HNCC BBA's

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15th Annual Seminar

on

Impact of GST on Indian Economy

9th January, 2018

S.A.P. D. J. Pathashala's,

Hirachand Nemchand College of Commerce, Solapur

Management Wing

Seth Walchand Hirachand Marg, Ashok Chowk, Solapur 413 006

15th ANNUAL SEMINAR

ON

"Impact of GST on Indian Economy"

9th January, 2018

Organized by

Hirachand Nemchand College of Commerce, Solapur

(Management Wing, BBA Section)

Walchand Hirachand Marg,

Ashok Chowk,

Solapur- 413 006

Seminar is all about...

Department conducts *"Jidnyasaa- An Annual Seminar"* every year since its establishment. An endeavor is made to update students about current topics of commerce & management field which keep them well-versed with happenings around.

Even in the worldwide economic crisis India showed remarkable survival in its economic system. The well insulated economic structure in India is the basis of such an amazing withstand. The Goods and Services Tax (GST) is expected to be another milestone in the economic growth in India.

The fundamental aim of GST is to make uniform the scattered indirect tax system in India and avoid the cascading effect in taxation. The impact going to make by GST is transformation in the entire tax system in India. The log run effect will go beyond Indian borders.

GST is at the infant stage in Indian economy. It will take some time to experience its effects on Indian economy. GST mechanism is designed in such a way that it is expected to generate good amount of revenue for both central and state government. Regarding corporate, businessmen and service providers it will be beneficial in long run. It has brought transparency in collection of indirect taxes benefiting both the Government and the people of India.

This process will increase the export of India and it will increase the total GNP. Avoidance of cascading effect empowers the manufacturers to produce to their optimum capacity and retards growth. The proposed seminar intends to exhibit the detailed impact of GST implementation on Indian economic system.

The 6.3% growth in gross domestic product (GDP) in the September quarter compared to 5.7% in the June quarter of 2017-18 showed a turnaround in the trend of slowing growth witnessed in the preceding five quarters.

Demonetisation & the rolled out the goods and services tax (GST) in July last year have impacted liquidity in the system and supply chains. The growth figures endorse the government's view that the disruption in the economy due to reforms will be short term.

To sum up, it is too early to predict the revenue collection trend in the GST regime as the new tax system is in the process of settling down. In due course indirect tax revenue will stabilize and the expected benefits of the tax regime will fructify.

Taking up the same theme our BBA section is presenting 15th Annual Seminar on ***"Impact of GST on Indian Economy"***.

The seminar will aim at following objectives:

- To understand the basic concept of the GST.
- To study the various types of GST returns in brief.
- To draw out the sectoral analysis of GST.
- To study the benefits of GST implementation on Indian Economy.

Seminar Coordinators

- Prof. R.Y. Kshirsagar
- Prof. S.P. Kasturkar
- Prof. P. V. Kurle

Shri Aillak Pannalal Digambar Jain Pathashala

Shri Aillak Pannalal Digambar Jain Pathashala was established by the doyen of Jain community Shri Seth Hirachand Nemchand. It was established in the year 1885 with the sole intension to serve society. The trust fosters the spirit of 'Sharma Culture' through the igneous philosophy of 'Shikshan Haach Dharma' and thus this protects traditional education. The trust imparts education from Primary education right up Post Graduation level. The holy act imparting education not just restricted to Solapur city but also extended to the towns of KUNTHALGIRI and ASHTHI. About 10000 students avail the education facilities provided the Pathashala.

The trust offers Bachelor degrees in the Engineering, Arts, commerce, Science and Education and postgraduate courses in the Business Administration, Marathi, economics and Social Work. Student's folks desperately prefer to seek entry for various courses run under the auspices of Trust. Thousands of Students, who sought education here hail from different states, are placed in high position in various sectors. It could happen only because of the cherished values like Integrity, Justice, Equality and Morality that are ingrained in the Mission and Vision of the Pathashala. Thus the Centurion Institution has sustained unique academic legacy, which goes down in the history of India for Centuries to come. Such a trust, dedicated to all-round development in the field of education is also alert to changes occurring in the field and according provides the necessary educational facilities.

About H.N. College of Commerce

Our college is run by SAPDJ Pathashala having a bright history of about 125 years in the educational field. Hirachand Nemchand College of Commerce was established in the Year 1972 and is now affiliated to Solapur University, Solapur. Earlier it was affiliated to Shivaji University, Kolhapur. The college offers conventional and professional courses like M.B.A., B.B.A., B.C.A., M. Com., B. Com., and vocational courses at Junior College level.

H.N.C.C has always been at the forefront to extend the necessary educational facilities as per the demand. The college aims at the overall development of the students. It toils to build up the resources that will ensure life more dignified and useful as long as time endures.

BBA (Bachelor of Business Administration)

HNCC has pioneered in the process of induction of BBA Course in Solapur. Considering the need of professionalism BBA Course was started in the year 2003 under affiliation of Shivaji University, Kolhapur. In 2004 with the establishment of Solapur University, it had shifted to Solapur University, Solapur.

Our focus is on professional management education based on the latest developments in academic theory and best business practices while preparing graduates for challenging work environments and advanced academic study through quality education and interactive activities.

HNCC BBA Seminar Milestones…

Sr. No.	Year	Contents
1	2004	Total Quality Management
2	2005	Management in Turbulence Time
3	2006	Special Economic Zone
4	2007	Corporate Social Responsibility
5	2008	Global Warming
6	2009	Opportunities and Challenges in Tourism Industry
7	2010	Enter Entrepreneurship- Exit Unemployment
8	2011	Event Management
9	2012	Effectiveness of Advertising in Brand Communication
10	2013	Retailing: An Escalating Sector
11	2014	Emerging Trends in Marketing
12	2015	Blending Marketing Tools
13	2016	Building Winning Brands
14	2017	Emerging Trends in Banking
15	2018	Impact of GST on Indian Economy

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GST: Good and Simple Tax

Mr. Umar Motiwala (BBA-III)

"In reality, GST stands for "Good and Simple Tax. GST will not only ease the process of doing business but will also improve the way of doing business".

-Prime Minister Narendra Modi

Abstract:

Introduced on 1st July 2017 throughout India, GST is one of the biggest change in indirect taxation of India. By replacing almost all indirect taxes, GST has eliminated various difficulties of the earlier indirect tax regime. By adopting the dual model of GST, the tax revenue of each transaction is shared by the centre as well as the state government. GST is further categorized as- CGST, SGST, IGST and UTGST. Under GST, five tax slabs are proposed- 0%, 5%, 12%, 18%, 28%. GST has benefited not only the consumer, but also the businesses and government. Hence GST is a Good and simple Tax and will bring even more positive effects in future.

Keywords:

Consumption based indirect tax, replaced indirect taxes, uniformity in taxation, elimination of doubling effect, availability of Input Tax Credits, Dual Model GST, Categories- CGST, SGST, IGST and UTGST, five tax slabs- 0%, 5%, 12%, 18%, 28%, benefits.

Objectives:

1. To know the basics of GST
2. To know the taxes replaced and tax slabs under GST
3. To understand various transactions under GST
4. To explain, how GST is Good and Simple Tax

What is GST?

The Goods and Service Tax (GST) is consumption based indirect tax on supply of goods/services which will be borne by the end user, and which has subsumed multiple indirect taxes which were levied by central and state government in India to bring uniformity in taxation.

Along with replacing multiple indirect taxes, GST has eliminated the cascading (doubling) effect of the indirect taxation. As there were multiple taxes, the first tax charged on a commodity/ service was again taxed by the second tax (in some cases), increasing the price of the commodity/service. This has been eliminated now.

Also, what makes GST different is the availability of all taxes paid on purchases i.e. the Input Tax Credit (ITC). In GST a registered dealer/service provider is entitled to get the setoff (refund) of the taxes which he pays on his purchases. ITC was not available on certain taxes like Excise Duty for a trader in earlier indirect tax regime. Thus it will also be beneficial for businessmen.

This is how, GST will make a difference.

Being one of the biggest changes in the indirect taxation, GST came into existence on 1st July, 2017 throughout India. GST was not a new concept as nearly 160 countries have opted GST (or similar tax) across the world.

Dual model of GST:

India has opted the Canadian model of Dual GST. In dual GST, the taxable value of each transaction is proportionately collected by the state government and the central government.

Taxes Replaced by GST:

The following taxes are replaced by GST

Central Taxes	
Excise duty	Taxes on Manufacturing
Duties of Excise	
Additional duties of Excise	
Additional Customs Duty /Countervailing Duty (CVD)	Taxes on Imports
Special Additional Duty (SAD)	
Service Tax	Taxes on Services
Central Surcharges and Cesses	Other

State Taxes	
Value Added Tax (VAT)	Taxes on Sales
Central Sales Tax (CST) levied by centre, but collected by state	
Entry tax	
Purchase Tax	
Taxes on lottery, betting and gambling	
State Surcharges and Cesses	Other
Luxury tax	
Entertainment and Amusement Tax (except when levied by local bodies)	
Taxes on Advertisement	

From the above table, we can see that the centre was mostly entitled to receive the manufacturing, imports and service taxes. Whereas the state received taxes mostly on sales.

Thus, this unbalanced system is now balanced with the help of the Dual GST model and both: the centre as well as the state will get equal revenue of each transaction, whether it may be a sale, manufacturing or a service.

Taxes not replaced by GST:

Also there are some indirect taxes which will continue to be imposed and not subsumed by GST. They are- Basic Customs duty, Stamp duty, Road Tax, Toll Tax, Entertainment tax (levied by local bodies).

Goods and Services kept outside GST:

Not all Goods and Services are under GST. The Goods and Services which are kept outside GST are-

1. Alcohol for Human Consumption
2. Petroleum Products (Petroleum crude, Petrol, Diesel, Aviation turbine fuel, natural gas)
3. Electricity

These items are kept outside the purview of GST and will continue under the previous indirect taxation (VAT + Excise). The reason behind this is that, the previous taxes on these items contribute a lot to government's revenue, and they don't want to decrease this revenue.

Categorization of GST:

GST is categorized as follows-

1. CGST (Central Goods and Service Tax) - The tax levied on intra-state (within the state) supplies and collected by the Centre.
2. SGST (State Goods and Service Tax) - The tax levied on intra-state (within the state) supplies and collected by the State.
3. IGST (Integrated Goods and Service Tax) -The tax levied on inter-state (one state to another) supplies and imports and collected by both- Centre and state.
4. UTGST (Union Territory Goods and Service Tax) - The tax levied on supplies that takes place within any of the Union Territory and collected by the Union Territory.

Tax Slabs under GST:

It would have been possible for the government to keep a single tax rate under GST. An average rate i.e. 15% could have also been imposed on all goods and services as it would have generated the same revenue for the government. But the reason behind keeping different tax slabs is keeping the interests of the poor in mind.

A single tax rate would have been a slapping tax on the food items that are kept in 0% tax slab under GST and other basic necessities, and would have been unfair for the poor.

Thus the following five rates tax slab is proposed under GST:

Type	Tax Rate	Goods	Services
Zero rate	0%	Milk, Eggs, Fruits, Vegetables, Unpacked and Unbranded Food	Education Services, Health care services
Lower ate	5%	Coffee, Tea, spices, Fabric, Apparels less than Rs. 1000	Transport services, All restaurants, Restaurants within hotels with Room tariff less than Rs. 7500
Standard ate	12%	Butter, Cheese, Frozen meat, Packed Dry fruits, Mobile, Apparels more than Rs. 1000	State run lotteries, Work Contracts
Standard rate	18%	Personal care items, Leather goods, Stone, Marble, Metals	IT, Finance, Telecom Services, Restaurants within hotels with Room tariff more than Rs. 7500
High rate	28%	Luxury items, Automobiles, Consumer Durables, Tobacco products	Private run lotteries, Betting, Cinema

Some transactions under GST

1. Intra-state Transaction (within state)

Example: A registered dealer in Mumbai sells goods/services of Rs. 100 with tax rate 12 % to a registered dealer in Solapur, or in Mumbai itself. GST will be taxed as follows

Basic price-	Rs. 100
6% SGST (Maharashtra State) -	Rs. 6
6% CGST (Central Government) -	Rs. 6
Total price-	Rs. 112

2. Inter- state Transaction (one state to another)

Example: A registered dealer from Maharashtra sells goods/services of Rs. 100 with tax rate 12 % to a registered dealer in Gujarat. GST will be taxed as follows

Basic price-	Rs. 100
12 % IGST-	Rs. 12
Total price-	Rs. 112

The amount of IGST will further be shared by the state of Gujarat and the Centre.

3. Transaction within an Union Territory

Example: A registered dealer in Andaman Nicobar sells goods/services of Rs. 100 With tax rate 12 % to a registered dealer in within the territory. GST will be taxed as follows

Basic price-	Rs. 100
6% UTGST (Andaman Nicobar) -	Rs. 6
6% CGST (Central Government) -	Rs. 6
Total price-	Rs. 112

4. Imports and Exports

No GST is levied on the exports from India.

Imports-

Example: A dealer from India sells goods/services to a dealer in China. GST will be taxed as follows

Basic price + IGST + Basic Custom Duty (BCD)

5. Supply from a Unregistered Dealer (URD) to a Registered Dealer

In normal case, the liability to pay the tax is on the supplier. But in this case, Were the supplier is a URD, the receiver becomes liable to pay the tax, directly to government by self- invoicing. This is known as Reverse charge mechanism. However Reverse Charge has been suspended from 13 October 2017 till 31 March 2018 so that the tax payers should become familiar with the compliance requirements.

Benefits of GST to Consumer

1. Cheaper goods

   This has happened because of:

   a. Reduction in tax rates
   b. Availability of ITC and elimination of cascading (doubling) effect.
2. Transparency in Tax

After introduction of GST, the customers have come to know the actual amount of taxes they are paying.

Example: In earlier Indirect tax regime, an invoice only included VAT/ Service Tax, and the various taxes which were paid by the intermediaries i.e. the Excise duty were hidden in it.

An invoice of steel only included 5% VAT, but 12.5% Excise duty was hidden in the price. Now, the invoice clearly shows 18% GST.

3. Access to various goods

GST has made India a common market and has ensured free supply of goods and services across the different states in India. This is the reason, the customers are having access to various goods and services across the nation.

Benefits of GST to Business

1. Common market

The Central Sales Tax (CST) of 2% was charged on a inter- state supply on which ITC was not available. This discouraged the flow of goods from one state to other. Now, IGST paid on such supplies will be available as setoff (refund) encouraging inter- state transactions. This has helped to make India, "One nation, one market". Also under GST, the same commodity is taxed similarly across the country, unlike in the earlier period.

2. Availability of ITC

This has helped to reduce the cost to the businessmen.

Example: Earlier, when a trader buys goods from manufacturer of Rs. 100 + Excise Duty Rs. 10. Total cost to trader Rs. 110 as ITC on Excise was not available. Now, the cost will be Rs. 100 only as ITC on GST paid will be available.

3. Increase in Competitiveness among Businesses

Availability of ITC on the Raw Material and various other materials, services used in production have lowered the cost of production. Thus the businesses are competing to provide the products at lower prices. Also, the volume of business will increase further.

4. Beneficial for small businesses

As the threshold limit for registration under GST has been kept Rs. 20 lakhs, the small businesses will be benefited from GST. Earlier, the threshold limit for VAT was Rs. 5 lakhs in most states. Also businesses with annual turnover upto Rs.1.5 crore can opt for composition scheme and will pay taxes as follows:

Trader	1% of annual turnover
Manufacturer	2% of annual turnover
Restaurants not serving alcohol	5% of annual turnover
Service Providers	Can't opt

Benefits of GST to Government

1. Consumption based tax

Example: Earlier when goods/services were sold from Maharashtra to Gujarat, the state of Maharashtra used to receive tax, as earlier taxes were origin based. Whereas now, GST is a consumption based tax, and the state of Gujarat will receive the tax. Thus GST is a boon for less developed states, who consume more than they produce.

2. Increase in Tax revenue

   Indirect tax revenue of Government will increase because of

   a. Reverse charge mechanism- as GST will take into its ambit, the URD's and tax will be collected on their transaction too.
   b. Low GST rates and availability of ITC- It has induced the businesses and consumers to pay taxes and cut down cash transactions.

3. Reduction in Tax Evasion

This will be possible because of E-way Bill. E-way bill is an electronic way bill for movement of goods which can be generated on the GSTN (common portal). A 'movement' of goods of more than Rs 50,000 in value cannot be made by a registered person without an e-way bill.

Thus there will be no chance of selling goods, without an invoice and evading taxes. E-way bill will be mandatory for inter-state sales from 1st February 2018, and for intra- state sales from 1st June 2018

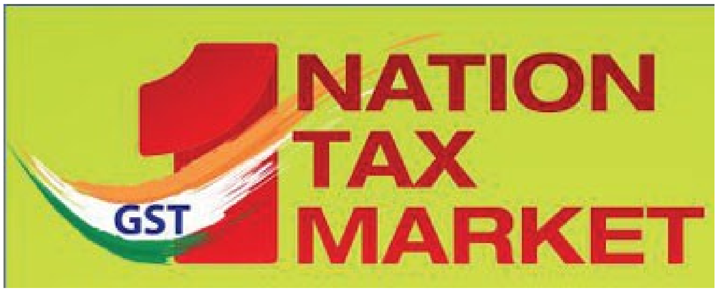
Conclusion:

Having such benefits in just about six months from its implementation, GST is been looked up with more positive impacts and benefits in the upcoming future. No other \ tax in the earlier period has provided such benefits to the consumers, businesses and the government. Thus GST is a good tax.

Also because of its various features like transparency, single tax throughout the nation, elimination of double taxation, GST is also a Simple tax. Hence it is proved that GST is a 'Good and Simple Tax'.

Cascading Vs. GST: No Tax On Tax!!

Mr. Hariom Katwe (BBA-III)



Abstract:

In the worldwide economic crisis India showed remarkable survival in its economic system. The Goods and Services Tax (GST) is expected to be another milestone in the economic growth in India. The fundamental aim of GST is to make uniform the scattered indirect tax system in India and avoid the Cascading Effect in Taxation. The impact made by GST has transformed the entire tax system in India. The effect will go beyond Indian borders. The implementation of GST has reduced tax burden on Manufacturers and thus encourages for the Higher Production. This process has increased the export of India and it has increase the total GNP. Avoidance of cascading effect empowers the manufacturers to produce to their optimum capacity. The paper explains earlier and current taxation system and the impact of GST implementation on Indian economic system.

Keywords: GST, Cascading effect, Manufacturers, Indirect Tax, Indian Economy.

Objectives:

1. To know what is Cascading Effect.
2. To know how GST overcomes Cascading Effect.
3. To know Impact of it on Indian Economy.

A) Cascading Effect:

"In simple words **'Cascading Tax Effect'** means a "**Tax Paid on Tax**" Cascading effect of taxes is one of the major distortions of the Indian taxation system. Federal structure of our democracy, allows both states and center to levy taxes separately and this has **caused this cascading**.

There are many transactions which come under the control of two or more of these taxes and the **value of the second tax is calculated on the value arrived at by adding the value of first tax to the value of transaction**.

While Income tax, Excise duty, Service tax and Central Sales tax (CST), Securities Transaction tax is levied by the center; VAT/sales tax, Entry tax, State excise, Property tax, Agriculture tax and octroi is charged by the State governments.

☒ **No Advantage of Input Tax Credit before GST:**

"It is the Tax paid by **manufacturers** and **sellers** on their purchases" **Under old tax system** Tax already **paid** by manufacturer and sellers **cannot be claimed** or reduced from output tax i.e. tax paid on sales.

B) How GST overcomes Cascading?

GST (Goods & Services Tax), a single unified tax system aims at uniting India's complex taxation structure to a **'One Nation- One Tax' regime**. It is the biggest tax reform since India's independence.

GST is collected on ***value-added*** **goods and services at each stage of sale & purchase in the supply chain.** GST paid on the procurement of goods and services can be set off against that payable on the supply of goods or services. The manufacturer or wholesaler or retailer will be liable to GST.

The final consumer will thus bear only the GST charged by the last dealer in the supply chain, with set-off benefits at all the previous stages.GST proposes to remove the geographical barriers for trading, and transform the entire nation to 'One Common Market Place'.
It is a dual concept tax system. Under this system, tax is administered, collected, and shared by both the Centre and the State governments, based on the nature of transaction (within the state or interstate).

✓ **Advantage of Input Tax Credit after GST:**

Tax paid on purchases can be reduced from taxes payable on sales i.e. from output tax i.e. you are set to have Input Credit.

Conclusion:

A uniform tax system for a nation is the slogan of GST and this mechanism has removed the effect of tax cascading in the nation. Goods and Service Tax has effectively surpass the various tax barriers persisted in the earlier indirect tax system. Elimination of tax credit problems, over tax burden problems, double taxation etc... Will enhance the **production of the country** which will ultimately led to increased GDP.

The experts are expecting a growth of 1.5% - 2% in GDP, once the GST completes a year after implementation in India and have Positive impact on Indian Economy.

GST: A Significant Move but Implementation is the Key

Mr. Abhishek Porwal (BBA-III)

"GST is not the end but start of the journey."

Abstract:-

GST today has been a burning issues and an integral part of every individual in the country. It is one of the biggest tax reforms in India in 70 years of independence. Being introduced in the year 2000 by Atal Bihari Vajpayee government has now successfully rolled out after 17 years under Modi government. After rolling out of GST on 1 July, 2017 many individuals including businessmen as well as common man have faced problems and to overcome these problems government is taking some great steps. Even India can learn from various countries on better implementation of GST in the country as we are the new entrants in the community of GST using countries.

Keywords:

GST, reform, government, businessmen, challenges, lessons

Objectives:-

1) To know the history of GST.
2) To know the challenges being faced by government as well as common people because of GST.
3) To know the steps taken by government to overcome challenges while implementing GST.

Introduction:-

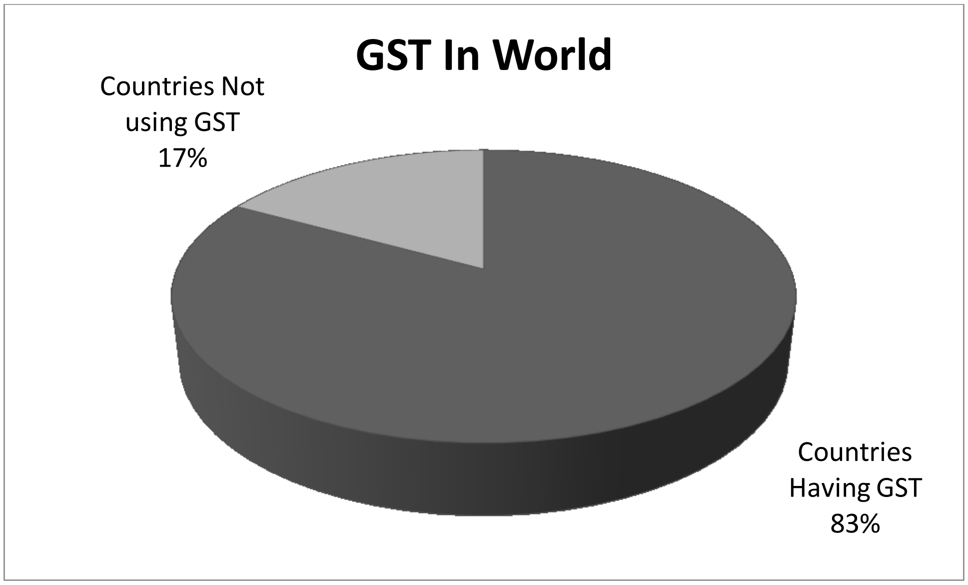
Goods and Services Tax (GST) is an indirect tax which was introduced in India on 1 July 2017 and was applicable throughout India which replaced multiple cascading taxes levied by the central and state governments. It was introduced as The Constitution (One Hundred and First Amendment) Act 2017, following the passage of Constitution 122nd Amendment Act Bill. The GST is governed by a GST Council and its Chairman is the Finance Minister of India. Under GST, goods and services are taxed at the following rates 0%, 5%, 12%, 18% and 28%. There is a special rate of 0.25% on rough precious and semi-precious stones and 3% on gold.

GST replaced a slew of indirect taxes with a unified tax and is therefore set to dramatically reshape the country's 2 trillion dollar economy.

The GST is a consolidated tax based on a uniform rate of tax fixed for both goods and services. All goods and services, leaving aside a few (alcohol, tobacco, petroleum products), will be brought into the GST and there will be no difference between goods and services. It is one the biggest tax reforms of India in 70 years of independence and is helping to modernize Asia's third largest economy.

Number of countries:-

Out of 192 countries in the world there are currently 160 countries in the world having GST / VAT applied in their country. France was the first country to implement GST in the world followed by many countries like Japan, Pakistan, Malaysia, Australia and many more with the latest entrant being India.



Timeline:-

Here is a look at the timelines that shaped the 'one nation, one tax' system:

- 2000: Prime Minister Atal Bihari Vajpayee introduces the concept, sets up a committee headed by the then West Bengal Finance Minister Asim Dasgupta to design a GST model.
- 2004: Vijay Kelkar, then advisor to the Finance Ministry, recommends GST to replace the existing tax regime.
- February 28, 2006: GST appears in the Budget speech for the first time; Finance Minister P Chidambaram sets an ambitious April 1, 2010 as deadline for GST implementation.

- 2008: Empowered Committee of State Finance Ministers constituted.
- April 30, 2008: The Empowered Committee submits a report titled 'A Model and Roadmap Goods and Services Tax (GST) in India' to the government
- 2009: Finance Minister Pranab Mukherjee announces basic structure of GST as designed by Dasgupta committee; retains 2010 deadline and BJP opposes GST basic structure.
- February 2010: Finance Ministry starts mission-mode computerization of commercial taxes in states, to lay the foundation for GST rollout.
- Pranab Mukherjee defers GST to April 1, 2011.
- March 22, 2011: UPA-II tables 115th Constitution Amendment Bill in the Lok Sabha for bringing GST.
- November 2012: Finance Minister P Chidambaram holds meetings with state finance ministers; decides to resolve all issues by December 31, 2012 for GST rollout.
- February 2013: Declaring UPA government's resolve to introducing GST, Chidambaram in his Budget speech makes provision for Rs. 9,000 crore to compensate states for losses incurred because of GST.
- August 2013: Parliamentary standing committee submits report to Parliament suggesting improvements on GST. GST Bill gets ready for introduction in Parliament.
- October 2013: Gujarat Chief Minister Narendra Modi opposes GST Bill.
- December 18, 2014: Cabinet approves 122nd Constitution Amendment Bill to GST.
- December 19, 2014: Finance Minister Arun Jaitley introduces the Constitution (122nd) Amendment Bill in the Lok Sabha; Congress objects.
- February 2015: Jaitley sets April 1, 2016 as deadline for GST rollout.
- May 6, 2015: Lok Sabha passes GST Constitutional Amendment Bill.
- May 12, 2015: The Amendment Bill presented in the Rajya Sabha.
- May 14, 2015: The GST Bill forwarded to joint committee of Rajya Sabha and Lok Sabha.
- August 2016: Congress, BJP agree to pass the Constitution Amendment Bill.
- August 3, 2016: Rajya Sabha passes the Constitution Amendment Bill by two-thirds majority.
- January 16, 2017: Jaitley announces July 1 as GST rollout deadline. Centre, states agree on contentious issue of dual control and taxing rights on goods at high sea.
- Jun 21: All states except Jammu and Kashmir pass SGST law.
- June 30 Midnight: GST set to rollout.

Challenges:-

Though GST has been rolled out on July 1, 2017 many people including business persons as well as common man are facing many hurdles which are listed as below:

1) **Problems for small unorganized wholesalers:-**

While unorganized cash based small wholesalers were still recovering from Impact of last year's 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 chain like Metro Cash, Big Bazaar, etc. which has slightly increased the prices of their daily needs.

2) **Variety of taxes:-**

Many food retailers, especially Mithai shopkeepers are confused about how to charge GST on different items in single dish. The question everyone is asking in the country is how GST can be said as single tax system when there are five different tax rates.

3) **GST on local (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 still confused whether this rule is applicable only for local products from local market purchases or also on same products purchased from big shops.

4) **Increase in compliance cost for business:-**

GST compliance procedure is to be carried out through the online portal only. Small and medium businessmen are finding it harder as the compliance cost has increased and many of them are unaware of the latest technology.

5) **Threshold limit in GST:-**

The burden of lower threshold was an issue in previous law, manufacturers were not required to comply with excise rule if turnover is Rs. 1.5 crore or less. But with merging into GST, they have to register in case of turnover crosses the limit of Rs. 20 lakhs under GST.

6) **Filing Returns:-**

Monthly every assesse has to file 3 returns and 1 annual return which makes a total of 37 returns to be filed annually. This process of filing returns on monthly basis has increased the workload of the assesse in the country.

Overcoming Challenges:-

There are some steps that Indian government should take to overcome the challenges being which are being faced by people of the country. The steps that Indian government should take are as follows:-

1) Awareness on GST:-

To spread the awareness on GST in the country, the Indian government and CBEC has proactively engaged in spreading awareness about the reform. Various GST awareness programmes, CBEC Mitra Helpdesk, Seva Kendra and many such initiatives have been started by the government. Apart from these, tax payers as well as common man are informed about important announcements and activities through various social media channels.

2) Review meeting of committee:-

Though GST council meets every now and then to takes some decisions on GST tax rates and its policies. It is also recommended to have a proper review meeting of GST councils every month so that they can get more clear information about the ongoing tax reform in the country.

3) Provide Handbooks:-

The Indian government should provide handbook on tax practices for each business segment according to their tax rates and also should provide some books in general for the common public of the country so that the doubts in their mind relating to various taxes gets solved.

4) Good IT network:-

The Indian government should provide a good IT network in rural as well as Semi -urban areas of the country a majority of income is contributed by them.

Lessons to learn from other countries:-

1) Time span for implementation:-

As Malaysia gave a time span of 18 months to their people so as to get prepared for the new tax regime. In the same way, the Indian government would have also given some time to the businessmen to prepare themselves mentally as well as physically on GST.

2) High tax rates:-

GST rates are typically between 16 % – 20 % worldwide. Lower rates can help bring down of tax evasion rates benefitting for long run. The GST tax rate of 28% is highest among the emerging economies of the world. As Finance Minister, Mr. Arun Jaitley said, "What you need is a broader base of economy, for which you need a lower level of taxation."

3) Timely payment of Input Tax credit:-

Malaysia's GST implementation showed that timely payment of input tax credit refund is vital. In India, input tax credit will be available only when the supplier has filed his GST return. If supplier delays or files wrong return it will delay input credit and will also block funds.

Conclusion:-

The introduction of GST is very noteworthy step in the field of indirect tax reforms in India. By merging large number of Central and State taxes into single tax, GST is expected to significantly ease the taxation and make it easy for the businessmen as well as the customer. Once implemented properly, the proposed tax system holds great promise in terms of sustaining growth for the Indian economy.

AUTOMOBILE SECTOR ON THE URGE OF RISE

Mr. Jayesh Gyamlani (BBA-I)

"GST remarks the beginning of a new journey for automobile sector in India."

Abstract: At the stroke of midnight, July 1st 2017, the goods and service tax (GST) came into being. The **automotive industry in India** is one of the largest in the world. All the existing taxes like Excise, VAT, CST, Entry tax have been subsumed under GST. This has paved the way for the unification o the entire country under 'one nation, one tax and one market.' In GST, the tax is charged at the point of supply. This will reduce the burden on the end consumer and he or she can look forward to lower prices of vehicles. This will lead to increase in demand for automobiles by the consumers as the prices will be affordable to them. This paper reviews the impact of GST on Auto sector.

Keywords: Goods and service tax, automobile sector, indirect tax system, decrease in prices.

Objectives:

1. To study the impact of GST on automobile sector.
2. To analyze the prices of automobiles before and after GST.

Introduction to Automobile Sector:

The **automotive industry in India** is one of the largest in the world with an annual production of 23.96 million vehicles in FY (fiscal year) 2015–16, following a growth of 2.57 per cent over the last year. The automobile industry accounts for 7.1 per cent of the country's gross domestic product (GDP). The Two Wheelers segment, with 81 per cent market share, is the leader of the Indian Automobile market, owing to a growing middle class and a young population. Moreover, the growing interest of companies in exploring the rural markets further aided the growth of the sector. The overall Passenger Vehicle (PV) segment has 13 per cent market share.

India is also a prominent auto exporter and has strong export growth expectations for the near future. In FY 2014–15, automobile exports grew by 15 per cent over the last year. In addition, several initiatives by the Government of India and the major automobile players in the Indian market are expected to make India a leader in the Two Wheeler (2W) and Four Wheeler (4W) market in the world by 2020.

Impact of GST on Automobile Sector:

At the stroke of midnight, July 1st 2017, the goods and service tax (GST) came into being. GST has the automobile sector buzzing with excitement at the prospect of lower prices. GST has ushered in, not just a new era of taxation in India, but also the opportunity to drive growth.

All the existing taxes like Excise, VAT, CST, Entry tax have been subsumed under GST. This has paved the way for the unification o the entire country under 'one nation, one tax and one market.'

In the old tax regime, tax was levied on the manufacture of vehicles as well as on the sale of those vehicles outside the state of manufacture, leading to double taxation. This was borne by the consumer. For example, a vehicle that was manufactured in Maharashtra had a Central Sales Tax (CST) as well as excise duty levied on it when the vehicle was transferred from factory to retailers.

In GST, the tax is charged at the point of supply. The CST will be replaced by a single IGST, on stock transfer out of state as well as on the sale to the trader. This will reduce the burden on the end consumer and he or she can look forward to lower prices of vehicles. The automobiles are classified into:

1. Two-wheelers
2. Four-wheelers

Impact of GST on Two Wheelers:

GST leads to a more unified tax structure, so now two-wheeler manufacturers will charge a uniform price across India. This will result in ex-showroom prices of two-wheelers becoming same across India, with a flat 28 per cent GST. But the GST structure for two-wheelers has been classified into two groups - two-wheelers with engines below 350 cc and two-wheelers with engines above 350 cc.

Impact Of Goods And Services Tax (GST) On Two-Wheelers In India

ENGINE CAPACITY	EXAMPLES	BEFORE GST	AFTER GST	DIFFERENCE
Two-wheelers Below 350 cc	Honda Activa 4G, Hero Splendor, Bajaj Pulsar 150, Royal Enfield Classic 350	30%	28%	2% ▼
Two-wheelers Above 350 cc	KTM 390 Duke, Harley-Davidson Street Rod, Ducati Scrambler, Triumph Street Twin	30%	31% 28% + 3% Cess	1% ▲

So, GST effect will have two-wheelers with engine capacity below 350 cc will attract a flat 28 per cent, down 2 per cent from 30 per cent in various taxes, including excise duty, VAT, CST, etc. This slab includes all Royal Enfield 350 bikes which have actual engine capacity of 346 cc. But two-wheelers above 350 cc engine capacity will attract an additional cess of 3 per cent, over and above the 28 per cent GST. So, the eventual tax difference will be roughly around 1 %.

So, after GST on bikes come into place, bikes like Royal Enfield Himalayan, Royal Enfield Classic 500, KTM 390 Duke, KTM RC 390 will cost marginally more. This GST slab also include all premium bikes from manufacturers like Triumph, Ducati and Harley-Davidson since all models of these manufacturers have engines displacing more than 350 cc. In fact, all premium bikes will have an additional 3 per cent cess.

IMPACT OF GST ON FOUR WHEELERS

The four wheeler section in India accounts for a major share in the annual sale of automobiles per year. Previously, many taxes like VAT, road tax, registration duty, and excise were applied to four wheelers but after GST only a single tax GST is applied with additional cess. The GST has both positive and negative impact on cars. Under GST all cars are kept under 28% tax slab (except electric cars) and cess is applied above it. The four wheelers under GST are classified into 7 various types. These types are as follows:

1. Small cars(petrol) 2. Small cars(diesel) 3. Mid-size cars
4. Luxury cars 5. SUVs 6. Hybrids 7. Electric cars

The following table shows the impact of GST on various categories:

Car types	Taxes before GST	Base tax in GST	Cess	Nett.	Difference
Small cars(petrol)	31.5%	28.00%	1.00%	29.00%	-2.5%
Small cars(diesel)	33.25%	28.00%	3.00%	31.00%	-2.25%
Mid-size cars	44.7%	28.00%	17.00%	45.00%	+0.30%
Luxury cars	51.6%	28.00%	20.00%	48.00%	-3.6%
SUVs	55.0%	28.00%	22.00%	50.00%	-5.0%
Hybrids	30.3%	28.00%	15.00%	43.00%	+12.7%
Electric cars	20.5%	12.00%	0.00%	12.00%	-8.5%

The first category i.e. small cars (petrol) were having a taxable amount of 31.5% before GST but after GST the taxable amount has decreased to 29% which includes 1% of cess. The small cars (diesel) were having a taxable amount of 33.25% before GST but after GST the taxable amount has decreased to 31% which includes 3% cess. The mid-size cars which had a taxable amount of 44.7% has increased slightly by 0.30% and has increased to 45%. The hike is due to the cess of 17% which is applied to a base rate of 28%

The luxury cars which had taxable amount of 51.6% has decreased by 3.6% and has reached to 48% which includes 20% of cess. The SUVs which had a taxable amount of 55% has decreased by 5% and reached to 50%. The hybrids has increased a huge by 12.7%. Earlier the tax rate for hybrids was 30.3% but now it has reached to 43%.

Government has kept the least tax rate for electric cars. Previously tax rate of electric cars was 20.5% which has reduced by 8.5%. Under GST the tax rate for electric cars is12%. There have been discussions to make electric vehicles more affordable to help achieve the ambitious goal of all-electric mobility by 2030. In fact, Society of Indian Automobile Manufacturers (SIAM) recently recommended dropping GST on electric cars from 12 per cent to 5 per cent to speed up EV adoption. Major automakers are subsequently acting quickly. For instance, Suzuki is setting up a battery plant in India to help contain the overall cost of an EV. Suzuki and Toyota have also teamed up to make affordable electric vehicles with a driving range comparable to that of a petrol car.

GROWTH of AUTOMOBILE SECTOR:

The cheaper vehicles will fuel demand in the market and consequently boost manufacturing growth. Also, with the GST rates of taxation being the same across the country, there will be no differentiation of tax cost for the consumer when procuring the vehicles from another state. This will reduce incidences of tax evasion which occur due to consumers buying vehicles from states other than where they reside.

With GST, things like multiple levels of taxation, elaborate tax compliance obligations, and cascading taxes will be a thing of the past. A simplified and fully-automated tax mechanism ensures better compliance.

Another thing to note is that GST will reduce the cost of manufacturing due to the subsuming of different taxes levied in the past. Since the taxes will be charged on supply, and consumption state, rather than the origin state, it would give a boost to the growth rate of the automobile industry.

CONCLUSION:

Implementation of GST is beneficial for the automobile sector in India. According to Moody's Investors service, the implementation of GST is expected to lead to higher GDP growth and increased tax revenues or the Indian government. Following shows the prices of various types of cars before and after GST:-

CARS	Prices before GST	Prices after GST
Maruti Suzuki Alto (small cars)(petrol)	Rs. 2.74 lakh	Rs. 2.67 lakh
Maruti Suzuki Dzire (small cars)(diesel)	Rs. 9.41 lakh	Rs. 9.19 lakh
Maruti Suzuki Ciaz(mid-size)	Rs.8.31 lakh	Rs. 8.33 lakh
Toyota corolla Altis(luxury cars)	Rs. 20.99 lakh	Rs. 20.23 lakh
Toyota Fortuner(SUV)	Rs. 31.86 lakh	Rs. 30.26 lakh
Toyota Camry(hybrids)	Rs. 31.98 lakh	Rs. 36.04 lakh
Mahindra Everito(electric cars)	Rs. 9.5 lakh	Rs. 8.69 lakh

GST a Game Changer for E-commerce

Ms. Kashaf Momin (BBA-II)

"Bringing uniformity and clarity in ecommerce, GST is going to be a GAME Changer for E-commerce sector."

Abstract:

Ecommerce business is growing very rapidly in India. It now occupies third position in the world after china and US. Earlier indirect tax laws created many confusions and litigations and acted as a hindrance in the growth of ecommerce business in India. Government as has lost lots of revenue due to improper linkages of various indirect taxes and tax invasion. Now GST is supposed to curb the loopholes existed in earlier indirect tax laws, simplify the tax structure, lower overall tax rates. The basic objective of this paper is to evaluate the impact of GST on ecommerce business in India

KEY WORDS:

GST, Ecommerce operator, Aggregator, Tax collection at source (TCS).

OBJECTIVES:

1. To evaluate the impact of GST on ecommerce.
2. To evaluate if GST will create a favorable condition for business.
3. To understand if GST will be a benefit or a barrier to ecommerce.

Introduction:

On July 1, India moved on to a new era of taxation with the rollout of Goods and Services Tax (GST). It has now subsumed 17 central and state indirect taxes and 23 cesses into a single tax regime. Aimed at revamping the country's Byzantine taxation system, the Goods and Services Tax (GST) was rolled out in India on 1 July, 2017. It replaced 17 central and state taxes or Value Added Tax (VAT) and 23 cesses to devise a unified market for the $2 trillion economy. The new tax regime is a destination-based tax system as opposed to the previous fundamental of origin-based tax. It observes a multi-stage collection process in which tax is collected at every stage and the input tax credit for the tax collected at the previous stage is made available as a set-off at the next stage of transaction. This mechanism eliminates 'tax on tax'. GST is divided into three types, namely, Central GST (CGST), State GST (SGST), and Integrated GST (IGST). The first type is levied by the Centre, the second by the States, and the third is levied by the Centre on inter-state supply of goods or services.

What is GST?

GST is essentially a single tax on the supply of good and services, all the way from manufactures to customers. GST is the consumption tax, and will be applicable at the stage where a product is consumed rather than at various stages of production.

GST has had a varying impact on various industries due to its provisions. This also includes the domain of online shopping that was brimming with heavy discounts during the days leading up to the rollout of GST.

E commerce definitions under GST-

E COMMERCE –

Electronic commerce mean the supply of goods and services or both, including digital products over digital or electronic network

AN ECOMMERCE OPERATOR-

An ecommerce operator means any person who owns, operates or manages digital or electronic facility or platform for electronic commerce

For instance- Amazon and Flipkart

AGGREGATOR-

A person who owns and manages an electronic platform to enable customers to connect with persons providing a service under the brand name of the aggregator . Ola cabs would be an aggregator

THE TAXABILITY OF ECOMMERCE BUSINESS UNDER GST:

As per the GST law, every ecommerce operator and every supplier providing their goods or services through ecommerce compulsorily requires registration irrespective of threshold limit. Further where consideration is collected by ecommerce operator on the behalf of suppliers, it is also required to collect **tax at source (TCS)** not exceeding 1% on net value of taxable supplies after adjusting the value of taxable supplies returned during the month. the said TCS is required to be deposited to the credit of government within 10 days from the end of the month in which it was collected. Further it has also been provided that in case of notified services the liability to pay GST shall be of e-commerce operator assuming it to be supplier.

Key Impact of GST on ecommerce-

Change in shopping online:

Under the new regime, goods will be delivered to a customer much faster than the previous regime due to removal of paperwork to be filed with state authorities. Though goods will reach on time, a pain point for consumers would be returns and cancellations as e-commerce companies may make this a tad difficult since they would now have to bear the tax amount on their own and only later be able to get a refund from the government in case of returns and cancellations. The companies will face a major cash-flow disadvantage due to returns and cancellations.

Relief to consumers:

A huge relief to consumers has been the reduction in nominal tax rates for a majority of goods. Half of the items in the Consumer Price Index (CPI) basket will be exempt from GST and another tenth will be taxed at the lowest rate of 5%. The balance CPI goods would come under either of the two standard rates of 12% or 18%, rather than the highest rate of 28%.

Anti-profiteering clause:

The government has set up an anti-profiteering body to keep a watch on how businesses recalibrate the tax-inclusive price charged from consumers. Hence, companies and traders are expected to pass on the benefit to the consumers. This would result in further reduction of prices on various goods and services.

Getting tech savvy:

In lines with Digital India, all filings in GST will have to be done online. Hence, all businesses would not only have to update their systems but also train their workforce to become tech savvy. It will specifically affect smaller traders who earlier managed their tax filings manually.

Ease of process:

GST will not only ease the process of business but also bring in transparency in the whole process. All the invoices uploaded by sellers will also be visible to buyers. For the first time, consumers will get to know the actual amount of taxes they are paying for goods and services in the form of single GST. The efficiency of GST is expected to bring down the tax burden and improve transparency.

Tax breaks to end:

There is no more excise duty exemption for setting up production units in the north east or hill states. Businesses will have to make investment decisions based on sound economics rather than tax arbitrage. Units that have already come up on the promise of excise exemption for a specified period will have to pay tax first and claim refunds in the remaining period.

Competitive business environment:

It will shift the burden of taxes from the manufacturers in India where the tax system is unfairly skewed towards the consumers. Manufacturers will pay lower taxes and there will be an environment of greater competitiveness and more freedom in business.

Transparency: Customers are now able to see the exact amount of taxes they pay for goods and services in the form of a single GST instead of numerous taxes and cesses.

Compliances:

The number of returns to be filed under GST has been a hot topic of debate. In the GST regime businesses have to file a total of 37 returns per state. However, everything being online, it is expected to be easier. Also, now such businesses would have to deal with one tax authority rather than multiple authorities as in the past regime.

Conclusion:

In conclusion, the benefits of GST resulting from uniformity in processes across the country, elimination of cascading effect, boost to economy, legal standing will far overweigh the glitches pertaining to increased compliance burden for e-commerce. The e-commerce sector in India is among the most rapidly growing sectors. Combine that with the government's vigorous promotion of a digital India and it is easy to see that there's much scope and hope for this sector in the country. Overall the tax burden will come down. Being the tax rate same in all states, the transportation and storage cost will come down. In a nutshell ecommerce under GST is going to witness an era of transformation and growth. As it happens with every change, there might be a few teething issues in the short term and over time things will fall in place and ecommerce would become more organized and seamless.

Impact of GST on Hotel Industry

Ms. Adwity Awasare (BBA-II)

"GST is a tribute to the maturity and wisdom of India's democracy"

Abstract:

Impact of GST on the Indian Hospitality Sector Goods and Services Tax, or GST! ... Just a few days back, the GST council provided a slight sigh of relief to mid-market and luxury hotels by stating that only rooms with a tariff of Rs.7,500 and more, and not Rs.5,000 as declared earlier, would have a GST of 28%.Jul 3, 2017.

Keywords: GST, Hotel Industry, Market, Taxes, GDP.

Objectives:

1) To study the impact of GST on hotel Industry.
2) Hotel industry before and after implementation on GST.
3) Positive/negative effects of GST on hotel industry.
4) To evaluate weather GST is a barrier or a benefit

Introduction:

Indian Hospitality Industry is one of the key drivers in growth of services sector apart from hotels lodges but restaurants as well. Includes tourism too.

GDP (gross domestic product)
Tourism & Hospitality ⇨ GDP Contribution _______ $ 47 billion

In fact, NRAI (National Restaurants association of India) estimated a result after survey that Indian food services will contribute around 2.1% of GDP by 2021. Researchers also found that GST in hotel industries will also have far reaching implications.

Indian tourism and hospitality industry has justly been touted as one of the key drivers of the economy, given the rise of an ambitiously expanding middle class and increased disposable income of this population bracket. Currently, it accounts for 7.5 percent of the country's GDP, with a promised growth of about 16.1 percent CAGR, sweeping in approximately Rs. 2796.9 thousand crore by 2022, as reported by KPMG.

Room Tariff per night (INR)	GST Applicable
< INR1000	0% (no tax)
INR >=1000 but < 2500	12%
INR >=2500 but <7500	18%
>= INR 7500	28%

Establishment Type and Services	**GST Rate Applicable**
At establishments with turnover of <INR 75 lakh	5% (Composition Scheme)
Non-AC restaurants not serving alcohol	12%
Non-AC restaurants serving alcohol	18%
Restaurants with AC or Central heating (whether serving or not serving alcohol)	18%
Partly AC and partly non-AC restaurants (includes those serving and those not serving alcohol)	18%
AC Restaurants inside 5-Star Hotels	18%

The Good:

- The most obvious benefit gleaned from the GST compliance scheme is the removal of duality of taxes and the cascading effect of VAT, service tax and service charge done away with. For instance, the way complementary breakfasts will now be taxed (as a bundled service under GST and not separately under VAT) is a fine example of how the benefits are already pouring in. With no more multiple taxes snowballing into inflated consumer bills and such small nuggets of happiness for the average pocket-conscious consumer, this means guaranteed value for money, thereby encouraging consumers to spend on such experiences, which eventually helps the hospitality sector as well.

- Abolition of multiple taxes will likely lead to a drop in the erstwhile lengthy administrative process of tax calculation, thereby leading to a more streamlined taxation process, and one, that is essentially time-saving as well.
- Have you previously been in a position where you got confused about how VAT, service tax or entertainment tax ended up landing in your bill? If you have ever paid taxes for services without understanding why you were doing so, sometimes even in excess of what was due to you, then this is a time to rejoice for you can now get a clear picture of the tax you are paying. This naturally makes for an enjoyable consumer experience, with less room for cluelessness.
- Despite the contentious GST slab of 28% for certain categories of hotels, the hospitality industry as a whole, will now find it easier to claim and avail input tax credit; something that was not possible pre-GST, as tax paid on inputs could not be adjusted against the output liability. Now hotels shall be able to take advantage of credit on almost all durables and raw materials purchased, and construction and renovation carried out in furtherance of the business, subject to certain conditions, those being: Possession of tax invoice/debit note, receipt of goods/services, payment of tax charged to the concerned government on such supply, furnishing of GST return by supplier.
- GST, though complex on the surface and challenging to grapple with at the moment, will assuredly 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 hotels, there will be less room for tax avoidance/evasion, thus paving the way for legal and corrupt-free proliferation of the hotel industry.

The Bad

- The significance of a robust 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.
- With more money being invested in being GST compliant, hotel and restaurant businesses might end up recovering the same from their customers, leading to

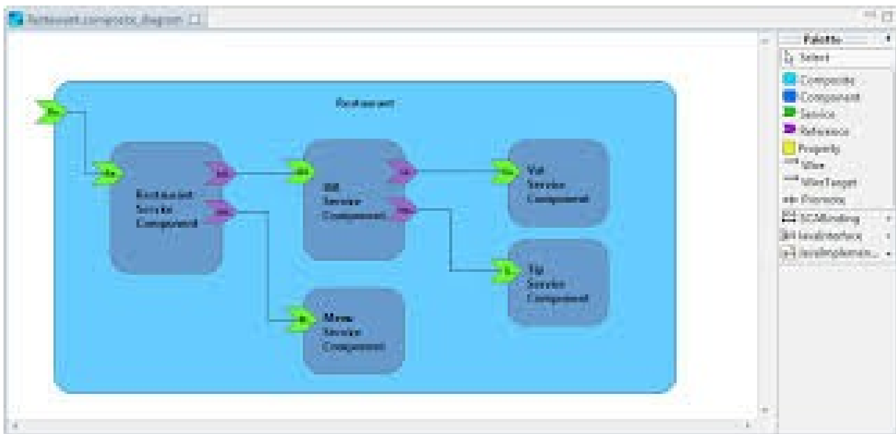
higher tariffs, which will, in a way defeat the purpose of GST as consumers come a full-circle and continue paying more than what they need to while availing cross-services as well. For example, the fact that electricity despite being a significant input cost for the hospitality industry has been kept exempt from the purview of GST, predictably means solar and wind power companies will not be able to avail input tax credit on fuel and machinery used against the output (electricity), leading to the surplus tax being rolled over to the end consumer, thereby making power consumption a costlier affair for the common man. Ironically, with electricity being an exempt subject under GST, even hotel businesses will not be able to avail input credit on taxes paid for electricity, thus, rolling it over to consumers.

- Though Small and Medium Enterprises (SMEs) are set to gain immensely from the current GST tax regime, they may now be obligated to purchase commodities from *registered dealers only*, failing which, they would be liable to pay full tax on supplies as would have been due under the normal tax scheme. This is a glaring disparity since composition dealers were earlier (under the VAT scheme) not mandated to pay taxes on supplies delivered by unregistered persons. Not only this, since they are not allowed to avail input tax credit on supplies purchased, this will ultimately have them pay taxes twice – first, to the registered dealer, and second, to the government. It also does not help that many SMEs may not even be able to avail of this feature unless they strictly deal in inter-state supplies.
- As observed quite rightly by industry players, the surge of GST might lead to the emergence of a parallel economy, where some people do not opt for bills, leading to thousands of unaccounted transactions, and ultimately defeating the objective of GST. This is not an entirely impossible reality, given that people in India already try and sneak in transactions without billing the same, leaving this sector vulnerable to corruption and exploitation.
- This is an opportune time when tourism and hospitality industries have exploded around the world throwing the spotlight harder on these revenue-generating pillars, and neighbouring countries in the Asian subcontinent (such as Japan, Singapore, Myanmar, Thailand, Indonesia, Dubai and the like) have indeed stepped up to this nation-building mission by keeping taxes low (5-10%), thus ensuring more footfalls in these tourism hotspots. In contrast, India's steep 12-28% tax slab levied on stakeholders in the hospitality sector will only serve to drive tourists away and have them flock to more lucrative options, despite our country getting ranked high on tourist wish lists.

Comparison between the pros and cons of GST on a basic, mundane level points to a mixed bag of gifts and unexpected, unwelcome twists thrown in together. At best, GST impact on the hotel industry may be perceived as a double-edged sword, where as a hotel or restaurant business you simply cannot take advantage of the leniency, without feeling the pinch of the mandates.

Components of Hotel Food:

We don't usually pay attention to the bill after we have our food we eat at the hotels we stay at. There a proper scheme of bills and what all are we costed for to pay. There are major 3 components of hotel bill.



GST and the Indian Textile Industry

Mr. Rajkishor Gangji (BBA-I)

"It would definitely strengthen our industry since we are predominantly cotton-based, sustainability and competitiveness"

Abstract : This paper is an analysis of what the impact of GST (Goods and Services Tax) will be on textile sector. It is an accepted fact that GST is not merely a tax change but a business change as it will impact all functions of an organization such as finance, product pricing, supply chain, information technology, contracts, commercials etc. Thus, it is imperative that all these functional teams should be aware about the GST.

Keywords : Goods and Services Tax (GST),Textile Sector.

Objectives :

- To understand the differences in textile industry before and after the GST.
- To show the major differences in taxation system in small, as well as in large enterprises.

Introduction:

GST- AN Overview

The One Hundred and Twenty Second Amendment Bill of the Constitution of India formally referred to as The Constitution (One Hundred and First Amendment) Act, 2016, introduced a national Goods and Services Tax in India from 1 July 2017. The GST law is likely to change the whole scenario of current indirect tax system. It is considered as biggest tax reform since 1947. The introduction of such a tax in Indian Economy is a concrete step of Government of India as one of the biggest taxation reforms and is all set to integrate State economies and boost overall growth.

Meaning of GST:

GST is a comprehensive, indirect, multi-stage, destination based tax that will be levied on every value addition. The goods and services tax (GST) is aimed at creating a single unified market that will directly affects all sectors and sections of our economy.GST is a tax levied at each stage of value- addition in the supply of goods and services. It seeks to eliminate inefficiencies in the tax system that results 'tax on tax'. It is a single tax on the supply of goods and service, 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. The final consumer will thus bear only the GST charged by the last dealer in the supply chain, with set-off benefits at all the previous stages. For example a garment manufacturer gets credit for the taxes paid on the materials purchased while computing the final indirect tax liability on his product that is collected from the consumer.

Benefits of GST:

A. To business and industry:

- **Easy compliance:** A robust and comprehensive IT system would be the foundation of the GST regime in India. Therefore, all tax payer services such as registrations, returns, payments, etc. would be available to the taxpayers online, which would make compliance easy and transparent.
- **Uniformity of tax rates and structures**: GST will ensure that indirect tax rates and structures are common across the country, thereby increasing certainty and ease of doing business. In other words, GST would make doing business in the country tax neutral, irrespective of the choice of place of doing business.
- **Removal of cascading**: A system of seamless tax credits throughout the value-chain, and across boundaries of States, would ensure that there is minimal cascading of taxes. This would reduce hidden costs of doing business.
- **Improved competitiveness**: Reduction in transaction costs of doing business would eventually lead to an improved competitiveness for the trade and industry.

To manufacturers and exporters:

- The subsuming of major Central and State taxes in GST: complete and comprehensive set-off of input goods and services and phasing out of Central Sales Tax (CST) would reduce the cost of locally manufactured goods and services. This will increase the competitiveness of Indian goods and services in the international market and give boost to Indian exports. The uniformity in tax rates and procedures across the country will also go a long way in reducing the compliance cost.

B. To Central and State Governments:

- **Simple and easy to administer**: Multiple indirect taxes at the Central and State levels are being replaced by GST. Backed with a robust end-to-end IT system, GST would be simpler and easier to administer than all other indirect taxes of the Centre and State levied so far.

• Better controls on leakage: GST will result in better tax compliance due to a robust IT infrastructure. Due to the seamless transfer of input tax credit from one stage to another in the chain of value addition, there is an inbuilt mechanism in the design of GST that would incentivize tax compliance by traders.

• **Higher revenue efficiency**: GST is expected to decrease the cost of collection of tax revenues of the Government, and will therefore, lead to higher revenue efficiency.

C. To consumers Single and transparent tax proportionate to the value of goods and services: Due to multiple indirect taxes being levied by the Centre and State, with incomplete or no input tax credits available at progressive stages of value addition, the cost of most goods and services in the country today are laden with many hidden taxes. Under GST, there would be only one tax from the manufacturer to the consumer, leading to transparency of taxes paid to the final consumer.

• **Relief in overall tax burden**: Because of efficiency gains and prevention of leakages, the overall tax burden on most commodities will come down, which will benefit consumers.

Role of Textile Sector in the Indian Economy:

India’s textile sector is one of the oldest industries in Indian economy dating back several centuries. It is one of key sector in Indian economy with a direct linkage to the overall growth of Indian and global economy. Textile plays a major role in the Indian economy India's textile market size (USD billion). It contributes 11 per cent to overall index of industrial production (IIP) and 5 per cent to GDP. The industry is the second largest employer after agriculture, providing employment to over 45 million people directly and 60 million people indirectly. The industry accounts for nearly 15 per cent of total exports. The industry accounts for nearly 11 per cent of total exports. The textile industry has two broad segments. First, the unorganized sector consists of handloom, handicrafts and sericulture, which are operated on a small scale and through traditional tools and methods. The second is the organized sector consisting of spinning, apparel and garments segment which apply modern machinery and techniques such as economies of scale. The Indian Textile industry is amongst very few industries that is vertically integrated from raw material to finished Products (From fibre to retail). With potential growth opportunities in both the global and the domestic market it has leveraged its strong manufacturing position to achieve considerable expansion.

Some Pertinent Issues in Current Taxation under Textile Industry :

There are mainly two kinds of Indirect Taxes i.e. Central Excise Duties and service Tax. Service is not levied on Textile since it comes under goods. Under current taxation system, textile products are largely exempted or are taxed at terribly low rate. State Governments have stopped levying sales tax after the termination of additional Excise Duty.

Central Excise duty: The domestic textile business has associate degree optional route to pay zero excise duty across numerous stages of the value chain, provided they do not claim the Input Tax Credit (ITC) at any stage. Cotton primarily based industry are exempt from payment of excise and apparels have been attracting excise duty at effective rate of 1.2% (if opted for 2% payment with abatement @ 40%) or 7.5%(if opted for 12.5% payment with abatement of 40%).

Job Work In garment industry: Persistently, brand house owners outsource the goods factory- made fully or on job work basis. There are special provisions that the central excise duty levy that in traditional course ought to be with the job worker gets shifted to brand owner. Such brand owner instead of job-worker has to register and comply with excise provisions. Brand owner instead may authorize his job-worker to get registration and pay the duty on goods.

Value Added Tax (VAT): VAT being a state specific tax is subject to different provisions in several states. Most of the states in India has exempted textiles and materials from levy of VAT. Garments together with textiles are being subject to lower rate of VAT in many states.

Entry Tax: In case of many states, entry tax is levied on specified goods once goods enter native space. Even textiles like cotton, woolen or silk or artificial silks are prone to entry tax in states like Karnataka at the rate of 1% which is adding to purchase cost.

Customs Duty: Custom duty in India is outlined under the Customs Act, 1962 and permits the government to levy duty on exports and imports, prohibit export and import of goods, procedures for importing/exporting and offences, penalties etc. Under customs duty different taxes are levied like Basic customs Duty, Additional Customs Duty (CVD), Protecting duty, Anti-dumping duty and Safeguard duty.

Textiles under GST System

Rates on textile and apparel industry:

Under GST regime, all natural fibres, including cotton, cotton yarn, fabrics and ready-made garments valued below Rs 1,000 have been classified under 5 percent GST rate, garments valued above Rs 1,000 under 12 percent; synthetic or man-made fibers and synthetic yarn under 18 percent, with the fabric irrespective of fibre has been classified under 5 percent GST rate.

Job Work:

At the start, the GST rates for official procedure in textile industry were kept at 18%, which were later revised on widespread industry demands. GST rates on job work of textile yarn and fabric manufacturing activity were reduced to 5 per cent. Textile job works like cutting, embroidery, finishing, washing or pressing, packing, bleaching, dyeing, printing, knitting, and colouring has been brought underneath the 5% GST slab. But the textile sector thinks that processes like stitching, printing, embroidery might still attract 18 per cent, not five per cent. Their reason for the worry is that these processes come into play after the fabric is converted to a garment.

Textile Imports and Exports under GST: Import, export and supply to SEZ, EOU shall be considered as inter-state Supply. Import of goods shall be taxed in GST and Tax paid (IGST) on foreign goods shall be eligible for credit as input tax credit to the importer. Exports physical and supplies to SEZ are going to be treated as Zero Rated Supplies. No tax will be payable on export of goods. However, credit of input tax credit will be available and the same may be utilized by the exporter for other outward in the alternative, the exporter may claim refund of corresponding input tax credit. Export benefits like drawback, rebate/ refund would be available.

Impact of GST on Textile Sector:

Shift towards organized sector: A substantial segment of the Indian textile industry operates under the unorganized sector. It creates a gap in the input tax credit system. If the registered taxpayers buy inputs from the unorganized sector, they can not avail input tax credit facility. GST on textile will bring a significant change in the input tax credit system and it will create an important balance between organized and unorganized sectors of the industry. In fact, GST will help the entire textile industry in shifting towards an organized sector.

Improved compliances: An important effect of GST would be to improve compliance. The value chain under the GST will be fully traceable. As a result, ITC claims will have to be backed by full information chain of purchases and sales. Improved compliance will automatically lead to higher revenues for any given rate as long as that rate is not excessively high.

Increase in administrative cost: for the textile industry as hitherto most of the activities were out of tax net.

Input Tax Credit for Capital Goods: Presently, Indian textile manufacturers need to pay heavy excise duty while importing capital goods. This excise duty is costly as input tax credit facility is not available under current tax laws. But with GST's launch, the excise duty will have input tax credit facility and it will decrease the total import cost for capital goods.

Textile industry will be more competitive: GST will restructure the input tax credit claiming process. It will make the entire textile industry more aggressive in the export market. In addition to this, input tax credit will be a significant step for promoting the export of textile products. It will also encourage the manufacturers to adopt cutting-edge production system to develop existing products.

GST will encourage the farmers: Cotton yarn and fabrics will come under 5% GST tax slab and it will inspire the farmers to grow ample amount of cotton more than before. The farmers will get the accurate price for their hard work. It is expected that GST on textile will create development in the entire value chain.

Readymade garments will be costlier: GST on readymade garments will create a huge difference in the current consumption. The tax slab will be 12% under GST while the present slab is 4-5% VAT and 2% excise. This higher tax slab will definitely increase the price of readymade garments for the consumers.

GST on apparel: The Indian government has decided to keep 5% GST on apparels that are below than INR 1000 and apparels beyond this price will have 12% GST rate. In India, mass consumption of apparel is generally below Rs 1000. With the increasing purchasing capacity, change in the tax system will not have an impact on the buying pattern of consumers.

Transparent taxation: In GST, textile output will be taxed and input tax credit will be rebate whether in the case of export or for domestic use making taxation transparent.

Fiscal barriers for inter-state movement to be removed: Reduce time of movement and logistic costs, stocking costs and carrying cost.

Conclusion:

From above discussion it is concluded that introduction of GST will usher in a excess of changes in the textile business of India with an overall positive impact on the sector. GST implementation is expected to produce impetus to various reforms and policy measures envisaged by the Government for the ease of doing business and to usher India into a simple, transparent and tax friendly regime. It will simplify the present procedures by converging various complex indirect taxes into a unified platform and conjointly improve the "textile export" state of affairs of India. The compliant would notice their goods become competitive and the sector would conjointly take part in contributing to tax in addition to providing employment and other social benefits at a level higher than today's. No doubt that GST will give India a world class tax system by amalgamating erstwhile completely different treatments to manufacturing and service sector. But all this will be subject to its rational style, timely implementation and regular follow up. Hence, it can be concluded that GST in the Indian framework will plug revenue leakages in current system and at the same time will provide relief to taxpayer in terms of reduced tax burden, elimination of cascading effect and seamless flow of input credit on most of the commodities, in addition to unleashing a stream of commercial benefits hitherto untouched by the VAT system and would essentially lead to Economic Development.

Retail Escalating via GST

Ms. Krina Shah (BBA-II)

"Great Step by Team India, Great Step towards Transformation, Great Steps towards Transparency, this is GST," -PM ModI

Abstract:

GST is one of the biggest tax reforms since independence. GST will subsume almost all the indirect taxes levied by state and central government and will make a significant impact across industries. The government has proposed four tax slabs at 5%, 12%, 18% & 28 % for a different type of items and services. 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. After implementation of GST, state boundaries will be irrelevant from taxation and documentation point of view. Vanishing state boundaries will reduce the complexity for retailers and increase the distribution reach as well as efficiency. Retail sector is one of the key pillars for Indian economy and it accounts for around 10% of GDP. GST will usher in wide changes in various industries and sectors and Retail industry is not an exception. The impact of GST will be positive on retail sector.

Keywords: GST, growth, strategies, GDP, retail industry, etc

Objectives:

1. To know the growth of retail industry.
2. To know the impact of GST on retail sector.
3. To know the efficiency or ease in tax payment after implementation of GST.

Introduction:

The benefit of **GST** on retail sector will be huge. Indian Retail sector is one the fastest growing industry in the world. It is expected to grow to1.3 trillion USD by 2020, registering a CAGR (Compound Annual Growth Rate) of 16.7% over the 5 years ranging from 2015-2020. India is 5th largest retail destination in the world. The retail sector is booming everywhere be it metro cities or the Tier-II and tier-III cities. The Government of India has introduced major reforms to attract FDI in the retail industry. The government has approved up to 100 % FDI in single brand retail and 51% in the multi brand- retail. All of these stats signify that the retail sector is as dominant as ever and any reform in the country which anyhow affects the working of the sector shall have a huge impact on it. And GST is no ordinary tax reform. It is one of a kind reform which is poised to change the scenario of taxation in the country and legitimately its effects on the retail industry must be considered.

GST in different sectors of retail industry:

Categories	**Before GST %**	**After GST %**
Footwear	13.05%	5% & 18%
Sports	6% & 13%	5% to 28%
Dairy products	11%	12%
Gift shop	14%	18%
Watches	28%	18%
Bakery products	12%	12% to 28%
Clothing	6%	5% & 12%
Ice-cream	13.05%	18%
Cellphones	13.05%	12%
Sunglasses	28%	18%
Frames of sunglasses	18%	12%
Pharmacy	6% & 13.05%	0% to 28%
Grocery	12%	5% to 28%
Cosmetics	0% to 14.05%	18%
Jewellery	14.05%	3%
Purse	14.05%	18%
Leather items	14.05%	28%
Non-leather items	14.05%	18%

Benefits of GST on Retail Sector

- **Reduced Taxes**

  GST will reduce the tax burden on retailers as they pay many different forms of tax in the current scenario such as **CAT, CST, Octroi, service tax,** and much more. GST will streamline everything into one single tax so that it will be easier for the retailer to understand the taxation and to pay it in one shot.

- **Seamless Input Tax Credit**

  GST will reduce the burden of tax on the retail sector as it will set off tax starting from the producer's point to the customer point. GST will make an impact on the flowing effect of taxes and help to streamline into one category.

- **Increased efficiency in supply chain**

  Since the retail business can be carried out in every state upon single registration, the retailers will not have to maintain warehouses in every state, and this will be very beneficial regarding cost to the retailer. The transportation industry will flourish as they would carry more goods from one state to the other as it will become easy to transfer goods under GST. The lead time will also reduce in transporting the goods as the inter-state boundaries would be more free-flowing. GST will help the retail sector become more efficient in their operations.

- **Tax on promotional items and gifts**

In the new GST model, any supply without consideration will attract tax and therefore, everything will have to be accounted for. The retailers would give out gifts and promotional items with products as a part of their marketing strategy which used to be tax-free in the current taxation system. When the GST gets implement, no such rule will be applicable and the retails will have to pay tax on the gifts and promotional items as well, therefore, re-think their promotional strategies.

- **Growth of Retail Market**

GST will lead to the unification of markets as it will streamline the state and the central tax and eliminate all the confusion of taxation in different markets. The retailers can easily expand their business beyond boundaries as they have to register their business only once and then can carry operations in all the states. This will also contribute towards the growth of the retail market and help boost the economy of the country.

- **Better strategies**

GST will force the retailers to re-think their supply chain strategies and re-model their network as it will open a lot of doors and opportunities for retailers to expand their business. It will give them the freedom to draft better business strategies and implement it for further growth of the retail sector.

- **Reduce complications**

The retailers would be able to carry out the business with more ease as the taxation, and other policies would be streamlined under the new GST rules, and they would not have to waste their time in paying various taxes and waiting to fulfill all other policy requirements of the current taxation system.

- **Beneficial for start-ups**

The retail sector would start attracting a lot of start-ups as they would have to register their business only once and also claim the benefits of taxation for start-ups under the new GST laws. They would also be able to carry out business operations more freely with the new policies in place and would get more attracted to join the retail sector.

Reviews of some big retail players:

For instance, Future Group's CEO, Kishore Biyani feels that the Group could save Rs 300 cr in rental tax post GST. "We are one of the largest rent payers in ton service tax on rentals we che country with Rs 2,200 cr rents per year. So if I get set off an save minimum Rs 300 cr (annually) on service tax on rentals," Biyani was quoted as saying in an interview with ET Retail.

President & CEO Walmart India, Krish Iyer said, "Passing of the GST bill today in Rajya Sabha is an extremely progressive step and long awaited one. GST is one of the critical tax reforms which has potential to create one single market in India for goods & services and will boost country's economy significantly."

"Implementation of GST will reduce transaction cost of doing business, also reduce food wastage and bring down prices. Hence I am confident that it will not only bring relief to the consumers, but also help retail sector and building supply-chain efficiencies in India in a big way. This is thus a win-win legislative reform for all," he added

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. 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.

Conclusion:

There are many more advantages of GST on retail sector under the new GST laws and it would be a great boost for the retail sector as the policies and taxation would be streamlines under one head. The businesses would flourish more contributing to the growth of the retail industry and in turn of the economy as they would be able to carry out the activities without any hindrances, more freely, and be able to expand the business into different states without worrying about the additional costs. The supply chain will benefit tremendously as the cost of transport and warehousing will reduce under the new GST laws and help the retailers scale their profits, which could also lead to reduced prices for the final consumer over a period of time. The retailer can directly pay the taxes online and will not have to go through a middleman.

Real Estate on Heights!

Mr. Prasanna Madgundi (BBA-III)

"The Best Investment On Earth Is Earth."- Louis Glickman.

Abstract: The aim is to explain the mechanism of GST and its effects on Indian economy. This paper includes all the positive as well as negative impact on Real Estate. The effects on various industries like construction, builders, investors, financers are detailed in this paper.

Keywords: GST, Real Estate, Indian Economy, Rate, Flat, Construction, Buyer, Builders, Installment, Interiors, Housing,

Objectives:

1. To know the impact of GST on Real Estate.
2. To understand the Heights of Real Estate.
3. To know in detail about the various affected players of Real Estate.

Introduction:

The historic GST or goods and services tax has become a reality. Apart from filling the loopholes of the current system, it is also aimed at boosting the Indian economy. Real estate is property consisting of land and building on it or the immovable property of this nature. It is a real or physical property. The real estate sector is one of the most globally recognized sectors in India. It is the 2nd largest employer after agriculture and is slated to grow at 30% over the next decade. The Real Estate sector contributes 5 % to the country's GDP and Indian Real Estate market is expected to touch us $180 billion by 2020. It is also expected that this sector will incur more Non Resident Indian (NRI) investments in future.

Bangalore is expected to be the most favored property investment destination for NRIS followed by Ahmedabad, Pune, Chennai, Goa, Delhi and Dehradun. The real estate sector Includes players like Buyers, Developers, Financers and Investors. The Construction Industry rank 3rd amongst them as it has an induced effect over the economy.

Real Estate The real estate sector is one of the most pivotal sectors of the Indian economy, playing an important role in employment generation in India. The probable impact of GST on the real estate sector cannot be fully assessed as it largely depends on the tax rates. However, it is a given that the sector will see substantial benefits from GST implementation, as it will bring to the industry much required transparency and accountability.

Impact on Various Players:

GST impacts on players like Buyer, Developer, Financer, Investor etc. So first, let's see about the earlier tax system for real estate.

Before and After GST-

Before GST the tax system was very complicated for buyers and developers. Whenever a buyer purchases a flat or office then with cost of it VAT, Service Tax, Excise Duty, Local Tax, Entry Tax also has to be paid by the buyer.

Example:

In order to develop a construction, a developer needs various kinds of construction materials like sand, steel, cement, marble and granite etc. Now a developer purchases them by manufacturer or a trader.

If he has to purchase steel then he purchases it directly from Tata Steel or any trader. Now, if he directly purchases it from Tata Steel then Tata Steel used to charge excise duty, VAT, entry tax on it before GST. Now as the duty costs upon a developer as to sell it to a buyer he only charges service tax from buyers. And the excise duty which is paid to Tata Steel, out of it the input credit has been taken into service tax and remaining all are added to VAT and entry tax. Because these are not profitable to developer. Hence, with the exemption of excise duties remaining all taxes are added to flat's cost which finally a buyer has to pay.

In the same example, if steel is purchased from a trader, the developer not able to get the excise duties input credit and excise duty also gets added in the flat's cost, because when a trader makes his sales bill, the excise duty cannot be shown separately but it is included in the cost. Remaining costs like VAT, entry tax are equal in both the cases. In this case all taxes are attached in cost as well as excise duty is also gets added in the cost of flat which is finally goes through the buyers pocket only.

In the same manner, a developer takes services through various peoples like Lawyer, CA, Architect, Technical and Financial Consultants. On such bills service tax is charged. Overall the tax system was very complicated before GST and so many taxes are there and tax credits are received only on excise duty and service tax.

It means, in the construction period a builder comes many a times with stage-wise payment. Earlier service taxes are charged on those amounts but now government clarified that, on those amount GST is applicable at 12% rate. It means, whenever the builder asks for installment of flats, on all those installments builder charges 12% GST and it is applicable only when it is a under constructed property.

Materials under GST -

Description of Goods	Rate (%)
Natural sand, Pebbles, Gravel	5
Sand Lime Bricks and Fly Ash bricks	12
Blocks of Marble and Granite	12
Steel	18
Cement	28
Marble and Granite	28
Lifts and Elevators	28

Interiors used in Construction	Rate (%)
Tube or pipe fittings of copper, aluminium, plastic, nickel, iron and steel	18
Padlocks and locks(key, combination or electronically operated)	18
Insulated wire and cable	28
Paints and varnishes	28
Ceramic sinks, wash basins, flushing cisterns, urinals and similar sanitary fixtures	28
Sanitary ware of iron and steel	28
Ceramic pipes, guttering and pipe fittings	28
Wallpapers and wall coverings	28
Base metal mountings, fitting and similar articles for furniture, doors, staircases, windows	28

Credit System:

A developer who has paid the GST in the past is more, it means the credit of it will be more and the payable is less.

If input tax is Rs.100 and output tax is Rs.40 i.e. we got from buyer Rs 40 only. It means you will get credit of Rs. 40 only. Then the remaining Rs 60 credit would be exhausted. And developer cannot avail such credits. In simple words it means GST from buyer for under constructed property i.e. 12% and developer can only avail the input credit of 12% remaining credits cannot be refunded.

Cement:

Before GST- The varieties of types of cements charged by varieties of excise duty and VAT. It doesn't matter if they are in bulk or in packaged form. If we take average of all then it will be around 23-24 % rate of excise duty and VAT.

Now- In GST the rate of cement is 28% which is higher than that of earlier but there is an benefit in construction and i.e. the developer can avail the input credit of 12%.

Bricks:

The bricks which are used in building construction are at 28% GST but again in that too the ceramic building bricks are kept 5% only. Earlier tax rates of bricks are near about 25-26% all inclusive of state and central taxes.

Mostly the construction materials are into 18% and 28% slabs. Like steel and steel products 18% slab.

Cement and prefabricated structural components or civil engineering are into 28 % slab. Hence, all these will get input tax credits benefit so overall taxes are neutralized.

Sales Slowdown Post GST:

In case of ongoing sale projects nearing completion, we expect buyers to postpone purchase decisions till project completion so as to be exempt from GST (6% saving), leading to meaningful slowdown in new sales. In other ongoing projects, new sales are likely to dip in the near term till clarity emerges on GST implementation, post which sales should normalise. Medium- to long-term residential demand is likely to remain unaffected as we expect buyers to adapt quickly to GST system and resultant price impact coupled with favourable long-term drivers. We perceive little impact on office / retail leasing. High-end hospitality could see negative impact.

Sale Properties:

According to the current taxation system, development and sale of physical property attracts multitude of state and central taxes. For the buyer, taxes applicable and their percentage varies depending on construction status of property (under-construction versus complete) and the state in which it is located. In case of purchase of an under-construction property, a buyer is subject to payment of VAT, Service Tax, Stamp Duty and Registration charges, whereas in case of purchase of completed asset, only Stamp Duty and Registration charges are payable (VAT and service tax are exempt). Applicable rates for VAT, Stamp

Duty (typically 5-8%) and Registration Charges, all being state levies are specified by each state along with property value on which they are to be calculated. Service tax, a central levy, is paid at 15% only on the construction value; effective service tax paid by customer is 3.8-4.5% on sale agreement value (ex-taxes).

Conclusion:

GST is at the infant stage in Indian economy. It will take some time to experience its effects on Indian economy. GST mechanism is designed in such a way that it is expected to generate good amount of revenue for both central and state government It will bring transparency in collection of indirect taxes benefiting both the Government and the people of India.

GST: Magic or Mirage for Common Man

Ms. Tulsi Choudhari (BBA-I)

"The old India was economically fragmented; the new India will create unified tax system."

Abstract: GST also known as Goods and Service Tax is defined as the giant indirect tax structure designed to support and enhance the economic growth of a country. GST is termed as biggest tax reform in Indian tax structure. It will not be an additional tax, it will include VAT, CST, service tax and other sub charge on supply of goods and services. The purpose of GST is to replace all the other taxes with single tax, bringing it all under single umbrella. The purpose to eliminate tax on tax. This paper presents an overview of GST on common man, its effect with examples and the slab rates of different product and services which has major impact on the common man and the Indian economy in the coming time.

Key Words: Goods and service tax, common man, Indian economy, Tax system.

Objectives:

1. To study the impact of GST on common man.
2. To know the tax rates before and after GST levied on common man.

Introduction:

Here in India, maximum population is of the middle and lower class where people either belong to service class or they depend on agriculture for their living. In this scenario, the most important question is what will be the of GST on common man or middle class or middle class family. For middle class family, the main issues are "Roti, Kapda and Makan". Initially, the country is troubling with the new tax regime due to the four slab rate structure under GST. For long term the country will be benefit with the new goods and service tax regime. On bringing GST into practice, there would be amalgamation of central and state taxes into a single tax payment. It would also enhance the position of India in both domestic as well as international market. At the consumer level GST would reduce the overall tax burden and free from the cascading affect of taxes. The implementation of GST on 1st July 2017 shattered the tax issues and has made a clear and partial way of understanding the personal finances. So the introduction to goods and services tax has created a huge shock on common man.

Before and after GST tax rates of products and services:

Household Expenses	Before GST (Tax Rates)	After GST (Tax Rates)
Toothpaste	28%	18%
Hair oil	23-24%	18%
Soap	23-24%	18%
Edible oil	5-6%	5%
Sugar	5%	5%
Fruit juice	12%	12%
Aerated drinks	23-24%	28%
Coal	11%	5%

Services	Before GST (Tax Rates)	After GST (Tax Rates)
Luxury Hotels	28-30%	28%
Financial services	15%	18%
Telecom services	15%	18%
Personal care	28%	18%
Transportation	15%	18%
Entertainment	30%	28%
Health care	9.5%	12%

GST has been classified into five slab rates:

0%	5%	12%	18%	28%
Milk	Tea, Coffee	Snacks	Toothpaste	Fridge, A/C
Curd	Pizza bread	Umbrella	Soaps	Cigarettes
Fresh fruit and vegetables	Frozen vegetables	Agarbatti	Camera	ATM
Tobacco, Alcohol	Medicines	Butter, Ghee, Cheese	Cakes and pastries	Shaving creams
Salt	Edible oil	Spectacles	Ice cream	Motorcycles

Daily expenses to consider impact of GST on common man:

1. **Household Expenses:** Food items have been kept in the range 0-5% under the GST regime. Food prices are unlikely to go up. FMCG products like packaged

foods, shampoos, soaps, tissue papers, toothpaste, electronic, pharma products become cheaper. Services like salon, dry cleaning and telecom to become more expensive due to 3% increase in tax rate.

2. **Restaurants Bills:** If in case, a customers order a meal for rupees 1000, then there will be substantial savings on the restaurant bill. Earlier, there was VAT at the rate of 2.5% and service tax at the rate of 6% total around 18.5%. But after implementation of GST, an A/C restaurant will charged up to at the rate of 18% GST, making it up to minimal cost reduction in the restaurant bill.
3. **Cab Expenses:** If customer (Riya) takes UBER or OLA ride which costs her rupees 100. The service tax previously was 6% while in GST it is now at 5% which will be a marginal savings for the customer (Riya).
4. **Banking and Insurance:** There is an increase in service tax by 3%. The service tax on banking service and insurance was earlier 15%, which is now at replaced by GST of 18%.

Positive impact of GST on common man:

1. A unified tax system removing a bundle of indirect like VAT, CST, service tax, CAD, SAD, Excise, etc.
2. It removes cascading effect of taxes (i.e) removes tax on tax.
3. Due to lower burden of taxes on the manufacturing sector, the manufacturing costs will be reduced, hence prices of consumer goods likely to come down.
4. Due to cheap costs it will lower the burden on common man (i.e) you will have to pay less for the same product which were earlier costly.
5. As the low prices are charged their will be further increase in demand/ consumption of goods.
6. Due to increase in consumption their will increase in production has this lead to job opportunities in the long run.
7. It will curb circulation of black money, this can happen only if the "kacha bill" system, normally followed by traders and shopkeepers is put to check.
8. A unified tax regime will lead to less corruption which will indirectly affect common man.

Negative impact of GST on common man:

1. There is compliance burden: The number of GST returns that you need to file i.e you have to file 3 monthly return, this amounts to total 36 returns plus 1 annual return i.e 37 returns in year. It applies to one state and if you have a place of business in another states, you need to register in each state separately and file the respective return.

2. On service previously 15% tax rate was charged. Due to the implementation of GST it is charged at the rate of 18% on maximum services and shall reach to 28% for few services like telecom, banking, airline, etc. It will become more expensive.
3. Increased cost of services means, an add on to your monthly expenses.
4. Being a new tax, it will take some time for the people to understand it completely. Its actual implication can be seen after a certain period of time.
5. If actual benefit is not passed to the consumer and the seller increase his profit margin, the prices of goods can also see a rising trend.
6. An increase in inflation might be seen initially that may come down gradually.

Conclusion: The proposed of GST regime is a half-hearted attempt to rationalize indirect tax structure. Let us hope GST leaves a positive impact and helps to boost up the Indian economy and convert India into a unified national market with simplified tax regime.

One implemented "A rising Indian economy will anyways help in the financial growth of the common man".

Let us hope this "one nation, one tax" proves to be a game changer in a positive way and proves to be beneficial not only to the common man but to the country as a whole. GST as per government estimates, will boost India's GDP by around 2% . Goods and Services tax will be a very noteworthy step in the field of indirect tax reforms in India. GST will also make Indian products competitive in the domestic and international market. Last but not the least, the GST, because of its transparent character, will be easier to administer.

GST Campaign ‘OPTIMISTIC….?’

Ms. Shreya Kulkarni (BBB-I)

“GST is an Great Idea which decreases Financial Pollution On Earth”

Abstract :

GST also known as the Goods and Services Tax is defined as the giant indirect tax structure designed to support and enhance the economic growth of a country. More than 150 countries have implemented GST so far. However, the idea of GST in India was mooted by Vajpayee government in 2000 and the constitutional amendment for the same was passed by the Loksabha on 6th May 2015 but is yet to be ratified by the Rajyasabha. However, there is a huge hue and cry against its implementation. It would be interesting to understand why this proposed GST regime may hamper the growth and development of the country.

Keywords :
Goods and service tax; Indian economy

Objectives :

1. To know the future impact of GST on Indian Economy
2. Reducing the complications in tax

Introduction :

The Goods and Services Tax (GST) is a vast concept that simplifies the giant tax structure by supporting and enhancing the economic growth of a country. GST is a comprehensive tax levy on manufacturing, sale and consumption of goods and services at a national level. The Goods and Services Tax Bill or GST Bill, also referred to as The Constitution (One Hundred and Twenty-Second Amendment) Bill, 2014, initiates 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 a single tax payment. It would also enhance the position of India in both, domestic as well as international market. At the consumer level, GST would reduce the overall tax burden, which is currently estimated at 25-30%.

Under this system, the consumer pays the final tax but an efficient input tax credit system ensures that there is no cascading of taxes- tax on tax paid on inputs that go into manufacture of goods.

In order to avoid the payment of multiple taxes such as excise duty and service tax at Central level and VAT at the State level, GST would unify these taxes and create a uniform market throughout the country. Integration of various taxes into a GST system will bring about an effective cross-utilization of credits. The current system taxes production, whereas the GST will aim to tax consumption.

Future Impact of GST:

1. Tax 0 % On Essential Commodity

Before GST the essential commodities like fresh vegetables, natural honey, newspaper, books, wheat, oil, toothpaste and soap for all these we were paying different taxes with different rates but after implementation of GST the rates will be same and tax on each commodity will be 0%.

2. No Cascading Tax

No tax on tax. Before GST we were paying additional tax on any interstate commodity but after implementation of GST there will not be additional tax or tax on tax will be reduced.

3. Supports Make In India

Before GST when any goods is imported from another country to India we were paying custom duty on it but after GST we will be paying IGST too. This leads to increase price of Foreign Goods. Because of this people started supporting Make in India campaign which results in raise of Indian Economy

4. Fully Computerized Transactions.

There will not be any paper work, which leads to decrease in corruption charges. A new network will be formed, every business will get GSTINN NO. which helps to come to know if any business does not pays tax it will be notified to government.

5. Maximum Rs 10000 in cash any business can pay

If any business is wiling to make transactions above Rs 10000 they have to make online transactions.

6. Credit Back on Interstate transactions

When any goods was transported from one state to another before GST we were paying CST for it which costs 2% and gives burden on common people. But after GST we have to pay IGST which totally refunds business.

7. Profit of state for 5 years

Any state who will suffer loss because of GST government of India will give them profit for next 5 years. For this changes are made in constitution.

8. Anti Profiteering Provision

Before GST if any tax rates were get lowered that profit was taken by businessmen's but now situation is different. The difference amount of taxes is submitted to government which they use to provide facility to common man.

9. Decreased Departments

There are a lot of numbers of people that are functioning for measuring and implementing various taxes but GST will assist in lessening the number of departments that work for taxes and this will also establish really effective in less corruption as well.

10. Transparency

GST will assist even a less-educated individual to know that how much amount he/she has to disburse as an indirect tax, this will assist in additional transparency while settling for the purchases that one makes

Sectoral Impact of GST:

1. Consumer Durables

White good players were previously taxed at 27 per cent (including 13.5 per cent VAT) against 28 per cent under the new GST regime.

There are expectations that with GST coming in picture, there will be some increase in the prices of most consumer durable items. However, market analysts do not see any significant impact on the margins of the consumer durable companies post GST implementation. One should keep an eye on companies like Crompton Greaves, Symphony, Whirlpool, Havells and Voltas.

2. Cement

According to Angel Broking, GST implementation is expected to be neutral for the cement industry. Earlier, cement was taxed at 12.5 per cent excise and VAT rates between 12.5-15.5 per cent. Under GST, the cement will be taxed at 28 per cent, which is nearly the same as the current tax structure. Reduction in the prices of coal and GST will benefit cement companies further. D-Street investor should keep an eye on companies like UltraTech Cement, Birla Corporation, JK Lakshmi Cement, Deccan Cement and India Cement etc.

3. Pharma and healthcare

Pharmaceutical products will see 12 per cent GST as against earlier rate of 10 per cent. Angel Broking believes companies will be able to pass on this full impact to the patients. The healthcare sector will remain exempt from the GST however the inputs by the healthcare sector will be taxed at 18 per cent leading to rise in the operating costs. Companies like Dr Lal Path labs will benefit.

4. Airlines

Travelling in business class will become expensive as after the rollout of GST, tax rate will increase from 9 per cent to 12 per cent. However, GST on economy class is set at 5 per cent, lower than the previous 6 per cent. Aviation Turbine Fuel has kept outside the GST and the indirect tax structure will continue. As a result, aviation companies will now face two set of taxes, i. e. GST and indirect tax. Tax input credit under the GST is only available on input services for economy class travel. Lower tax rate on economy travel is positive for companies like Inter Globe Aviation, Jet Airways and SpiceJet.

5. Telecom

The sector is facing severe pressure in the form of intense competition from Reliance Jio. Under the GST regime, telecom services will be taxed at 18 per cent as against 15 per cent earlier. There are expectations that it will work as a salt on the wound for the sector. Any price increase will further dampen the scenario. Bharti Airtel, Idea Celluar and Reliance Communication should be eyed on stock market.

Conclusion:

The proposed GST regime is a half-hearted attempt to rationalize indirect tax structure. More than 150 countries have implemented GST. The government of India should study the GST regime set up by various countries and also their fallouts before implementing it. At the same time, the government should make an attempt to insulate the vast poor population of India against the likely inflation due to implementation of GST. No doubt, GST will simplify existing indirect tax system and will help to remove inefficiencies created by the existing current heterogeneous taxation 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. Until the consensus is reached, the government should resist from implementing such regime.

Poster Competition on GST