and Nicobar Islands, Chandigarh, Daman, Diu, Dadra, Lakshadweep and Nagar Haveli.

1.2 IMPACT OF GST SYSTEM TO RETAILERS

The retail sector is identified or is stated to be as one of the key pillars for Indian economy and it accounts for more than 10% of Gross Domestic Price (GDP). The GST implementation is followed by the amendments and rivals points out the cases of prima facie importance of both fatalistic and affirmative impacts which could impact on the economy.

- **Less Taxes**
  As per current tax scenario, retailers are indulged to about 30% indirect taxes such as CST, VAT, service tax on warehousing, octroi, excise duty and many more. Retailer tax burden shall be lessening by GST system as it will assign everything into a single tax. So, simplified tax structure will come into existence by eradicating cascading of taxes.

- **Free flow of goods across the nation**
  The GST implementation merits to the cases wherein the, state borders will be unconnected from both the points of taxation and documentation. This will result into free flow of goods across the nation without any kind of barriers. GST will make way for distribution of efficient channel and reduce the complication for retailers.

- **Streamlined supply chain**
  GST has made way for negative impact on warehouse networks nexus for retail businesses. Due to the abolition of CST under GST law, warehouses are no longer required for retail businesses in every state. Logistics will become efficient too as state border check posts will go irrelevant.

- **Gifts, free samples also taxable**
  'GST will come under 'supply of goods instead of sales or manufacturing'. Under GST tax regime, any supply without consideration will result in tax. Retail sector always comes up with many offers like buy one get one free or some freebies on larger goods. Tax will be imposed on such gift items or products. Leading to affect the promotional activities of retail sector as under current taxation structure, such goods are tax-free.

- **Changes in decision making**
  From the supply chain to distribution to promotions, every strategy of retail industry will be affected by GST fatalistically from the economical point of view. Retailers will have to re-think these strategies and re-model their nexus of network. Retailers may need to revamp the pricing policy of their suppliers in view of enhanced credits that may be available to suppliers in GST regime. Making necessary changes will make it easy for them to comply with GST.

- **Growth of Retail Market**
  GST will unify the markets as there will not be any state boundaries to hinder the business. GST will streamline the intra-state as well as inter-state transactions. Retailers could possibly expand their business beyond one state with ease due to one-time registration of their business. This will also contribute towards the growth of the retail market and help boost the economy of the country.

Overall impact of GST on retail sector

Conclusively, the impact of GST on retail sector is going to be positive from both taxation and operations point of view and it has been proved long success from its introduction in 1700s. But the overall success rates, satisfied perception is relied upon the implementation mechanism. GST will depose total indirect taxes, upsurge supply chain efficiency and facilitate seamless input tax credit. The end price for consumers will also reduce because of GST. Except some clauses, GST will benefit retail sector in a big way.

Under GST, which is a destination-based tax, tax is collected by the state where the goods or services will be consumed. And due to that, it becomes highly crucial to select the appropriate place of supply for making a tax payment. Under the GST regime, the place of supply for retailers will be the final location where the goods are delivered to the customers.

II. LITERATURE REVIEW

Garg (2014) analyzed the impact of GST on Indian tax scenario. The researcher tried to highlight the objectives of the proposed GST plan along with the possible challenges and opportunity that GST brings. He concluded that GST is the most logical step in Indian indirect tax reforms. Furthermore, he mentioned that GST is likely to improve the tax collection and boost the economic development of the country.

Khurana & Sharma (2016) conducted a study with a view to explore various benefits and opportunities of GST system by throwing a light on its' background, objectives of proposed GST plan and its impact on Indian tax scenario context. The researchers concluded that GST implementation will definitely benefit producers and consumers even though, its' implementation requires concentrated and collaborated efforts of all stake holders especially central and state government.

Lourdunathan & Xavier (2017), conducted a study on the basis of past literature to study the opinions of manufacturers, traders, retailers, society etc. about the GST and the challenges and prospects of introducing GST in India. They concluded that no doubt GST stands with one tax one nation slogan and will provide relief to producers as well as consumers. Its efficient implementation will lead to resource and revenue gains.

1.3 STATEMENT OF THE PROBLEM

The concept of GST implementation is of objectives of simplifying the indirect tax system in the country. The simplification process of one country one tax could enable a perpetual business transaction throughout the country and also around the world. As per the international reforms the arrival of GST has forced retail sector to renew their strategies, supply chains, costing and systems which is apart from meeting the quality standards. Complying with GST is bit complex for retailers at present. However, in the long run it will benefit for concise and medium scale businesses and for the consumers as well. By considering the above statement, the present study conducted a research to identify the impact of GST system to retailers. The overall effect of GST on retail sector are reviewed and adverse effects observed were addressed in this study.

1.4 OBJECTIVES OF THE STUDY

- To study the impact of GST System to Retailers with special reference to Ernakulam District
- To know the level of agreement and awareness about GST system to retailers
- To identify the problems faced by the retailers due to GST implementation.

1.5 NEED OF THE STUDY

The GST or the Goods and Service Tax are the new taxation policies institute by the Government of India (GoI) with the objective of unifying the taxation system of indirect taxes. The study merits to high important determinant opportunities in this era to know about the introduced concept and how it could have possibly affected the retailers and to solve deficiencies in the current system, if any.

1.*6 SCOPE OF THE STUDY*

The study merits to further scope of identifying the future implications which could have been confronted on to the retailers and make cases to solve the deficiencies. The challenges faced by the retailers in the present GST system will be sourced through this study. The study is more applicable to understand that the current GST system is more likely to boost up India's economic progress by deploying Uniform tax rate which erupt all tax barriers between states.

III. RESEARCH DESIGN

The research study is descriptive in nature focusing on an impact study of GST system to retailers. In Ernakulam district.

2.1 Sources of data

Both the primary and secondary data sources were used in the data collection part. Primary data were collected from various startup entrepreneurs using a structured questionnaire supported by pilot experiments. A lot of primary details was collected through direct survey and personal interview with a structured questionnaire with the startup founders. Secondary data were collected through internet journals, the government published journals, books, other reports.

2.2 Sampling design

Convenient sampling method was used as the sampling technique. 50 retailers responded to the research requirements.

2.3 Tools for collecting data

Questionnaire method was used for collecting primary data.

2.4 Tools for analysis and interpretations

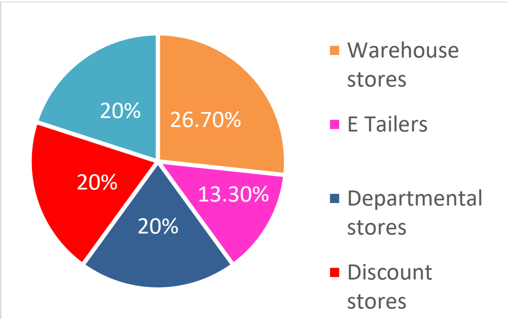
Analysis and Interpretation were being done with the aids of percentage tools of analysis.

2.5 LIMITATIONS OF THE STUDY

1. Even though all measures have been taken to verify the reliability of data, the possibility of such error cannot be completely avoided. The present study is limited to the analysis.
   Observations and data analysis may vary based upon area and response concerning locations. Results on the cases cannot be extensive in such cases

IV. DATA ANALYSIS ANDINTERPRETATION

Figure 1: Types of Retailers



Interpretation:

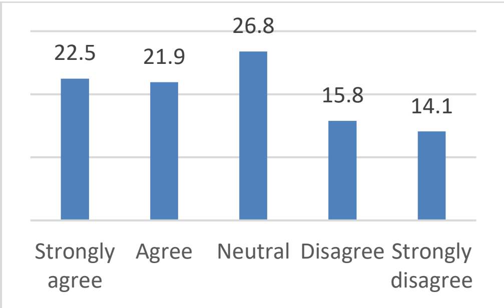
The above graph depicts the retailers based on the type of model they operate in. it shows that 26.7% of respondents are warehouse stores owners, followed by 13.30% of respondents as E Tailers an rest three categories of discount stores, departmental stores and supermarket retailers constitute 20% each.

Table 1: Distribution of samples based on variables

S.NO	Category	Subgroups	Number	%	Total
2.	Number of years in business	Below 1 year			50
		1 year to 2 years	13	26	
		2 years to 5 Years	7	14	
		Above 5 years	30	60	
3.	Locality of business	Rural	17	34	50

		Urban	33	66	
6.	Opinion about your business flow after GST implementation in beginning stages during July 2017	Very Good			50
		Good	13	26	
		Neutral	17	34	
		Poor	20	40	
		Very Poor			
7.	Opinion about your business flow after Revised GST implementation in tax percentages	Very Good			50
		Good	20	40	
		Neutral	17	34	
		Poor	13	26	
		Very Poor			
8.	Level of satisfaction with the present GST system	Highly Satisfied			50
		Satisfied	10	20	
		Neutral			
		Dissatisfied	30	60	
		Highly Dissatisfied	10	20	

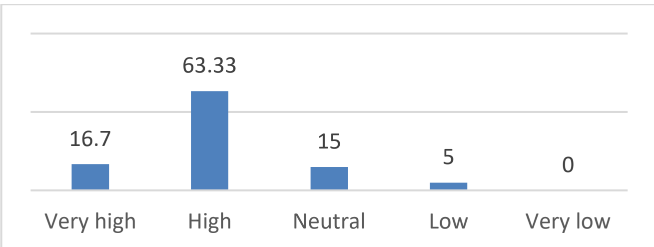
Figure 2: Impact of GST System to Retailers (Beneficial)



Interpretation:

The above graph depicts the impact of GST system to retailers. The graph inference states that a major portion of respondents constituting 26.8% express their view as neutral, 22.5% of respondents strongly agrees, 21.9% of respondents agrees, 15.8% of respondents express disagreed opinion and the rest 14.1% of respondents strongly disagrees the preposition that GST benefits the retailers. The graphical analysis of the question was founded out through combination of eight supporting statements.

Figure 3: Level of extremeness towards impact to retailers due to GST implementation



Interpretation:

The above graph depicts the level of extremeness of GST system to retailers. The graph inference states that a major portion of respondents constituting 63.33% express high extremeness faced due to GST implementation, 16.7% express high extremeness faced due to GST implementation, 15% of respondents express a neutral opinion, 5% of respondents states their extremeness level faced to GST as low. The graphical analysis of the question was founded out through combination of four supporting statements.

V. RESULTS

4.1 FINDINGS

- Majority 26% of the respondents are from 'warehouse stores' followed by 20% of the respondents from departmental stores, discount stores, supermarket stores and 13.3% of respondents are E Tailors
- Majority 60% of the respondents are 'Above 5 years 'in the business.
- Initially GST has left a negative impact and also Demonetization affected wholesaler and retailers quite badly. Majority 66% of the respondents are from 'Rural' only.
- GST will bring monetary benefits for the FMCD sector in long run
- Substantial portion of respondents demands revised GST norms
- Majority 40% of the respondents are dissatisfied with the present GST system.

4.2 SUGGESTIONS

- Retailers and wholesalers are aware about the GST system but they do lack prominence about rules.
- Highly necessary for the wholesalers and retailers need to upgrade their IT framework.
- Credit time for payment of products should be increased by the FMCG Companies
- Free gifts to be replaced by cash discounts.

VI. CONCLUSION

The research study concludes that the institution and implementation of Goods and Services Tax (GST) in India is now necessary and was deployed in 2016-17. It has created a significant effect on dealers and retailers.

The implementation phase and the continued economic running by complying with the norms and regulations have contributed to a large sum of controversial talks and debates which are against the favor of GST. These are mainly happened mainly due to the improper slab rates, lack of knowledge of retailers and manufacturers, lack of IT infrastructure, and filing knowledge to comply with these. But, if possible, measures are introduced by the government concerning the planned revision and knowledge reception and other hindrance are overcome by the rest, the objective of GST would fetch subtle results instead of futile ones.

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A Study on Impact of GST among Business Owners in the State of Kerala - With Special Reference to Thrissur

Noble Devassy
Assistant Professor in Commerce
Naipunnya Institute of Management and Information Technology, Pongam

Abstract

As per the Constitution Amendment Bill 2014(122nd Amendment), the Goods and Service Tax (GST) was implemented in India on1st July 2017.GST aimed to replace the existing multi-tiered Indian taxation system and remove the barriers in the form of cascading effects of taxation. Main purpose of this paper is to know the challenges and issues faced by the various categories of businesss owners on the GST implementation. This study will show on the after effects of GST implementation on each sector (Textile Industry, Footwear Shop, Jewellery, Restaurant, Hyper Market). This study also focused on the factors like compliance cost, GST processing procedures, demonetization impacts, changes in the regulatory systems etc influence on each sector separately. This will helpful to overcome the obstacles and hurdles faced by the small business owners in Kerala.

Key words: GST in Kerala, post impact of GST

V. INTRODUCTION

GST is one of the biggest taxation reforms under taken in India.It is a major reform in tax structure in our country where there are lots of issue related to transparency is important. This tax system directly bring its effect on many Keralites, especially the business owners in various categories.

GST would have an impact on the pricing, working capital, contracts with vendors and customers etc. GST is mainly technology driven. So this study aims to bring a detailed account of GST, its challenges and its effects in the state of Kerala especially in Thrissur District. The researcher in this study had conducted a field survey of 25 business owners from 5 various categories.

OBJECTIVES OF THE STUDY:

- To know the opinion of various categories of business owners of Thrissur District on implementation of GST.
- To aware the issues and challenges faced by the business owners due to the GST implementation.
- To assess whether there is any increase in the compliance cost on the implementation of GST.

SCOPE OF THE STUDY:

This study will be helpful to the business man for bringing the changes in the procedures and compliance cost in favorable to the consumers. This study also helps to know the challenges faced by the small business owners to overcome the hurdles in future. Opinions of the retailers will be useful to modify a structure of GST procedures and practices for the smooth functioning of the business.

METHODOLOGY OF THE STUDY:

Sampling frame:

The researcher used cluster sampling for this work.5 samples from each cluster (Textile Industry, Footwear Shop, Jewellery, Restaurant, Hyper Market) has been taken for the study purpose.

Cluster sampling used in marketing research. In this sampling plan, the total population is divided into these groups and a simple random sample of the groups is selected.

HYPOTHESES:

H_0: There is no significant association between the benefits earned by business owners is independent of revenue earned after GST implementation.

H1: There is significant association between the benefits earned by business owners is independent of revenue earned after GST implementation.

H_0: There is no significant impact of GST on various categories of business owners.

H1: There is significant impact of GST on various categories of business owners.

LIMITATIONS OF THE STUDY:

1. Participants are hesitant for giving the answers on turn over, work done without bills, cost details and other quantitative information. So there is a possibility for bias related to above details.
2. The business owner did not fully understand the tax process. Most of their work was done by their office staff or the tax practitioners hired by them.
3. The survey was concentrated only on one place. The researcher should conduct the survey to be wider and at different places.

VI. REVIEW OF LITERATURE

Arun Gautam, Gaurav Lodha, M L Vadera(2019)[1] "Evaluating the Impact of GST on the Growth of Manufacturers, Distributors, Retailers, Freelancers, Startups Etcetera Differently in the IT sector -An Empirical Research". The researchers made a study to identify the growth of IT sector in different perspective. They identified that the IT sector had a boom period with an increase in the sale of the software and simplicity of tax system. The IT companies, service providers and freelancers have clearly benefited through new tax system.

Dr.Yuvaraja U (2019)[2] "Impact of GST on retail traders: A study." The problem identified for the research has taken up an evaluative study of the implementation of a GST in Belthangady town, Karnataka State. In this micro study, researcher has exhibited, in front of scholars, the pulses of retailers about the executed new tax (GST) in the study region.

Jerin George (2019)[3] "Goods and Service Tax (GST) on the retailers with special reference to Kerala" This research takes certain variables that act as determining factor in retailer's GST. It includes a detailed analysis of awareness of GST policies and the implementation procedures among Kerala retailers.

Aangha Sanil, S Sruthi, S.Sreelakshmi and T.G.Manoharan. (2018)[4] Goods and Serivce Tax Implementation in Kerala "An Impact Analysis". This study was carried out in order to identify the impact of GST in Middle class society of Kerala. This study was conducted to get the acceptance level of GST among middle income people and to know how much the layman aware about the new tax system. If the implementation errors are solved, it would be the best tax practice.

Dr.Arun B K, Hemanth Y (2018)[5] "Impact of GST on Retail Business practices in India." The paper addresses broad perspective of GST in present scenario of retail business and the implementation of GST across product category in retail stores.

Indhu.S, Kirubagaran K (2018)[6] The researcher made an analysis of great impact of new tax system (GST) in the textile industry by high rate tax on the cost of goods by conducting "A study on GST and its impacts on textiles shops in Coimbatore, Tamilnadu". The researcher concluded that people with low level income suffers a lot due to the high tax rate and also the textile owners are badly affected due to the implementation of GST. Due to low profitability, the implementation of GST on the textile shops was a failure.

Sreekumar P. G., C. R. (2018)[7] "A Study on the Impact of GST in FMCG Sector with Special Reference to Palakkad District, Kerala". This study is trying to know about the opinion of consumers in GST implementation in FMCG and also to find out the pros and cons of GST.A detailed study on consumer And retailer awareness and perception on GST was done. They are also mentioned that the government officials should ensure the proper execution of GST.

S Rajini, Dr. N Raja Hussain (2018)[8] "Traders' perception towards goods and services taxes implementation in India with reference to Vellore district Tamil Nadu." The paper showed that there is less awareness among traders toward GST practices. This would suggest on the fiscal policy development of the central Government. The purpose of this paper was to find out the probable areas of challenges faced by the tax agents.

Sanjay Nandal, Diksha (2018)[9] "Perceptions of traders and manufacturers towards GST" This study has conducted to investigate the perceptions of traders and manufactures towards GST. They showed that the benefit of GST will come in the long run. But at the same time, there is many challenges are faced by the traders.This study suggested that for successful implementationof new tax system ,the central Government should give the awareness classes to traders and manufacturers,reduce the GST portal issues,increase the IT infrastructure etc.

Sreekumar P. G., Suvarnalakshmi V (2018)[10] "GST: A Boon Or A Curse- A Study With Special Reference To Retailers In Thrissur District, Kerala". The researchers made the study to know the changes in retail sector after the implementation of GST and to furnish information for further work on GST. They suggested that GST will create a long term effect in our country and tax evasion and corruption can be reduced to great extent.

. *ANALYSIS OF DATA*

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	9.375[a]	1	.002		
Continuity Correction[b]	6.510	1	.011		
Likelihood Ratio	11.157	1	.001		
Fisher's Exact Test				.005	.005
Linear-by-Linear Association	9.000	1	.003		
N of Valid Cases[b]	25				

(a. 2 cells (50.0%) have expected count less than 5. The minimum expected count is 2.00.

b. Computed only for a 2x2 table)

P=0.002 which is less than 0.05 therefore there is a significant association between revenue increased after GST implementation system among business owners. So we accepted the H_1.

Regular Registration

		Frequency	Percent	Valid Percent
Valid	Regular Registration	20	80	80
	Compound Registration	5	20	20
	Total	25	100	100

Awareness of Goods & Services

		Frequency	Percent	Valid Percent
Valid	Yes	6	24	24
	No	19	76	76
	Total	25	100	100

GST Tax slabs

		Frequency	Percent	Valid Percent
Valid	3% only	5	20	20
	Mixed Slab	20	80	80
	Total	25	100	100

Exempted Goods

		Frequency	Percent	Valid Percent
Valid	Yes	25	100	100

Usage of E-way bill mechanism

		Frequency	Percent	Valid Percent
Valid	Yes	20	80	80
	No	5	20	20
	Total	25	100	100

Possibility of challenges faced by the registered person

		Frequency	Percent	Valid Percent
Valid	Yes	20	80	80
	No	5	20	20
	Total	25	100	100

List of Challenges

		Frequency	Percent	Valid Percent
Valid	Behavioural	5	20	20
	Complexity	11	44	44
	Increase in tl	4	16	16
	Other reasor	5	20	20
	Total	25	100	100

Category of Business

		Frequency	Percent	Valid Percent
Valid	Textile Industry	5	20	20
	Footwear	5	20	20
	Jewellery	5	20	20
	Restaurant	5	20	20
	Hyper Market	5	20	20
	Total	25	100	100

Awareness programmes to tax payer on GST

		Frequency	Percent	Valid Percent
Valid	Strongly Agree	3	12	12
	Agree	15	60	60
	Strongly Disagree	3	12	12
	Disagree	4	16	16
	Total	25	100	100

Awareness of technical experts from outside

		Frequency	Percent	Valid Percent
Valid	Strongly Agree	18	72	72
	Agree	7	28	28
	Total	25	100	100

Preparation of bills after GST implementation

		Frequency	Percent	Valid Percent
Valid	Strongly Agree	4	16	16
	Agree	2	8	8
	Strongly Disagree	8	32	32
	Disagree	11	44	44
	Total	25	100	100

Complaints faced in the GST system

		Frequency	Percent	Valid Percent
Valid	Portal Issues	5	20	20
	Cost Element	10	40	40
	Lack of trained manp	5	20	20
	Any other issues	5	20	20
	Total	25	100	100

Problems faced by consumers during the purchase

		Frequency	Percent	Valid Percent
Valid	Demonetization Issue	15	60	60
	GST portal issue	10	40	40
	Total	25	100	100

Revenue increase after GST Implementation

		Frequency	Percent	Valid Percent
Valid	Yes	10	40	40
	No	15	60	60
	Total	25	100	100

Reasons for No support

		Frequency	Percent	Valid Percent
Valid	Increase the	5	20	20
	All the abov	20	80	80
	Total	25	100	100

Purchase of inputs help to claim tax

		Frequency	Percent	Valid Percent
Valid	No	25	100	100

System beneficial to business owners

		Frequency	Percent	Valid Percent
Valid	GST	5	20	20
	Sales tax	20	80	80
	Total	25	100	100

Support for GST implementation

		Frequency	Percent	Valid Percent
Valid	Yes	12	48	48
	No	13	52	52
	Total	25	100	100

Problems faced by consumers during the purchase

		Frequency	Percent	Valid Percent
Valid	Demonetization Issue	15	60	60
	GST portal issue	10	40	40
	Total	25	100	100

Revenue increase after GST Implementation

		Frequency	Percent	Valid Percent
Valid	Yes	10	40	40
	No	15	60	60
	Total	25	100	100

Reasons for No support

		Frequency	Percent	Valid Percent
Valid	Increase the	5	20	20
	All the abov	20	80	80
	Total	25	100	100

Purchase of inputs help to claim tax

		Frequency	Percent	Valid Percent
Valid	No	25	100	100

System beneficial to business owners

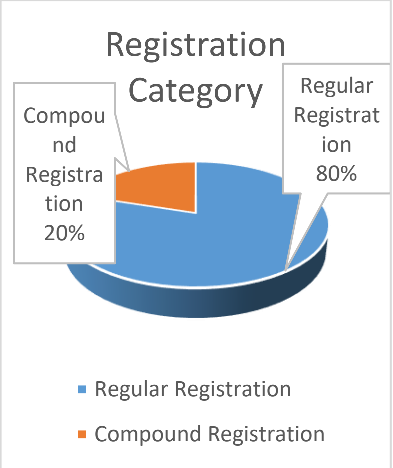
		Frequency	Percent	Valid Percent
Valid	GST	5	20	20
	Sales tax	20	80	80
	Total	25	100	100

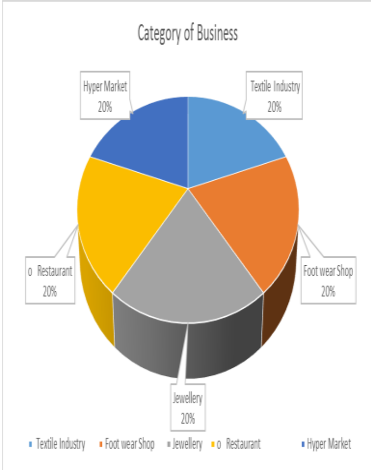
Support for GST implementation

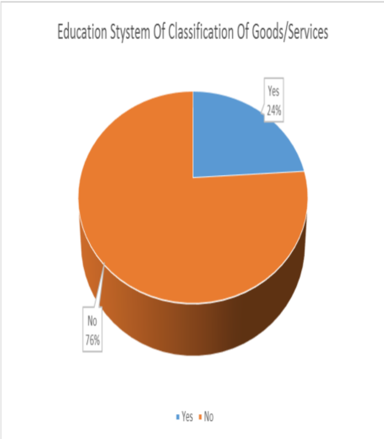
		Frequency	Percent	Valid Percent
Valid	Yes	12	48	48
	No	13	52	52
	Total	25	100	100

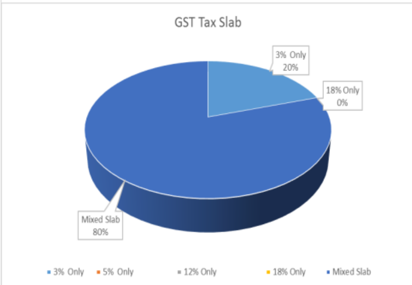
Revenue increase after GST Implementation * System beneficial to business owners	25	100.0%	0	.0%	25	100.0%

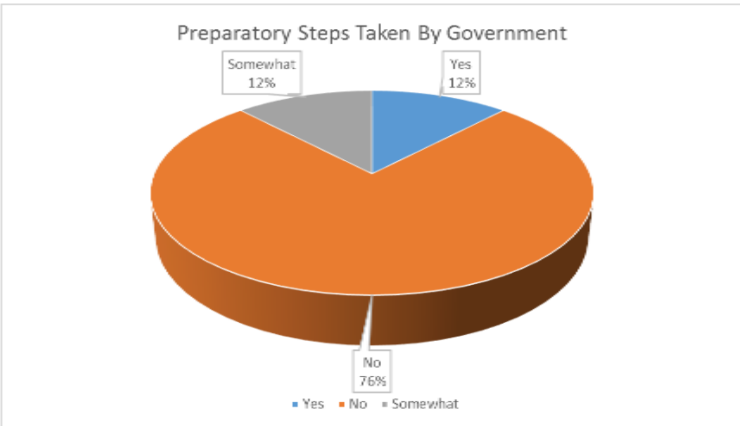
Revenue increase after GST Implementation * System beneficial to business owners Cross tabulation					
			System beneficial to business owners		Total
			GST	Sales tax	
Revenue increase after GST Implementation	Yes	Count	5	5	10
		% within Revenue increase after GST Implementation	50.0%	50.0%	100.0%
		% within System beneficial to business owners	100.0%	25.0%	40.0%
		% of Total	20.0%	20.0%	40.0%
	No	Count	0	15	15
		% within Revenue increase after GST Implementation	.0%	100.0%	100.0%
		% within System beneficial to business owners	.0%	75.0%	60.0%
		% of Total	.0%	60.0%	60.0%
Total		Count	5	20	25
		% within Revenue increase after GST Implementation	20.0%	80.0%	100.0%
		% within System beneficial to business owners	100.0%	100.0%	100.0%
		% of Total	20.0%	80.0%	100.0%

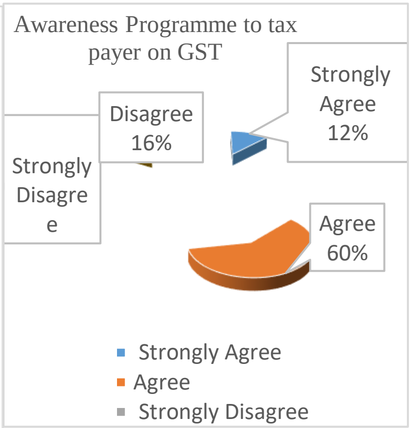






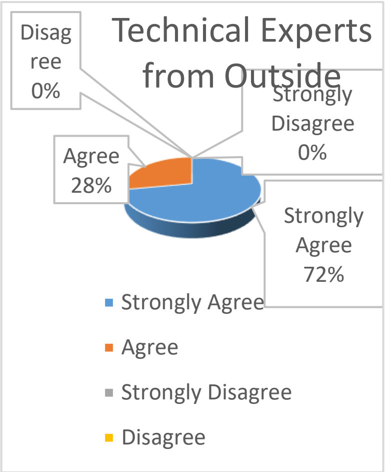


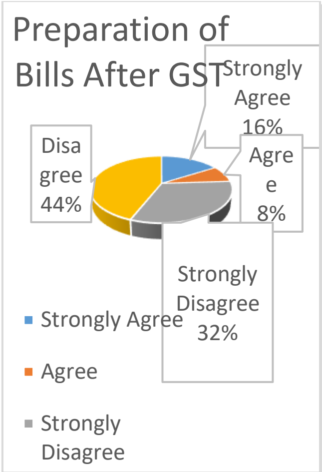


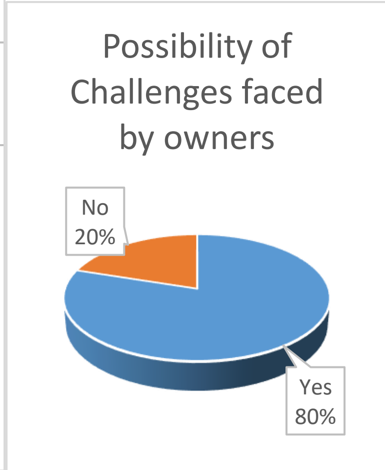


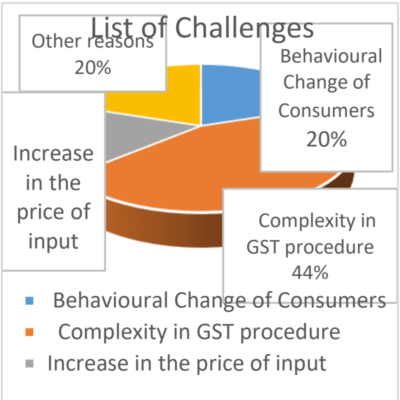
INFERENCE:

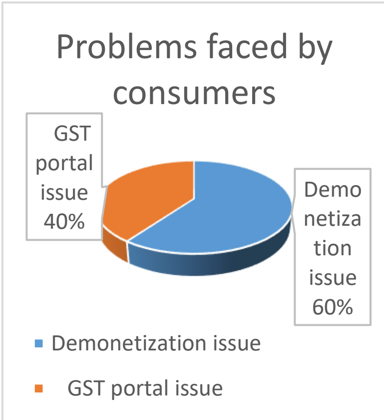
From the first table it is interpreted that 80% of the respondents are came under regular registration. Every supplier is required to be registered as regular under the GST Act, if their turnover in a financial year is Rs. 20 lakh or more. The compound scheme was opted by 20% of the respondents whose turnover is less than Rs.1.0 crore. The researcher selected 25 samples from 5 each category of the business. A 5-tier GST charges are available i.e.3%, 5%, 12%, 18% and 28% and a mixed slab for combined goods.80% of the owners are under mixed slab system.76% of the respondents are not educated regarding the classification of goods and services. The owners of various business entities are fully aware about exempted goods and services in their respective areas.

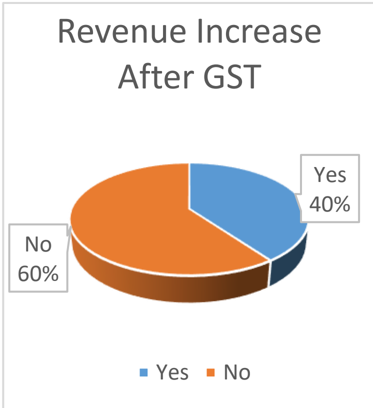


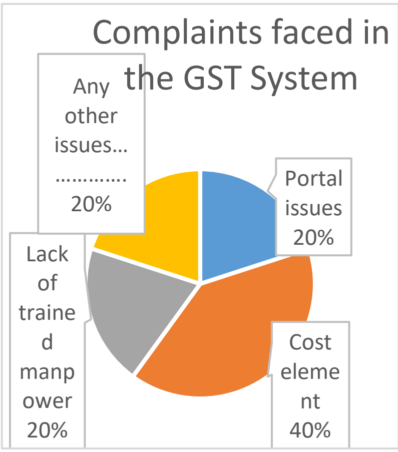


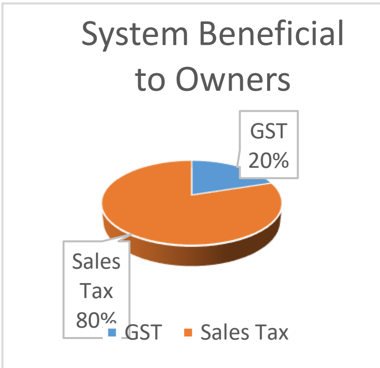


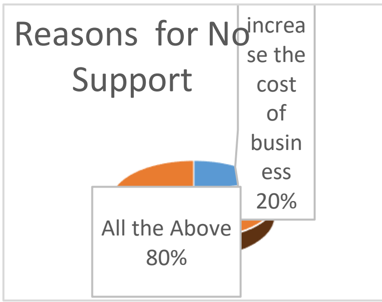












○ *FINDINGS*

- Even if the owners are aware of new tax system of GST, they are not able to tackle the benefits out of it.80% of the respondents were supported sales tax system due to simplicity of tax structure.
- There were initiatives from the part of government with regard to awareness programmes to the business owners of Kerala to reduce the different tax slabs and to make common rate for all types of purchases.
- Along with GST issues many business owners faced other issues like Operation Kubera, demonetization issues etc.
- The implementation of GST has also increased the number of times a business owner visits a tax practitioner. That was strongly agreed by 72% of the respondents.

○ *SUGGESTIONS*

- Availability of government assistance for GST should be ensured through online and offline methods.
- A proper awareness programme should be conducted by government to educate the business owners and the tax practitioners because it may become a reason for failing of this new tax system.

- Changes to be made in preparation of the GST returns as well as information technology processes. Training and availability of computer software is required.
- Government should monitor the new tax system and make sure that its benefit reaches the right person.
- The Government should make a regular inspection on business concerns with regard to GST.
- The Government should check the tax evasion periodically.
- Credit time for payment of products should be increased and remove the different tax slabs.

o *CONCLUSION*

The purpose of this study was to make a study on implementation of GST among business owners. It is one of the government strategies to substitution of tax reform for the improvement of the revenue, value, and transparency of tax administration and management in our country. But the government needs to change the GST implementation procedures to the traders as well as public. This study shows some drawbacks of GST and its implementation which could be corrected and made clear by the central Government. In such a way that GST would be a user friendly tax system. This study suggests that government should make training and awareness programmes to make the owners more understandable about GST, improve the digital infrastructure in economy, reduce the return filing formalities, and bring all the goods and services in one tax structure.

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Goods and Service Tax – A Comparative Study between India and Canada

Arjun. G[1], Gokul. R[2]Joseph Jacob[3]

[1] M.com Student, Naipunnya College, Pongam

[2] M.com Student, Naipunnya College, Pongam

[3]M.com Student, Naipunnya College, Pongam

Abstract: *-GST is intended to include all the taxes into one tax and charged on both goods and services. Thus, the tax is expected to reduce cascading effect, the concept of 'tax on tax', and increase the gross domestic product (GDP) of the economy and reduce prices. This paper gives a brief understanding about prevailed VAT system and the present GST and a comparison between Indian GST and Canadian GST/HST. The paper facilitates one with understanding what GST is and various aspects concerned with it. Implementation of GST in India was a very tough trade to be dealt with. The paper gives an analysis of the GST system in India and Canada also the GST Vs VAT. There are only two countries apart from India namely Canada and Brazil have implemented the duel GST model.*

Keywords: GST, India, Canada, Comprehensive analysis

1. Introduction

There are several taxes that are levied by the Central and state Governments on Goods and services provided in India. The tax imposed on goods and services are called indirect tax. Indirect tax on goods and services includes Value Added Tax, Service Tax, Excise Duty, Customs Duty, etc. Each state levies their own tax on goods and services provided at their domestic territory by way of excise duty while the Central Government levies taxes on the manufacture of the goods. All these indirect taxes levied on the traders are passed on to the consumer.

Goods and Services Tax is particularly designed to replace the indirect taxes imposed on goods and services by the Centre and State governments. GST is the indirect tax at all the stages of production to bring uniformity in the system and also it's implemented with a view to eliminate the **cascading tax effect.**

The **cascading tax effect** also termed as "tax on tax". It is a situation wherein a consumer has to bear the load of tax on tax and hike prices as a result of it. This effect occurs when a good is taxed on every stage of production. Such a good is taxed till it is finally sold to the consumer. This means each transaction on good is taxed i.e. the succeeding transfer or addition in the value of good is taxed which includes the taxes charged on the preceding stage of production or transfer of good. As a result the final consumer bears the burden of the multiple taxes imposed on every stage of production and such a situation leads to hike in prices.

GST is expected to boost the economy by at least 2% in the coming years, some experts and analysts believe that the short term impact of GST can be neutral or it may be negative even. In the long run, the GST will be beneficial to all as it is expected to help to put an end to the tax evasion and check price rises.

The Central government is compensating revenue loss of the state from the impact of GST and it will continue for a period of 5 years from 2017 i.e. the date of introduction of GST in India.

II. Review of Literature

(Anand Nayyar, Inderpal singh, February 2018) The paper highlighted the background of the taxation system, the GST concept along with significant working, comparison of Indian GST taxation system rates with other world economies and also presented in-depth coverage regarding advantages to various sectors of the Indian economy after levying GST and outlined some challenges of GST implementation.

(Dr. Baneswar Kapsi, 2017) The study has been divided into five parts. Part 1 provides an introduction gibing the introduction about GST in India and Canada. In part 2 review of literature has been made and in part 3 methodology of the study has been discussed. In part 4 discussions of the result have been made and in part 5, conclusion has been made. In this paper an attempt has been made to assess the GST of India with the GST/HST prevails in Canada.

(Subhamoy Banik, Advocate Arundhuti Das, 2017) This paper presents an overview of GST concept, advantages and explains its features along with focused in challenges faced by India economy in execution.

(Dr. Anshu, Sandeep Priyadarshi, 2017) This paper is an outcome of an explanatory research which is based on secondary data to understand the concept of GST and its mode of operation. This paper also focuses on the impacts of GST and problems associated with implementation of GST in India.

(Shefali Dani, 2016) The impact of GST in Indian economy is briefly pointed in this paper also the benefits of GST. A brief overview of the arguments against GST, the impact on telecommunication sector, newspaper and advertisements, petroleum products, electricity, real estate and liquor .

Objectives

- An overview of advantages of GST over VAT
- To compare the GST tax structure in India and Canada

Research Methodology

The present study is based on secondary data. The secondary data is obtained from the official site of GST India and GST Canada and few other articles. A genuine attempt had made to reach a meaningful conclusion based on the objectives formulated for the study with the available data

III. GST – Comparison between India and Canada

Indian GST

The History

2000

PM Vajpayee set up a committee to draft GST law

2004

A task force concludes GST must be implemented to improve current tax structure

2006

Finance Minister proposes GST introduction from April1 2010

2007

GST to be phased out. Rates reduced from 4% to 3%

2008

EC finalizes dual GST structure to have separate levy, legislation

2010

Project to computerize commercial taxes launched but GST implementation postponed

2011

Constitution Amendment Bill to enable GST law introduced

2012

Standing committee begins discussion on GST but stalled it over clause 279B

2013

Standing committee tables its report on GST

2014

GST Bill reintroduced in parliament by Finance Minister

2015

GST Bill passed in Lok Sabha but not passed in Rajya Sabha

2016

GSTN goes live

2016

Amended model GST law passed in both houses. President gives assent.

2017

Four supplementary GST Bills passed in Lok Sabha and approved by Cabinet.

2017

Rahya Sabha passes four supplementary GST bills. Final GST to implemented on Jul 1, 2017

2017 clearTax launches India's first GST sofrware	GST launched on 1st July 2017

The definition of Goods and Services Tax is "GST is a comprehensive, multi-stage, destination-based tax that is levied on every value addition"

Multi-stage

A product goes through number of hands in its supply chain i.e. from manufacturer to final consumer which includes the following cases:

- Procuring raw materials
- Production
- Transportation and warehousing of produced goods
- Wholesaler
- Retailer
- End user or final consumer

GST levied on each of these stages which makes it a multi-stage tax.

Destination-Based

Consider the situation where a particular good manufactured in State 'A' and are sold to the final consumer in state 'B' the entire tax revenue will go to 'B' and not to 'A' since GST is levied at the point of consumption.

In India exists dual GST model i.e. tax is levied by Central and State governments.

There are 3 taxes applicable under this system: Central Goods and Services Tax, State Goods and Services Tax and Integrated Goods and Services Tax.

CGST is levied on Intra State transaction of goods and services by the Central Government and governed by the CGST Act whereas **SGST** is levied by the State Government on the same and governed by the **SGST** Act. **IGST** is collected by the Central government for inter-state transaction (E.g. transaction between two States)

GST will replace the following taxes.

Table No:1 Taxes included under GST

Central level	State level
1. Central Excise Duty 2. Duties of Excise (Medicinal and Toilet Preparations) 3. Additional Excise Duty 4. Service Tax 5. Additional Customs Duty (Countervailing Duty) 6. Special Additional Duty of Customs 7. Cess and surcharges in so far as they relate to supply of goods or services	1. State value added tax 2. Entertainment Tax 3. Central Sales Tax (levied by the Centre and collected by the States) 4. Octroi and Entry Tax 5. Purchase Tax 6. Luxury Tax 7. Taxes on lottery, betting and gambling 8. Taxes on advertisements 9. State cesses and surcharges in so far as they relate to supply of goods and Services

GST is levied on consumption of goods and services whereas the VAT system was imposed at different stages of production of goods and services. The credits of '**input taxes'** paid at each stage will be available in subsequent stages of value addition and therefore GST is a tax on value addition at each stage and thus the final consumer will bear only the GST charged by the last dealer in the supply chain. **Input tax**is the tax paid on purchases by a registered dealer in course of its business. When a dealer that is registered for

Value Added Tax buys goods or Services from another supplier, VAT is charged at a particular percentage or the purchase cost. This is known as input tax.

A comparison between VAT and GST

Table No : 2 VAT & GST		
Major Features	VAT	GST
Structure	Structure of VAT is different states, VAT rates also differ.	A dual GST model with Central GST and State GST levied on the same base, having 4 tax slabs.
Cascading effect	VAT was not extended to include the chain of value addition and thus the benefits of input tax and service tax remains out of the reach of manufacturers.	GST capture value added in the trade and a continuous to follow from the original producers point up to the customer's level. This eliminate the effect of tax on tax, also all major Central and State taxes will get subsumed into the GST reducing the multiplicity of taxes.
Coverage	Narrow base and separate service tax.	Wider base and applied on both goods and services. As it's a consumption-based tax it is collected at the place where the goods or services are actually consumed.
Procedures for collection of tax.	Varied from state from state.	Uniform tax slabs throughout the country.
Tax administration	Complex structure due to number of taxes.	Simple, easy and tax-payer friendly.
Use of Information Technology	Not much used.	GST is completely IT based. It depends on IT for the Goods and Services Network (GSTN)

Source: http://empcom.gov.in

Advantages of Indian GST over VAT

1. **GST eliminates cascading tax effect:** GST is a comprehensive tax that was designed to bring the indirect taxation under one umbrella.

Before GST:	Under GST:
An agency offered a service worth Rs 50000 and charged service tax at 15% (50000*15%=7500) The agency bought office supplies worth 20000 paying % as VAT (20000*5% = 1000) He had to pay 7500 + 1000 without getting any deduction on VAT already paid	GST on service of 50000 : 18% = 9000 GST on office supplies 5% = 1000 Net GST to pay = 8000 i.e. the tax deduction is available

2. **Higher threshold for registration:** Earlier in the VAT structure any business with a turnover of more than 5 lakh was liable to pay VAT and also service tax was exempted for the transactions less than 10 lakh. Under GST regime, the threshold limit has been increased to 40 lakh which exempts many small scale traders.

Tax	**Threshold**
Excise	1.5 crore
VAT	5 Lakh
Service tax	10 lakhs
GST	40 lakhs

3. **Composition scheme for small businesses:** composition scheme is a simple and easy scheme under GST for taxpayers. Small taxpayers can get rid of GST formalities and pay GST at a fixed rate of turnover. This scheme can be opted by any taxpayer whose turnover is less than 1 crore.
4. **Simple and easy online procedure:** The entire process of GST is made online and it is made simple and it is beneficial for start-ups especially as they do not have to run from pillar to post to get different registration such as VAT, excise and service tax.
5. **The number of compliance is lesser:** Under VAT and service tax system each tax had their own returns and compliances. Under the GST regime there is just one, unified return to be filed. Therefore, the number of returns to be filed has come down.
6. **Defined treatment for E-commerce operators:** in VAT system the transactions through e-commerce was not defined. It had variable VAT laws. Under GST regime all the differential treatments and confusing compliance have been removed.
7. **Improved efficiency of logistics:** Earlier the logistics industry in India had to maintain warehouses across states to avoid the CST and state entry taxes on inter-state transactions. However under GST these restrictions on inter-state transactions have been lessened.
8. **Unorganized sector is regulated under GST:** before GST, certain industries in India were not regulated effectively under the tax purview. However, under GST, provisions are made for such unrecognized and unorganized industries.

Items not covered under GST

- Petroleum products
- Liquor

GST Registration

In India GST regime, all businesses and e-commerce operators carrying out supply of goods and services whose turnover exceeds Rs.40 lakhs (Rs 10 lakhs for North East States, J&K, Himachal Pradesh, Uttarakhand and hill states) is required to register under the GST. In addition to that,

Every person who had registered under the pre-GST law (i.e. VAT, Excise, Service Tax etc.), casual taxable person (means a person who supplies foods or services occasionally in a taxable territory where he does not a have a fixed place of business, non-resident taxable person (any person who occasionally undertakes transactions involving the supply of goods or services but has no fixed place or residence in India), agents of a supplier and input service distributor, those paying tax under reverse charge mechanism (where the recipient of the goods or services is liable to pay GST instead of the supplier), person who supplies via e-commerce and person supplying online information and database access or retrieval services from a place outside India to a person in India, other than a registered person.
Central Board of Indirect Tax and Customs announced an increase in the threshold turnover from Rs 20 lakhs to Rs 40 lakhs which came into effect form 1st April 2019.

GST Return

The return is to be filed monthly, except in the case of small taxpayers with turnover up to 1.5 crore in the previous financial year who can file the same on a quarterly basis. An annual GST return is also required. This means a business will have to complete 37 returns per annum in each state where they are trading.
As per rules relating to return of GST, there are 27 GST return forms. The widely used GST return forms are:-

Return form	Particulars	frequency
GSTR1	Outward details of supply of goods and services	Monthly
GSTR2	Details of inward supply of goods and services	Monthly
GSTR3	Consolidated monthly return	Monthly
GSTR4	Return for a taxpayer registered under the composition levy	Quarterly
GSTR5	Return of non-resident taxable person	Monthly
GSTR6	Input services distributor return	Monthly

GSTR7	Tax deduction at source return	Monthly
GSTR8	E-commerce operator supply return	Monthly
GSTR9	Annual return	Annually
GSTR10	Final return	Once, when GST registration is cancelled or surrendered
GSTR11	Inward supplies statement for person having unique identification number	Monthly

Source: https://cleartax.in/s/returns-under-the-gst-law#Types

In addition to these return forms there are 16 return forms which are used for different special purposes of GST related return.

Penalty for not registering under GST

The person who make the default or making short payments has to pay a penalty of 10% of the tax amount due subject to a minimum of Rs 10,000 and the penalty will be 100% of the tax amount due when the person has deliberately evaded paying taxes.

There are 21 offences under GST they are grouped under 5 heads:

- Fake or wrong invoices
- Fraud
- Tax evasion
- Supply or transport of goods

GST Information of Canada

The **goods and services tax** is a multi-level value added tax introduced in Canada on 1st January 1991, by the Prime Minister Brian Mulroney and his finance minister Michael Wilson. Mulroney claimed the GST was implemented because the MST was hindering the manufacturing sector's ability to export competitively. The introduction of the GST was very controversial. The GST rate is 5%, effective January 1, 2008.Unfortunately not all provinces signed on to merge their existing provincial sales tax regimes with the GST, forcing business owners to file both GST and **Provincial Sales Tax** (PST) returns. Provinces that did combine their sales taxes with the GST charge is known as the **Harmonized Sales Ta**x (HST). The HST/PST rates differ from province to province. The HST is blended provisional sales tax that includes federal component and provisional component that varies from 7% to 15%. Besides, HST/GST different other indirect taxes applied in Canada including fuel taxes, tobacco taxes, alcohol taxes and environmental taxes. The standard GST and other indirect taxes are:-

- GST (Goods and Services Tax)– 5%
- HST (Harmonized sales Tax) – 13% to 15 %
- QST (Quebec Sales Tax) – 9.975%
- PST (Provincial Sales Tax) – 5% to 8%

Certain goods and services are taxed '0%' and some are exempted from taxes.
Except the four western provinces (British Columbia, Alberta, Saskatchewan and Manitoba) all other provinces charge HST. The province of Alberta and the Northwest Territories, Nunavit, and the Yukon have no provincial sales tax so only GST is charged. The tax applied on the final sale of goods and services in Canada is called sales tax it's inclusive of

- GST – Federal tax levied by the federal government in every province in Canada
- PST – Addition to GST all provinces except Alberta have Provincial Sales Tax
- HST – Harmonized Sales Tax is combination of GST & PST
- QST & RST – In Quebec Sales Tax both PST & GST are levied and in Manitoba Retail Sales Tax and GST are levied.
  This system is not efficient, as any criminal can defrauded the system by claiming GST input credits for non-existent sales by a fictional company.

Who should Register GST?

It is not required to register for the GST for the sale of exempt goods and services. Examples of GST exempted goods and services include child-care services, music lessons, and used residential housing. No need to register for the GST if one qualify as a small supplier according to the Canada Revenue Agency (CRA), and are not one of the exceptions to the small supplier rule.Generally, a small supplier is defined as a sole proprietor, partnership, or corporation whose total taxable annual revenue is less than $30,000. Public service bodies, such as charities, non-profit organizations, municipalities, or universities, qualify as small suppliers if their total taxable revenue is less than $50,000. However, some businesses are required to register for the GST even if they are small suppliers:

- Taxi and limousine operators.

- Non-resident performers (who sell admissions to seminars and other events).

Reporting Periods and the GST Return

ICRA will assign a reporting period based on the total taxable supplies of goods and services in the previous fiscal year. This reporting period may be monthly, quarterly or annual. It's mandatory to file GST returns on time according to the reporting period schedule even if one haven't conducted any business activities or collected any GST during that reporting period. One tax payer is to be filed annual return if total annual revenues are up to CAD 1.5 million, quarterly return is to be filed when total annual revenue range between CAD 1.5 M to 6M and monthly returns is to be filed if total annual revenue exceeds CAD 6 M. **Table No : 3 Canadian Sales Tax (Updated July 1, 2019)**

PROVINCE	APPLICABLE SALES TAX	GST[1]	HST[1]	QST[2]	PST[3]	TOTAL
Alberta	GST	5%				5%
British Columbia	GST + PST	5%			7%	12%
Manitoba	GST + PST	5%			7%	12%
New Brunswick	HST		15%			15%
Newfoundland and Labrador	HST		15%			15%
Northwest Territories	GST	5%				5%
Nova Scotia	HST		15%			15%
Nunavut	GST	5%				5%
Ontario	HST		13%			13%
Prince Edward Island	HST		15%			15%
Quebec	GST + QST	5%		9.975%		14.98%
Saskatchewan	GST + PST	5%			6%	11%
Yukon	GST	5%				5%

Source: https://www.fedex.com/en-ca/news/canadian-sales-taxes.html

IV. Findings

A small study was made on VAT system and the present GST and a brief comparison was made between GST India and GST Canada.

From the study between VAT and GST, it is understood that the GST has several advantages over the prevailed VAT and service tax system. The VAT system was complex to calculate as there was number of tax were subsumed in the transaction of goods and services. When it comes to GST, the overall process was made simple and the taxpayers enjoy several advantages from the VAT system.

In comparison with the tax system in Canada, the similarity is the dual model of GST. A brief analysis is made in the following table.

Table No: 4 GST India Vs GST Canada

Canada GST/HST	India GST
HST introduced in 1991 Registration threshold limit CAD $30000 per quarter **Indirect taxes** HST PST GST QST RST **Tax rates** 0% 5% 8% 9.975% 13% 14% **Return** Monthly – CAD 6 million Quarterly – CAD 1.5 to 6 million Annually – above CAD 6 million	VAT introduced in 2005 GST introduced in 2017 Registration threshold limit Rs.40 lakhs (Rs.10 lakhs for North East States , J&K, Himachal Pradesh, Uttarakhand and hill states) per annum **Indirect taxes** CGST SGST IGST UGST **Tax Rates** 0% 5% 12% 18% 28% **Return** Monthly – above Rs 1.5 crore Quarterly – less than Rs 1.5 crore

V. Conclusion

From the study it is clear that the GST was implemented with the main view to eliminate cascading tax effect and to simplify the tax structure and complications. Several advantages over VAT also been identified. From the comparison, the similarities and dissimilarities exist between India and Canada GST system are identified. Canada is the second largest country in the world with several provinces as compared to India which makes the GST structure in Canada complex than Indian GST structure. In comparison with the GST tax slabs, implication and administration, Indian GST is comparatively better than the Canadian GST.

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