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Shrirampur**

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**NATIONAL LEVEL SEMINAR
ON
GOODS AND SERVICE TAX : BOON OR BANE**

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NATIONAL LEVEL SEMINAR ON GOODS AND SERVICE TAX : BOON OR BANE

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-: Analysis of GST & Impact of Service and Good Sectors :-

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Introduction :-

GST is a boost competitiveness and performance in Indias' manufacturing Sector impact -GST wholesalers -retailers declining exports and high infrastructure spending are just some of the concerns of this Sector. Multiple indirect taxes had also increased the administrative costs for manufacturers and distributors and with GST in place, the compliance burden has eased and this Sector will grow more strongly. As of march 2014, there were 12,76,861 service tax assesses in the country out of which only the top 50 paid more than 50% of the tax collected nationwide most of tax burden is borne by domains such as it services ,telecommunication services, the insurance industry business support Services ,banking and financial Services etc. These pan-India businesses already work in a unified market and will see compliance burden becoming lesser. But they will have to separately register every place of business in each state

❖ **keywords:- GST impact ,objectives and problems.**

Objectives of GST 2017 :-

The goods and services tax which is being implemented from 1st july2017 is proposed to be an unfilled tax for the entire nation .The intended objective of GST 2017 is to replace a lot of other indirect and direct taxes like the VAT service tax luxury tax etc. GST is aimed at being comprehensive with most of the goods and services included in the GST bill but alcohol and petrol exempted GST rate is proposed to be 27% which is for higher than the global standard of 16.4% for similar taxes our finance minister, Mr. Arun Jaitely on servel occasions has mentioned that the rate is way too high where as some of the states want the rate to be still higher.

Objectives of GST-

- i. Ensuring that the cascading effect of tax on tax will be eliminated.
- ii. Improving the Competitiveness of the original goods and services there by improving GDP rate too.
- iii. Ensuring the availability of input credit across the value chain.
- iv. Reducing the complications in tax administration and compliance.
- v. Making unified law involving all the tax bases, laws and administration procedures

across the country.

vi. Decreasing the unhealthy Competition among the states due to taxes and revenues.

vii. Reducing the tax rate to avoid further clarification issues.

With all of these being very significant objectives of GST, it is still facing a lot of implementation issues. Some of them are

- I. Complete lack of adaption mechanisms and trained staff.
- II. In some cases, the double registration might annoy people. Also, these registrations result in increase complicated and cost.
- III. Unclean estimate of the exact impact of GST.
- IV. No clear mechanisms to control tax evasion.

Problems of GST-

I) Problems for small unorganised wholesalers:-

While unorganised cash based small wholesalers were still recovering from the impacts of last years demonetization, GST has further added to their losses. small shopkeepers and even dealers are now preferring to buy their daily grocery supplies from GST compliant wholesale chains like Wal-Mart and metro cash it may slightly increase the prices of your daily needs, but the biggest impact will be in the unorganised .Sector that will have to start maintaining proper GST Compliant bills and invoices if they wish to survive in the post GST regime.

II) Shopkeepers struggling with creating invoices and Filing Returns:-

Small shopkeepers are mainly struggling in creating different invoices for goods with different GST rates. The confusion is about whether they should make different bills for such products or mention separate tax information in the same bill since they have so many types of items with different GST categories, it is almost impossible to maintain separate invoices

III) How to file GST return:-

The tax return filing procedure under GST is also becoming a major cause of a headache for small businesses no one seems to be sure about the appropriate process for filing GST return for now, people have to file only one return every month and an annual tax return. For this you will have to fill GSTR.

IV) Variety of taxes:-

Many food retailers, Especially mithai shopkeepers are also confused about how to charge GST on different items in a single dish. For example, Mix vegetable contains different types of vegetable and even some fruits and dry-fruits. So whether they should charge different taxes or a single tax on the dish. Or should they stock making different varieties of dishes-altogether just to keep a basic GST rate? The same problem is being faced by various other businesses.

V) Different Rates for different locations:-

Since GST is still not implemented completely by every business around the country, the prices of some products are changing the location. The price is also affected by the logistics cost and dealer margins for different places. You will see the obvious difference between the price of the same car in Mumbai and Jaipur, even after the implementation of GST.

VI) Non –Ac restaurants charging GST at 18% rate :-

According to the official GST rules, Non –Ac restaurants are supposed to levy 12% GST while AC restaurants will charge 18% GST rate. But many local restaurants in India, where either there are no ACs for the general public or the ACs are not in working condition, are also charging 18% tax rate on their bills.

VII) GST on local (GST exempted) Goods :-

According to GST rules, clothing and footwear below Rs.500 are exempted from GST. But many shopkeepers, especially retail chains are still mentioning GST rate of 5% in their bills for such items. People are confused whether this rule is applicable only for local products from local market purchase or also same products purchased from big shops.

❖ The Impact of GST (Goods and services tax) In India:-

Our GST council has finalised the rates for all the goods and major service categories under various tax slabs, and the GST is expected to fill the loopholes in the current system and boost the Indian economy. This is being done by unifying the indirect taxes for all states throughout India.

The tax rate under GST are set at 0%, 5%, 12% and 28% for various goods and services. Comes under 18% tax rate but how is our life going to change post GST? Let's see how GST on some day-to-day good and services will have on end user's pocket.

I. Footwear & apparels /Garments :-

Footwear costing more than INR 500 will have a GST rate of 18% from an earlier rate of 14.41% but rates for the footwear below INR 500 has been reduced to 5% so you need to shell out more for buying a foot wear above INR 500/- And with respect to the readymade garments, the rates have been reduced to 12% from an existing 18.16% which will make them cheaper.

II. Cab and Taxi Rides :-

Now, taking an Ola or an Uber will be cheaper because the tax rates has come down to 5% from an earlier 6% for a cab booking made online.

III. Airline Tickets:-

Under the GST, Tax rate for economy class for flight tickets is set at 5% but the tax for business class tickets will have a higher tax rate of 12%

IV. Train Fare :-

There will not be much of an impact. The effective tax rate has increased from 4.5% to 5% in GST. But, passengers who travel for business trips can claim input tax credit on their rail

ticket which can help them to reduce expenses people travelling by local trains or in the sleeper class will not be affected, but first-class & AC travellers will have to pay more.

V. Movie Tickets :-

Movie tickets costing below INR 100 will be charged a GST rate of 18 % but price above INR 100 will have a higher tax rate of 28 %.

VI. Life Insurance Premium :-

The premium amounts on Policies will rise with an immediate impact can be seen on your term and endowment policy premiums as the rates have been increased under GST across life, health and general insurance.

VII. Jewellery :-

The gold Investment will be come slightly expensive because there will be 3 % GST on gold & 5 % on the making Charges. The earlier tax rate on gold was around 2 % in most of the states and the GST is increased from the existing rate to around 2 % to 3 %.

VIII. Buying a Property :-

Under Construction properties will be cheaper than read to more – in properties. The GST rate for an under construction property is 18 % but the effective rate on this kind of property will be around 12 % due to input tax credits the builder will avail of.

IX. Education and Medical Facilities :-

Education and Medical sector have been kept outside the GST ambit and both the primary education & health care is exempt from GST. It means a consumer will not pay any tax for the money you spent on these service but due to increase in the rate of taxes for certain goods & services as procured by these organisations, they may pass on the additional tax burden to the consumers.

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