Dyasparva International Educational Consortium

Dyasparva International Journal of Commerce & Management

-- Venture of C. D. Jain College of Commerce, Shrirampur

"A DESCRIPTIVE STUDY ON GST IN INDIA"

Dr. Dattatraya T. Chavare
Department of Commerce &Management,
D.G. College of Commerce, Satara.
mail:dt_chavare@rediffmail.com

Abstract

Goods and Service Tax (GST) has replaced many Indirect Taxes in India. The Goods and Service Tax Act was passed in the Parliament on 29th March 2017. The Act came into effect on 1st July 2017.Goods & Services Tax Law in India is a comprehensive, multi-stage, destination-based tax that is levied on every value addition. This study highlights on nature, history, advantages, various components, structure, cascading effects of GST, GST Council, revised tax items, documents required for GST New Registration etc. This study will be useful for the stakeholder of GST.

Keywords: GST, Council, Multi-stage tax, Value Addition, Constitution of Taxpayer.

Introduction

GST is an indirect tax levied on the supply of goods and services. GST Law has replaced many indirect tax laws that previously existed in India.There are multiple change-of-hands an item goes through along its supply chain: from manufacture to final sale to the consumer.Let us consider the following case:

Multi-stage tax

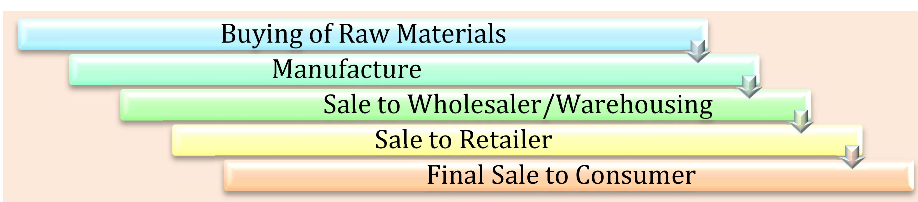


Chart No.1

Goods and Services Tax will be levied on each of these stages, which make it a multi-stage tax.

Objectives of the Study

To study the historical background of GST

To understand recent changes in GST

To assess the utility of GST

Scope

The potential for GST is very vast and the Indian economy will have to make continuous efforts to get benefits from this multistage tax procedure. This study covers only conceptual aspects up to the current period.

Need for the Study

Indian Economy is clocking impressive growth. But at the same time, there are many hurdles in the journey of Tax Sector. This study attempts the best suitable Tax solutions for Indians.

Design of the Study

Design of the study is as below:

Data Required

Secondary Data was required for this study.

Data Sources used

Secondary data was collected through Websites, Reference Books, Journals and Magazines etc.

Definition

Now let us try to understand the definition of Goods and Service Tax – "GST is a comprehensive, multi-stage, destination-based tax that will be levied on every value addition."

Value Addition

Chart No.2

- The manufacturer who makes biscuits buys flour, sugar and other material. The value of the inputs increases when the sugar and flour are mixed and baked into biscuits.
- The manufacturer then sells the biscuits to the warehousing agent who packs large quantities of biscuits and labels it. That is another addition of value after which the warehouse sells it to the retailer.
- The retailer packages the biscuits in smaller quantities and invests in the marketing of the biscuits thus increasing its value.
- GST will be levied on these value additions i.e. the monetary worth added at each stage to achieve the final sale to the end customer.

Destination-Based

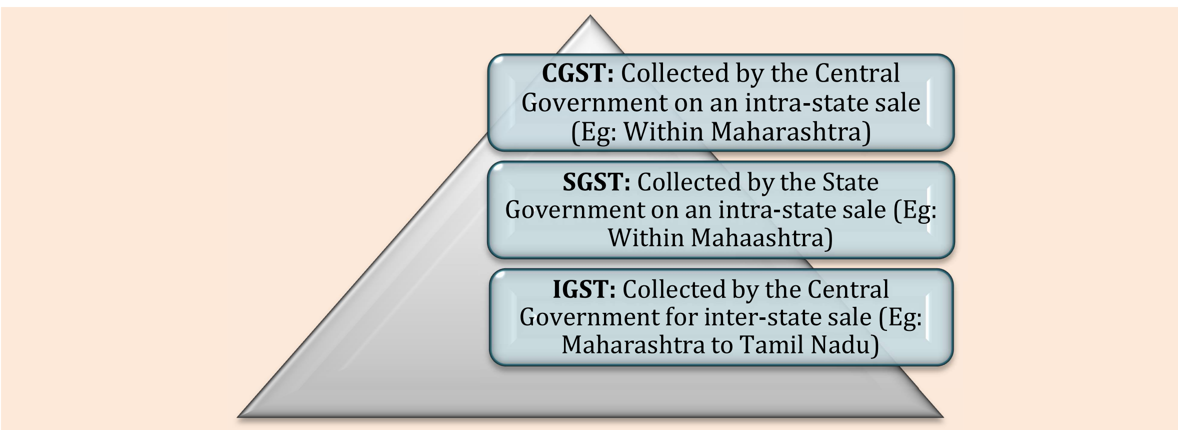
Consider goods manufactured in Maharashtra and are sold to the final consumer in Karnataka. Since Goods & Service Tax (GST) is levied at the point of consumption, in this case, Karnataka , the entire tax revenue will go to Karnataka and not Maharashtra.

Advantages of GST

1. Removing cascading tax effects
2. Higher threshold for registration
3. Composition scheme for small businesses
4. Online simple procedure for GST
5. Lesser compliances
6. Defined treatment for e-commerce
7. Increased efficiency in logistics
8. Regulating the unorganized sector

Components of GST

There are three taxes applicable under GST:



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

Tax Structure

Transaction	**New Regime**	**Old Regime**	
Sale within the State	CGST + SGST	VAT + Central Excise/Service tax	Revenue will be shared equally between the Centre and the State
Sale to another State	IGST	Central Sales Tax + Excise/Service Tax	There will only be one type of tax (central) in case of inter-state sales. The Center will then share the IGST revenue based on the destination of goods.

Chart No.5

Cascading Effect of Taxes

In the pre-GST regime, tax on tax was calculated and paid by every purchaser including the final consumer. This tax on tax is called Cascading Effect of Taxes. **GST** avoids this cascading effect as the tax is calculated only on the value-add at each stage of transfer of ownership. GST will improve the collection of taxes as well as boost the development of Indian economy by removing the indirect tax barriers between states and integrating the country through a uniform tax rate.

On September 16, 2016, Government of India issued notifications bringing into effect all the sections of CAB setting firmly into motion the rolling out of GST. This notification sets out an outer limit of time of one year, that is till 15-9-2017 for bringing into effect GST.

GST Council revises rates for 66 items on (11-06-2017)

After the 16th GST Council meet concluded today, the rates of 66 items under the upcoming GST regime have been revised.The finance minister added that under the GST, traders, manufacturers and restaurants with turnover of up to *Rs 75 lakh can avail the composition scheme, against Rs 50 lakh earlier.*

Some of the revised tax items, the FM highlighted were:

- There would be two categories of GST rates on cinema, 28% in case tickets above Rs.100 and 18% in case of tickets up to Rs.100
- Cashew revised from 12% to 5%
- Packaged food, including some fruits and vegetables, pickles, toppings, instant food, sauces revised from 18% to 12%
- Agarbatti revised from 12% to 5%
- Dental wax revised from 28% to 18%
- Insulin revised from 12% to 5%
- Plastic beads revised from 28% to 18%
- Plastic turpolin revised from 28% to 18%
- School bags revised from 28% to 18%
- Exercise books revised from 18% to 12%
- Coloring books revised from 12% to nil
- Pre-cast concrete pipes revised from 28% to 18%
- Cutlery revised from 18% to 12%
- Tractor components revised from 28% to 18%
- Computer printers revised from 28% to 18%

- **Constitution of Taxpayer:**

Partnership Deed in case of Partnership Firm, *Registration Certificate/Proof of Constitution* in case of Society, Trust, Club, Government Department, Association of Person or Body of Individual, Local Authority, Statutory Body and Others etc.

Proof of Principal/Additional Place of Business:

(a) For Own premises – Any document in support of the ownership of the premises like Latest Property Tax Receipt or Municipal Khata copy or copy of Electricity Bill.

(b) For Rented or Leased premises – A copy of the valid Rent / Lease Agreement with any document in support of the ownership of the premises of the Lessor like Latest Property Tax Receipt or Municipal Khata copy or copy of Electricity Bill.

(c) For premises not covered in (a) & (b) above – A copy of the Consent Letter with any document in support of the ownership of the premises of the Consenter like Municipal Khata copy or Electricity Bill copy. For shared properties also, the same documents may be uploaded.

Bank Account Related Proof

Scanned copy of the first page of Bank passbook / one page of Bank Statement, Opening page of the Bank Passbook held in the name of the Proprietor / Business Concern – containing the Account No., Name of the Account Holder, MICR and IFSC and Branch details.

Instruction for filling Application for New Registration

- Enter Name of taxpayer as recorded on PAN of the Business. In case of Proprietorship concern, enter name of proprietor at Legal Name and mention PAN of the proprietor. PAN shall be verified with Income Tax database
- Provide Email Id and Mobile Number of primary authorized signatory for verification and future communication which will be verified through One Time Passwords to be sent separately, before filling up Part-B of the application.
- Applicant need to upload scanned copy of the declaration signed by the Proprietor/all Partners/Karta/Managing Directors and whole time Director/Members of Managing Committee of Associations/Board of Trustees etc. in case the business declares a person as Authorised Signatory.

Conclusion

From the GST, Indian Economy can get a positive experience. However, if the technology does not work well, it has the potential to become a very negative experience. Also, government has to decide to accept the change according to the requirements. Then, Indian Economy will become stronger as per the dream of Dr. A.P.J.Abdulkalam.

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