

# **Goods and Service Tax**

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## **ABSTRACT**

*This research paper has been prepared in partial fulfillment of the requirement of the subject: the research on the topic Goods and Service tax [GST]. A study on consumer perception towards goods and service tax in Chennai, Tamil Nadu.*

*The goods and service tax is all set to be a game changer for the Indian economy. The tax is expected to reduce the concept on “tax on tax”, increases the gross domestic product of the economy and reduce price. In India there are different indirect taxes applied on goods and services by central and state government. GST is intended to include all these taxes into one tax with seamless ITC and charged on both goods and services. Conceptually, GST is expected to have numerous benefits like reduction in compliances in the long run since multiple taxes will be replaced with the tax. It is expected to generate revenue for the country as the tax base will increase as the GST rate will be somewhere around 27% with both goods and services covered. It is also expected to make exports from India competitive and India a preferred destination for foreign investment since GST is a globally accepted tax. Unless the issues relating to GST has been overcome, the GST would become a bare wall without any scripts to describe in future.*

## **GST**

Goods and services tax is an indirect tax (or consumption tax) imposed in India on the supply of goods and services. It is comprehensive multistage, destination based tax: comprehensive because it has subsumed almost all the indirect taxes except few; multi staged as it imposed at every step in the production process, but it is meant to be refunded to all parties in the various stages of production other than the final consumer.

## **TAXATION SYSTEM**

Tax system of raising money to finance government. All government requires payment of money taxes from people. Government use revenues to pay soldiers and police, to build roads and dams, to operate school and hospitals, to provide food to the poor and medical care facilities etc. and also hundreds of others purposes without taxes to fund its activities, government could not exist.

## **ESSENTIALS CHARACTERISTICS OF TAX**

- It is an enforced contribution
- It is generally payable by money.
- It proportionate in character, usually based on ability to pay.
- It is levied on person and property with the jurisdiction of the state.
- It is levied for public purpose.
- It is commonly required to be paid a regular intervals.

## **WHAT ARE THE REASONS OF TAXATION**

- Provide the basic facilities for every citizen of the country.
- Finance government multiple projects and scheme.
- Protection of life.
- Responsibility of citizen to the nation.

## DIFFERENT TYPES OF TAXES IN INDIA

Taxes in India can be either Direct or Indirect. However, the types of taxes even depend on whether a particular tax is being levied by the central or state government or any other municipalities.

### 1. Direct Tax

It is so named because it is directly paid to the union government of India.

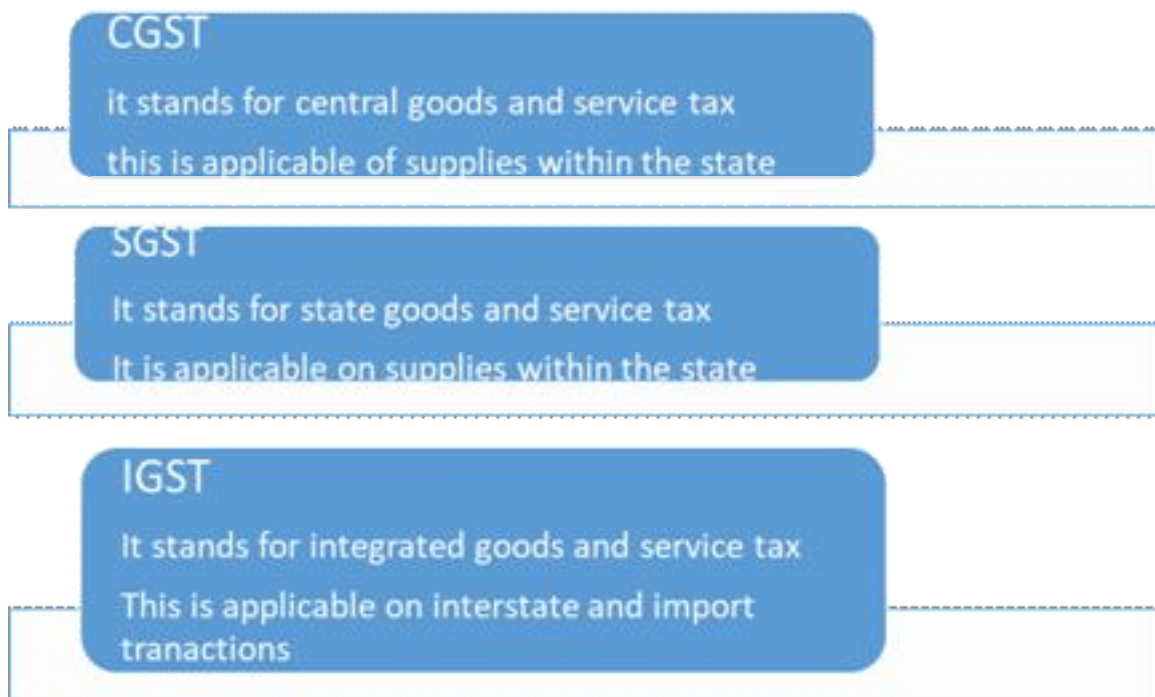
- Banking cash transaction tax
- Corporate tax
- Capital gains tax
- Double tax avoidance treaty
- Fringe benefit tax
- Securities transaction tax
- Personal income tax

### 2. Indirect Tax

It is not levied on particular organization or an individual. The indirect taxation in the Indian republic is a complex procedure that involves laws and regulations, which are interconnected to each other.

- Anti-Dumping Duty
- Customs Duty
- Excise duty
- Sales Tax
- Service Tax
- Value Added Tax or VAT

## TYPES OF GST



## LITERATURE REVIEW

1. Nishita Guptha (2014): In her study stated that implementation of GST in the Indian framework will lead to commercial benefits which were untouched by the VAT system and would essentially lead to economic development.
2. Vineet Chauhan (2017): conduct a study on “measuring awareness about implementation of GST”. A study survey of small business unit of Rajasthan state in India. The study seeks to evaluate the awareness of the business owners about GST difficulties they face to encase
3. Times of India dated (27 July, 2017) stated that the GST implication across different places for the same products had wider differences which the consumer are unaware, resulting them in surprise. Example, a Rasamalai sold in counter at a shop is taxed at 5% but it is served in the hotel it is taxed with 18%. This has resulted in difference of consumer shopping to purchase the similar products.

## CHALLENGES OF GST IMPLICATIONS

- With respect to tax threshold
- With respect to nature of taxes
- With respect to number of enactments of statutes
- With respect of rates of taxation
- With respect to tax management and infrastructure.

## CONCEPTS OF GST

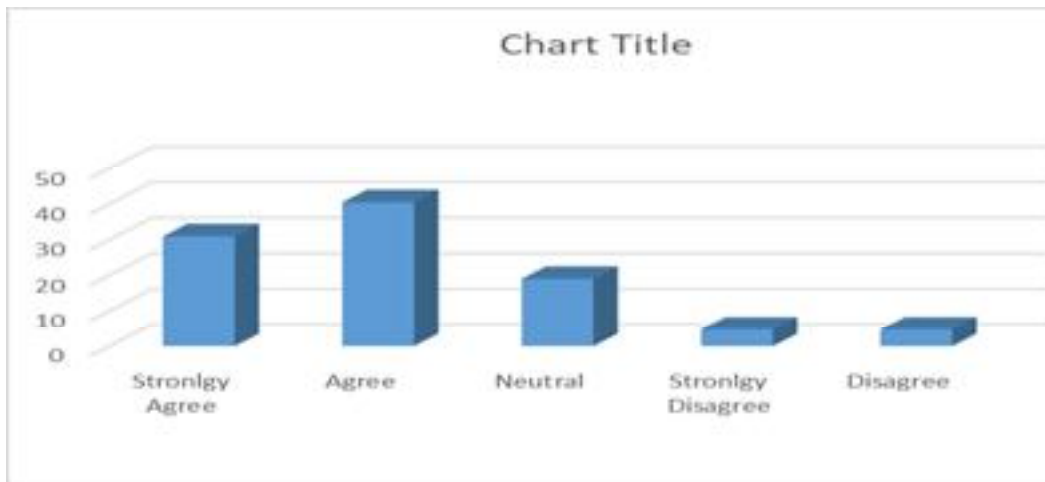
- Value added tax: GST is a value added tax levied on manufacture, sale and consumption.
- Continuous chain of tax credit: GST offers comprehensive and continuous chain of tax credits from the producer's point upto the retailer's level/consumer's level thereby taxing only the value added at each stage of supply chain.
- Burden borne by consumer: the supplier at each stage is permitted to avail credit of GST paid on the purchase of goods and/or services and set off this credit against the GST payable on the supply of goods and services to be made by him. Thus, only the final consumer bears the GST charged by the last supplier in the supply chain, with set off benefits at all the previous stages.
- No cascading effect: since, only the value added at each stage is taxed under GST, there is no tax on tax or cascading of taxes under GST system. GST doesn't differentiate between goods and services and thus, the two are taxed at a single rate.

## GSTN

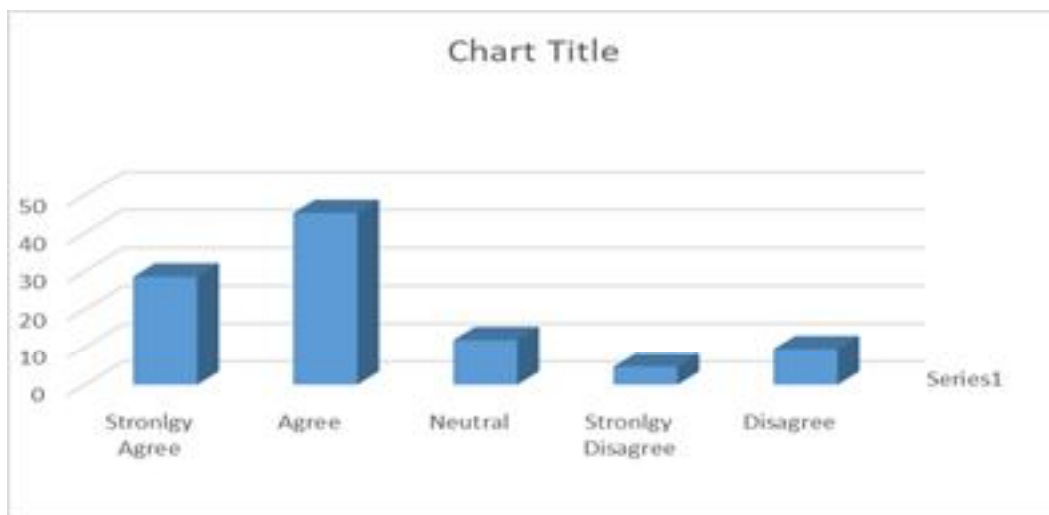
Resultantly, common GST electronic portal- [www.gst.gov.in](http://www.gst.gov.in) a website managed by goods and service network(GSTN) a company incorporated under the provision of section 8 of the companies act, 2013 has been set up by the government to establish a uniform interface for the tax payer and a common and shared IT infrastructure between the centre and states.

RESEARCH ANALYSIS

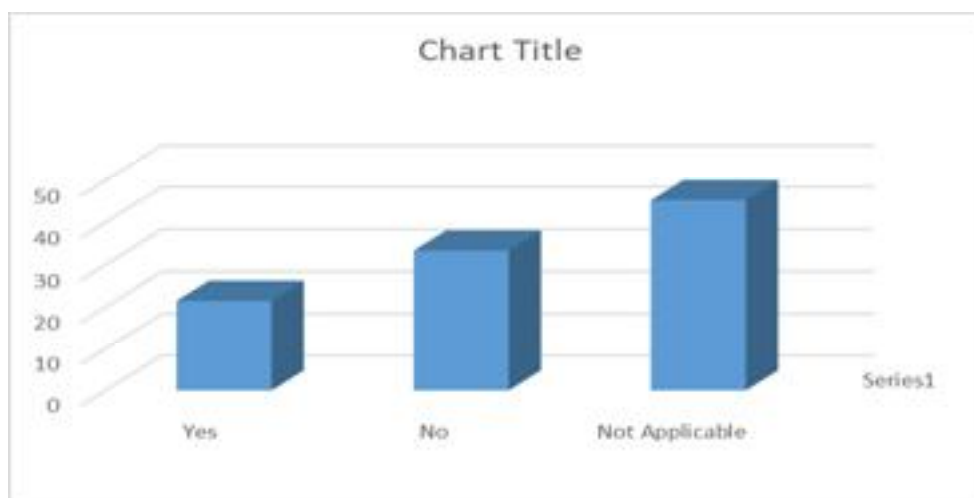
QUESTION 1: Did GST Impacts customers power ineffectively



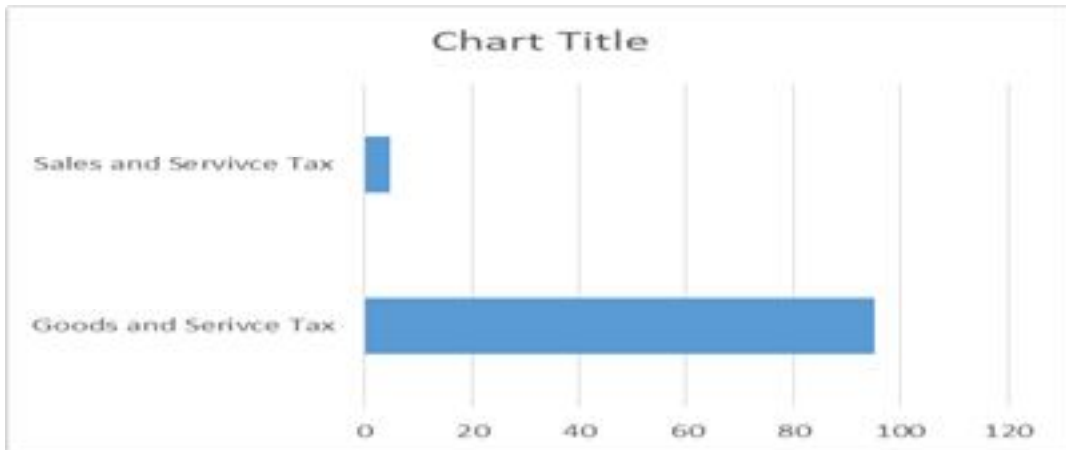
QUESTION 2: Has GST increased the burden of compliance?



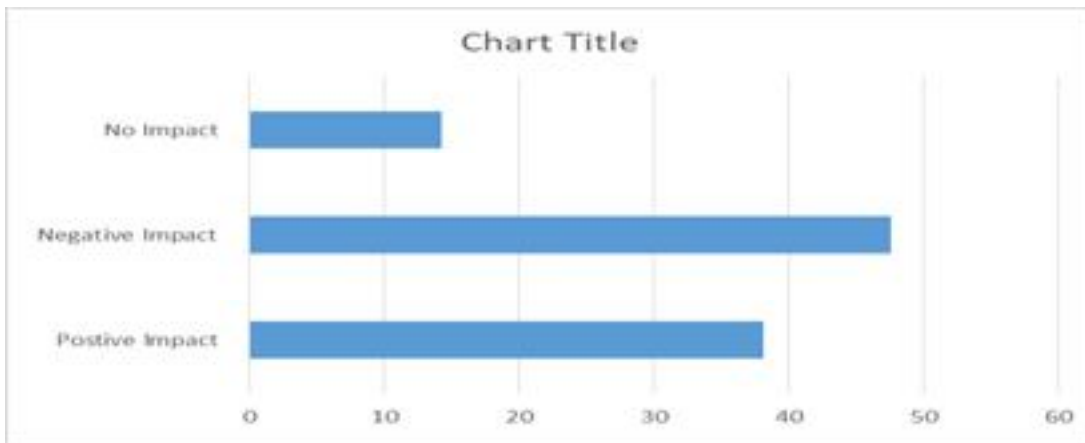
QUESTION 3: Are you facing any significant issues in compliance with e-way bill?



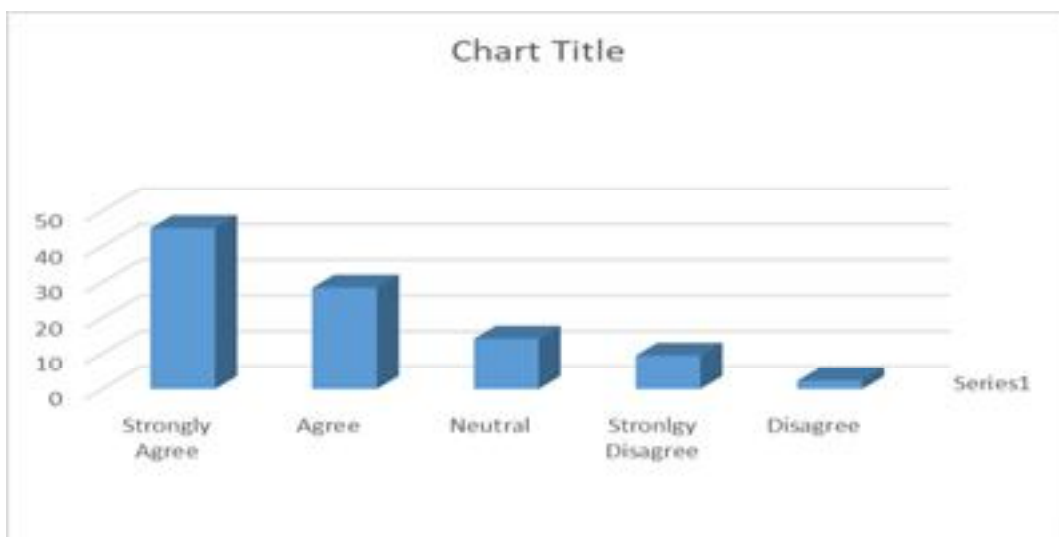
QUESTION 4: Which System do you think is more beneficial to both government and People?



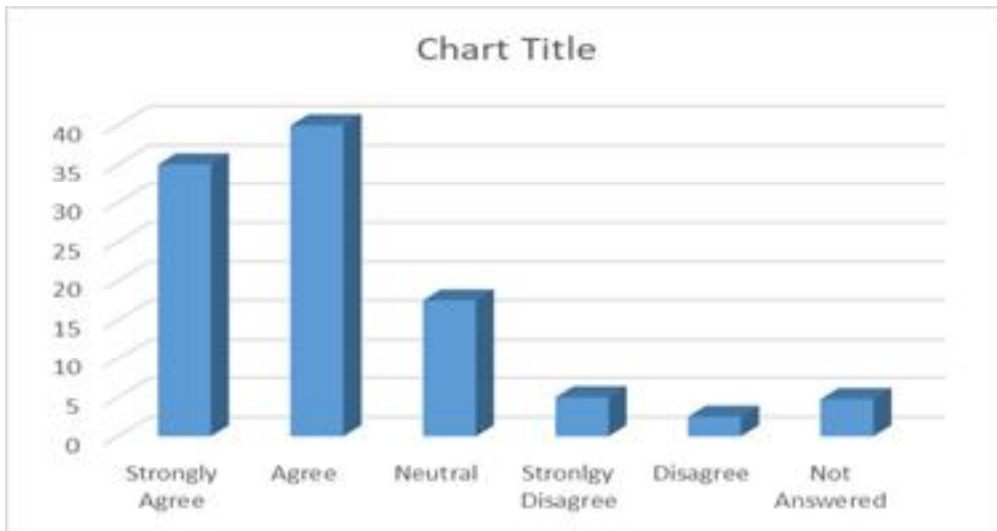
**QUESTION 5:** Do you think that the Introduction of GST in India has affected the demand for the product and service?



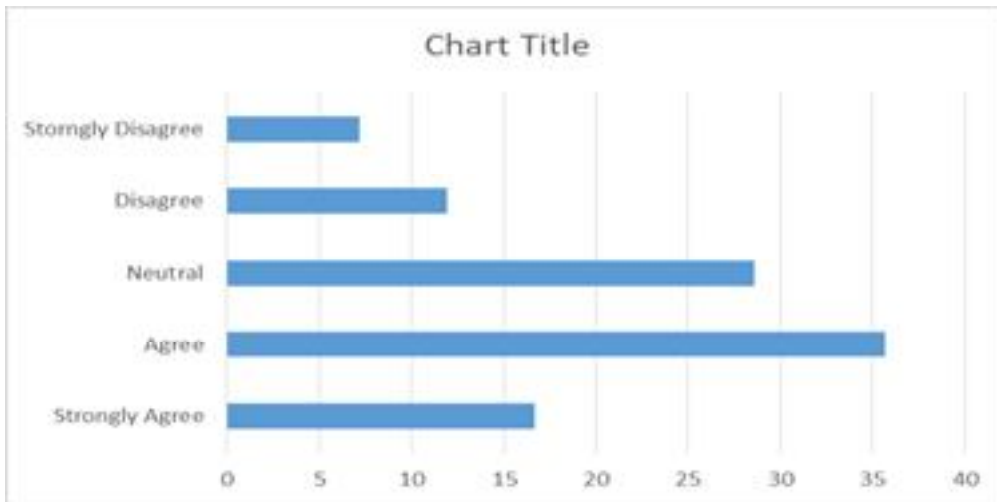
**QUESTION 6:** Is GST is a good method to replace the sales and service tax



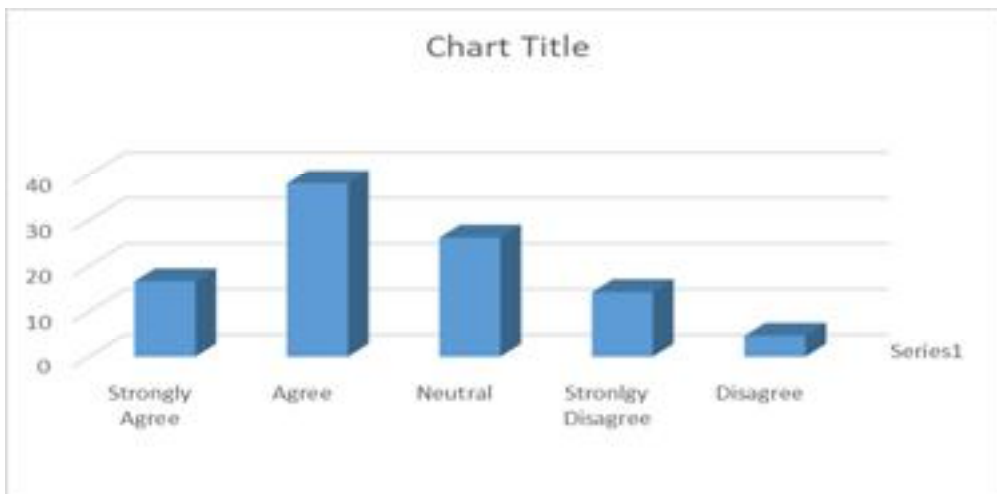
**QUESTION 7:** Is GST guide is lengthy not user friendly



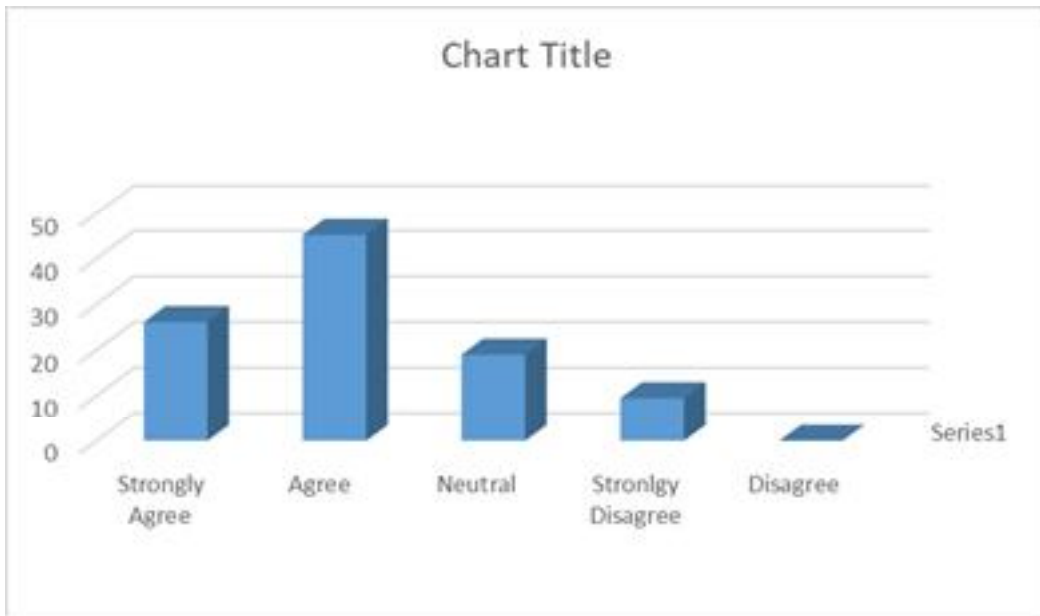
**QUESTION 8:** On overall basis, do you think that GST is likely to have a positive impact on India



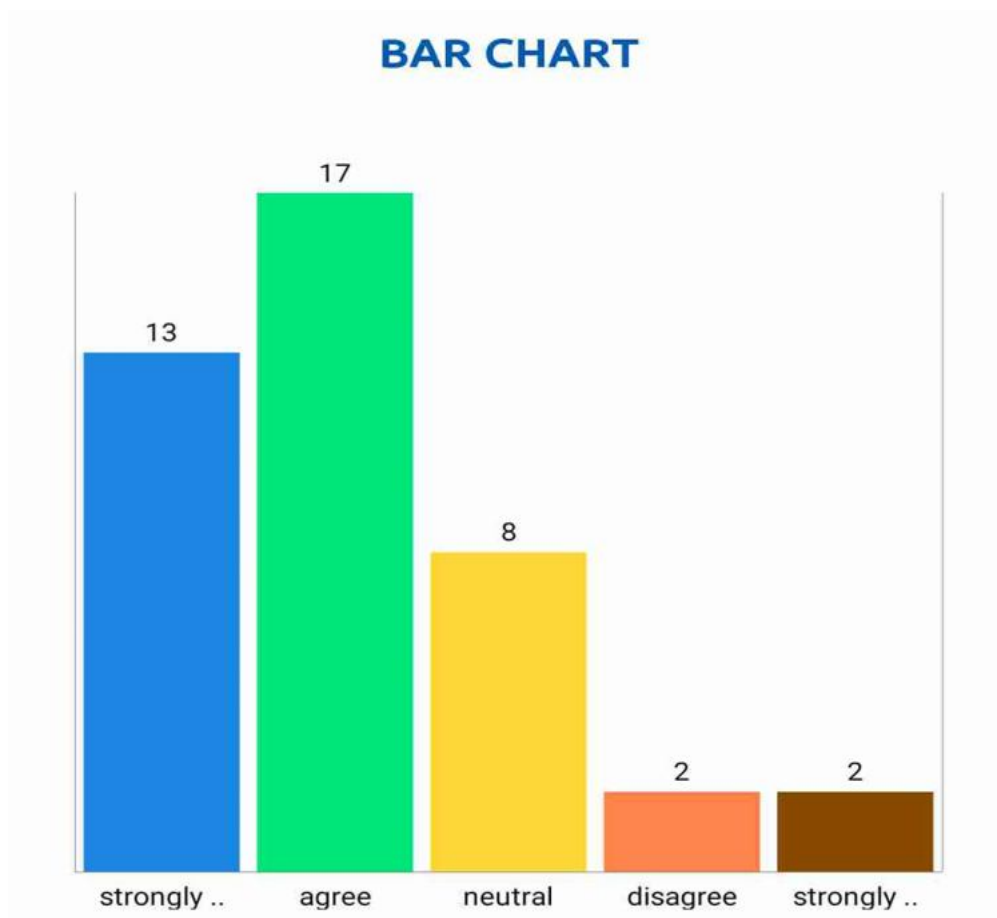
**QUESTION 9:** Did GST affects the Indian Capital Stock market operations

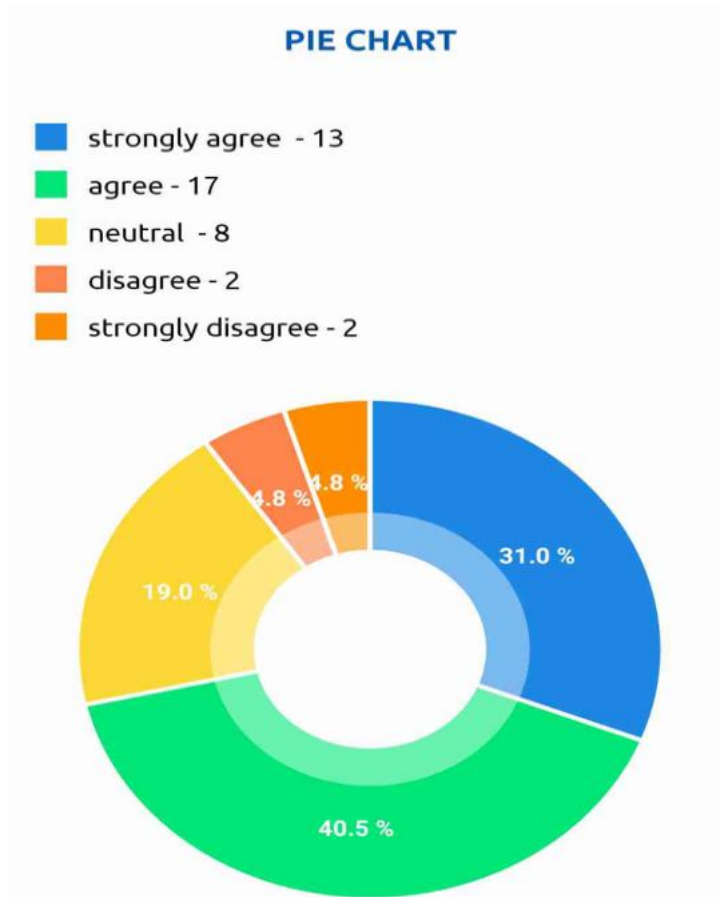


**QUESTION 10:** Is GST is a way for the government to collect the revenue to manage an economy



❖ The Bar Chart and Bar Diagram shown below is an overview of all the answers received from the survey questions. This is a percentage of answers received from the total number of people who filled the survey form.





**REFERENCES**

- Wikipedia
- Google form
- Bharat’s handbook on goods and service tax
- Google
- A project report on GST
- KPMG Analysis and findings from GST survey
- PHD chamber GST survey