

## GOODS AND SERVICE TAX

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### ABSTRACT

Goods and services tax is an Indirect tax which was introduced in India on 1<sup>st</sup> July 2017 and was applicable throughout India which replaced multiple cascading taxes levied by Central and State Governments. The GST is governed by a GST council and its chairman is the Finance minister of India. The president of India approved the Constitution Amendment Bill for Goods and Services Tax on September 2016, following the bill's passage in the Indian Parliament and its ratification by more than 50 % of state legislature. This law will replace all Indirect taxes levied on goods and services by the Central Government and State Government and implement GST by April 2017. The implementation of GST will have a far-reaching impact on almost all the aspects of the business operations in India with more than 140 countries now adopting some of GST, India has long been stand-out exception.

**KEYWORDS:** GST, Constitution Amendment Bill

### INTRODUCTION

GST is a value added tax levied at all points in the supply chain, with credit allowed for any tax paid on input acquired for use in making the supply. It would apply to both goods and services in a comprehensive manner, with exemptions restricted to a minimum.

In keeping with the federal structure of India, it is proposed that the GST will be levied concurrently by the Central Government (CGST) and the State Government (SGST). It is expected that the base and other essential design features would be common between CGST and SGST for individual states. The inter-state supplies within India would attract an integrated GST, which is the aggregate of CGST and SGST of the destination state.

GST would be levied on the basis of the destination principle. Exports would be zero-rated, and imports would attract tax in the same manner as domestic goods and services. In addition tax of up to 1% has been proposed to be levied by the central government. The revenue from this tax is to be assigned to the origin states. This tax is proposed to be levied for the first two years or a longer period, as recommended by the GST council.

With GST, it is anticipated that the tax base will be comprehensive, as virtually all goods and services will be taxable, with minimum exemptions. GST would bring in a modern tax system to ensure efficient and effective tax administration. It will bring in greater transparency and strengthen monitoring, thus making tax evasion difficult. While the process of implementation of GST unfolds in the next few months, it is important for industry to understand the impact and opportunities offered by this reform. GST will affect all industries, irrespective of the sector. It will impact the entire value chain of operations, namely procurement, manufacturing, distributing, warehousing, sale and pricing.

The impact of GST on retail sector will be very positive from both taxation and operations point of view. Retail sector will have to re-assess their current supply chain strategy and re-model their network. Supply chain network design will be a critical activity for the retail industries as it offers the opportunity of cost saving in tune of 1% -1.15% of sales.

### SCOPE OF THE STUDY

GST shall cover all goods and services, except alcoholic liquor for human consumption, for the levy of goods and service tax. In case of petroleum and petroleum products, it has been provided that these goods shall not be subject to the levy of goods and services tax till a date notified on the recommendation of the goods and services tax council.

### OBJECTIVES OF THE STUDY

- To analyse the status of GST.
- To find out the immediate impact of GST on retailers.

### METHODOLOGY

The study is based on both primary and secondary data. The sample is limited to 30 retail shops of Thriprayar. The secondary data is collected from various publications on GST.

The Goods and Service Tax (GST) will be a comprehensive nationwide indirect tax on part of tax pairs to understand the tax structure and follow it. The aim is to have one direct tax for the whole nation, it will make India a unified common market.

The government aims to provide the benefit of GST to the consumers. The suppliers, manufacturers, wholesalers and retailers are able to recover GST. Incurred on input cost as tax credits. This reduces the cost of doing business, thus enabling fair price for consumers. That means, the final consumer will thus bear only the GST charged by the last dealers, ie retailers in the supply chain, with set off benefits at all the previous stages.

### Applicability & Mechanism of GST

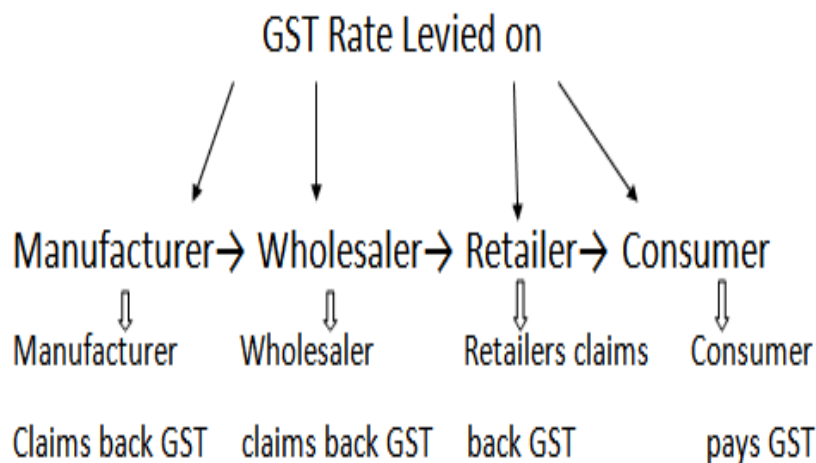


Figure 1

### Status of Retail Business

The Indian retail industry has emerged as one of the most dynamic and fast-paced industries due to the entry of several new players. It accounts for over 10 % of the country's Gross Domestic Product(GDP) and around 8% of the employment. India is the world's fifth-largest global destination in the retail space.

### Status of Retail Business in Thriprayar

- Textile business
- Electronics business
- Gold business
- Stationary business
- Paint business
- Footware business

### Textile Business

**Table 1: Number of Textile Business in Thriprayar:**

Shop's Name	Owner's Name	Monthly Income Before GST	Monthly Income After GST	Variations in Income
Nandanam silks	Abhilash	200000	180000	20000 Rs.
Varna wedding Kendra	Babu	400000	368000	32000 Rs.
Sheebas textiles	Tony	275000	250000	25000 Rs.
Lafare textiles	Pradeep	200000	190000	10000 Rs.

### Electronics Business

**Table 2: Number of Electronics shopees in Thriprayar:**

Shope's Name	Owner's Name	Monthly Income Before GST	Monthly Income After GST	Variations in Income
Vidhyuth electrical	Pradapan	225000	220000	5000
Right way electrical	Shamer	300000	290000	10000
Aswathy electrical	Vijayan.A	200000	190000	10000
Prime electrical and sanitary	K.A Vincent	325000	320000	5000
Mannumal electronics	Davis	300000	270000	30000

### Gold Business

**Table 3: Number of Jewellers in Thriprayar:**

Shope's Name	Owner's Name	Monthly Income Before GST	Monthly Income After GST	Variations in Income
Indrapury jewellery	Mohan	1000000	900000	100000
Royal jewellery	Sunny	600000	590000	10000
Cheeran's jewellery	Antony	550000	525000	25000
Kavitha jewellery	Babu	475000	460000	15000
Satheesh jewellers	Soman	700000	685000	15000
Swarnam jewellery	Ravindra Das	800000	790000	10000
Prima jewellery	Ummar	500000	488000	12000
Archana jewellery	Vasanthakumar	450000	436000	14000

### Stationary Business

**Table 4: Number of Stationary Shoppes in Thriprayar:**

Shope's Name	Owner's Name	Monthly Income Before GST	Monthly Income After GST	Variations in Income
Bharath traders	Hamsa	600000	570000	30000
Snaz stores	Vahab	480000	460000	20000
Alan stores	sushy	400000	385000	15000
Navarasmi stores	Saju	500000	488000	12000
S.N traders	Kaniv	620000	600000	20000

### Paint Business

**Table 5: Number of Stationary Shoppes in Thriprayar**

Shope's Name	Owner's Name	Monthly Income Before GST	Monthly Income After GST	Variations in Income
Maharaja painters	Muhammad Hussain	2000000	1500000	500000
Prince colour world	madusudanan	1500000	1400000	100000

### Footware Business

**Table 6: Number of Footware Shoppes in Thriprayar**

Shope's Name	Owner's Name	Monthly Income Before GST	Monthly Income After GST	Variations in Income
Sanchari footware	Janardhanan	280000	270000	10000
Kanz footware	Sameer	800000	790000	10000
Glaiders	Jayaprakash	600000	575000	25000
Walker's shoemart	Abdul Rahman	500000	490000	10000

### Impact of GST on Households Expenses

**Table 7**

Category	Before GST	After GST
Food	12.5 %	5.00 %
Entertainment	30.00 %	28.00 %
Transportation	15.00 %	18.00 %
Household-personal care	28.00 %	18.00 %
Mobile phone	15.00 %	18.00 %
Insurance premium	15.00 %	18.00 %
Credit card bills	15.00 %	18.00 %

### New GST Rates

**Table 8**

Items	Old Tax Rate	New Tax Rate
Second-hand medium and large cars & SUVs	28 %	18 %
LPG supply for households domestic consumers by private LPG distributors	18 %	5 %
Bio-fuels powered buses	28 %	18 %
Sugar boiled confectionery	18 %	12 %
Drinking water packed in 20 liter bottle	18 %	12 %
Drip irrigation system	18 %	12 %
Cigarette filter rods	12 %	18 %
Tailoring service	18 %	5 %
The admission to theme parks, water parks etc.	28 %	18 %

## CONCLUSIONS

The new direct tax regime GST is likely to be beneficial for auto, cement and retail sectors. But presently GST has resulted a negative impact on retail sector in India.

The study was intended to check out the impact of GST on the retail business and to check out the present status of GST. It shows that there is a negative impact of GST on the retail business in the particular area. This impact is on Textile business, Electronics business, Gold business, Stationary business, Paint business and Footware business at Thriprayar.

According to the study, GST is not a bad tax system, but the implemental failure which makes its present impact negative on retail business.

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