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Goods And Service Tax (GST)

Sushil Kumar,

Student,
School OF Business,
Galgotias University, Greater Noida, India

Abstract : India has implemented the Goods and Services Tax, an indirect tax, to help and promote the nation's economic expansion. The Goods and Services Tax Bill (GST) has been enacted in the majority of developed nations. GST was introduced in India, though, in 1999. A committee was formed to develop the GST concept. However, on July 1, 2017, the Indian government reinstituted GST. There was a lot of uproar in support of its execution. All of the different taxes levied by the federal and state governments were replaced with the GST. The phrase "One Nation, One Tax" refers to the fact that all taxes must be paid in one location nationwide.

I. Introduction

GST is a tax framework that has been successfully implemented in numerous nations throughout the world and is currently a part of the Indian economy. The introduction of it was delayed by politics between the ruling party and the opposition party about ten years ago. Finally, the honorable President of India implemented a constitutional modification that brought forth GST at midnight on July 1st, 2017. It is regarded as the largest tax overhaul to affect the Indian economy. According to the IMF, India currently has the fifth-largest economy in the world. One of the economies in the world with the quickest growth rates is India.

Value added tax, or GST, will take the place of all other indirect taxes. GST will progressively increase GDP. Additionally, it will raise India's standing on the domestic and global markets. One of India's most significant economic reforms is the GST. A single tax known as GST is levied on the provision of many different goods and services. It is a comprehensive, multi-phase tax with a destination component.

II. Literature Review and Theory

A sufficient corpus of academic articles and secondary data was gathered. These were taken and reviewed critically. For a better reading experience, the facts and literature review were divided into several sub sections.

GST In Indian Economy

Need for GST In India:

One of the key initiatives for economic change in the nation is the implementation of the GST. The GST essentially combines multiple national and state taxes into a single tax. GST reduces double taxation, the cascade impact, the difficulty of classifying taxes, the variety of taxes, etc. The GST widened the revenue base, rationalized the tax code, and unified the management of the states and the federal government. Before the introduction of GST, there were several VAT rates around the nation that varied from state to state, but now that it has been implemented, there is a unified tax system throughout the nation, and the taxes are split between the state and the federal governments. According to Nayyar et al. (2018), the GST will aid in reducing tax fraud and corruption in our economy. Every person and business is impacted by the goods and services tax. In the beginning, there is some ups and downs in the business sectors because it won't take effect right away. Using statistics produced by the government, authors have examined the significance of VAT in the Indian economy and its impact on citizens, businesses, and industry in India. The author also claimed that analysts believe GST will improve India's tax collecting system and accelerate economic growth.

GST Tax Slab:

Numerous data details were provided by the secondary survey. It was discovered that the five different tax slabs for collection are GST -0%, 5%, 12%, 18%, and 28%. Alcohol, electricity, and petroleum products are not covered by the GST, nevertheless. It will be taxed by each state separately in accordance with the former tax system.

- The tax rate is applied to a variety of goods and services in accordance with a four-tiered tax structure. The tax system has changed since the introduction of the GST. Depending on what the products are used for in daily life, different taxes are imposed on them. Following is an explanation of the tax slabs:

- Zero tax: Certain goods, such as barley, wheat, oats, kajal (other than kajal pencil stick), sanitary napkins, children's music books, coloring books, and drawing books, all types of salt, human hair, hotel and lodging bills under Rs. 1000, bank fees on savings accounts, and Jan Dhan Yojana, are exempt from taxes.
- Cashew nuts, aggarbati, kites, postage stamps, biogas, insulin, matting, walking sticks, Pawan chakki atta, braille typewriters, braille paper, braille watches, other hearing aids, take-out restaurants, hotels with room rates under Rs. 7500, and special flights for pilgrims are some of the items that are taxed under the 5% slab.
- Plastic beads, ketchup, sauce, and mustard sauces, all types of diagnostic kits and reagents, notebooks and copies, spoons and forks, fish knives, tongs, fixed-speed diesel engines, cake knives, skimmers, playing cards, carrom board, and other board games, corrective eyewear, business class airline tickets, and movie tickets under Rs. 100 are some of the items that are taxed at 12%
- Kajal pencils, plastic tarpaulin, toilet paper holders, dental wax, school bags other than leather or leather composition, aluminium foil, rear tractor tyres or tyre tubes, electrical transformers, static converters, CCTV, baby carriages, televisions and monitors (up to 32 inches), ball bearings, and toilet paper holders are some of the items that are taxed under the 18% slab. and roller bearings, set up box for TV, electrical filaments, power banks of lithium-ion batteries branded clothing, communications and financial services, bamboo furniture, movies costing more than Rs. 100, restaurants within hotels with tabs of Rs. 7,500 or more, and movies over.

- Pan masala, dishwashers, scales, paint, sunscreen, hair clippers, motorcycles, bets on horse races and casinos, hotel stays costing more than Rs. 7,500, and autos are all subject to a 28% tax rate.

This section explains the reasoning behind how the rate of change is promoting growth. The main social groups impacted by changes in the tax rates on goods and services are the consumer, producer, and country. Following are some examples that are explained to help illustrate the impact of this change in tax.

Let's examine the impact on the restaurant industry, whose tax rate was reduced from 18% to 5%. According to the tax allocation of restaurant fees following GST, less tax is now being collected from customers than under the pre-GST tax system. Prior to this, all restaurants charged 18% tax, but now they only collect 5%.

Let's use the tobacco sector as an example, which has moved to the 28% tax bracket after previously merely being subject to excise duty. According to numerous WHO reports, India is one of the nations with the largest number of mouth cancer patients due to tobacco usage. According to a WHO statistic, tobacco kills more than 1 million people annually. Taxes were imposed on tobacco and products related to tobacco by the GST Council. On all tobacco goods, the GST Council set a rate of 28% plus an extra credit for cigarettes. Not only is India a significant producer of tobacco, but it is also a significant exporter.

Only 11% of tobacco is used to make legal cigarettes, while the cigar sector is still in its infancy. Legal cigarettes account for a large portion of the government's tobacco income collection, hence a tiny rise in price of just 11% has little impact on overall revenue. Since the 5% Cess announced by the Indian government is less than the rate anticipated by the tobacco industry, its influence was neutral. Following, there is a decrease in tobacco use.

Despite the GST, persons who can afford tobacco at a 28% tax rate continue to use it, therefore there isn't much of a change in the income generated from it.

Therefore, it can be concluded from both of these cases that shifting products and services to a new tax bracket has benefited the economy.

III. METHODOLOGY

For the research project, secondary data gathering has been carried out. A sufficient corpus of academic articles and secondary data was gathered. These were taken and reviewed critically. This aided in the development of the study's qualitative and quantitative theory. The next step was to analyze the year-by-year research investigations that had been conducted in the field using bibliometric visualization. Last but not least, GST was the subject of sentiment analysis based on Twitter data.

IV. ANALYSIS AND FINDINGS

The research study's broad literature was made possible by the secondary data. The Vos Viewer tool was now used to carry out the bibliometric visualization. In order to find research articles on GST, the IEEE Xplore website was opened first.
The file was then entered into the program to generate an overlay network visualization in order to provide a year-by-year overview of the research investigations conducted in the area. A visualization of the overlay is shown in Figure 1. Following the visualization, a sentiment analysis of recent tweets about the goods and service tax bill was conducted on Twitter. The Tweet Sentiment Visualization App was used to aid. The sentiment analysis using the keyword "goods and service tax GST" is shown in Figure 2 as a

result. Each tweet that is uploaded to Twitter is represented as a circle in this example. Unpleasant tweets are denoted by blue circles, while pleasant tweets are denoted by green

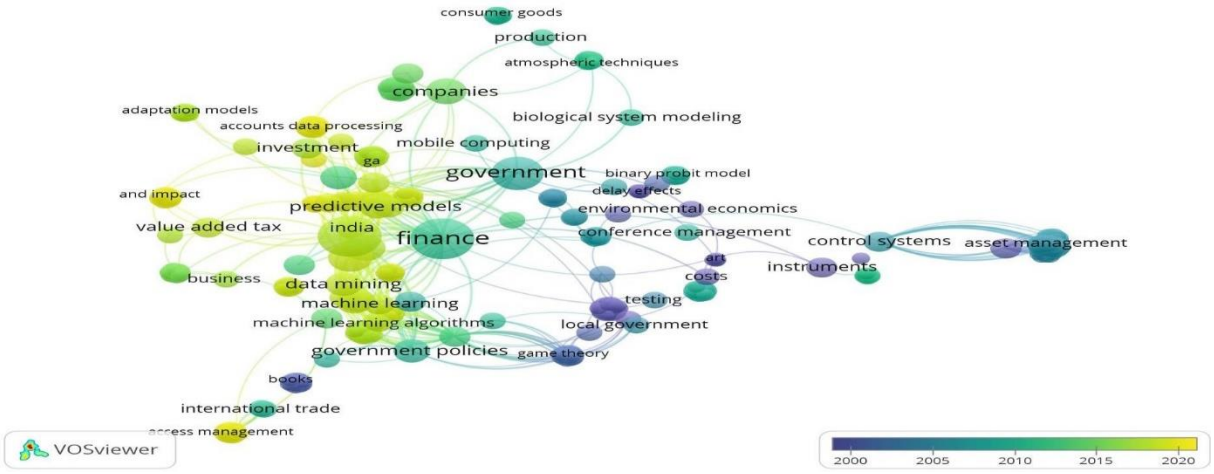


Figure 1: Overlay Network Visualization (Source: Vos viewer)

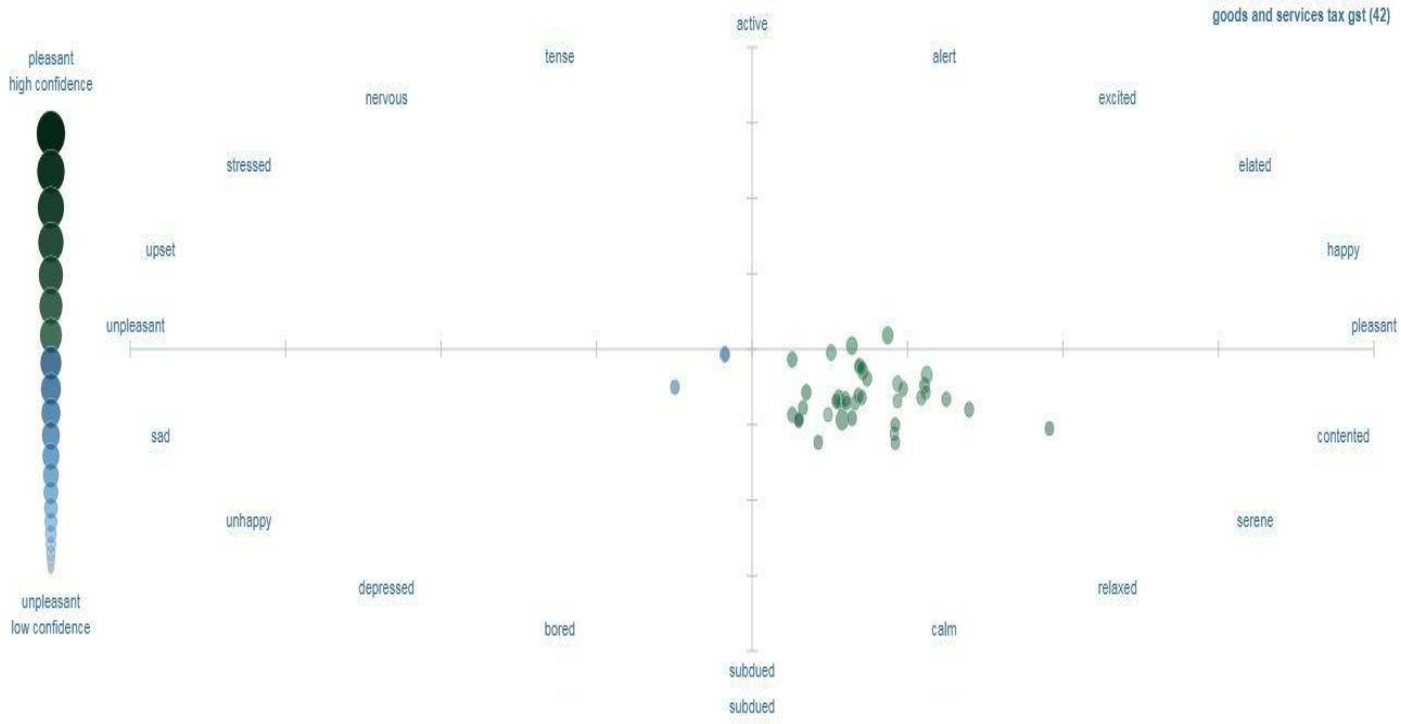


Figure 2: sentiment analysis (Source: Tweet sentiment Visualization)

The benefits of the GST bill are numerous and are discussed in this section. Over time, consumers may be able to afford more goods and services. Prices for movie tickets, televisions, cars, bicycles, washing machines, and restaurant services could decrease. GST Online registration and form completion are quick and straightforward processes. Additionally, replacing several taxes lowers paperwork and saves time. Eliminating the "Tax on Tax" cascading effect is one of the GST's most significant advantages. Additionally, as manufacturing becomes more competitive, GST will support the Indian government's "Make in India" drive. All imported goods will be taxed, which will raise the quality of local goods. State and federal authorities will oversee GST.

There are a few drawbacks to GST. The cost of transaction fees in the financial sector has grown by 3%, from 15% to 18%, and the GST regime also seems to be unfavorable for the telecommunications industry. The real estate market is being negatively impacted. Many people in Rajasthan who work in marble manufacturers may experience a loss of revenue as marble prices fall below the 28% slab. It's an online process, which means that many businesses must fill out forms for online records. Online processes can also lead to confusion and other problems. While many firms are not registered for GST, they will nonetheless display their GSTIN on invoices as a way to guarantee that the tax is paid by your distinct identity. The impacts of GST on the economy of the country are as follows:

- Compared to the commerce sector, the service industry is anticipated to be more negatively affected by the implementation of GST.
- Ecommerce purchases, online reservations, tobacco, and insurance premiums have all increased in price as a result of the GST, although basic food staples like edible oil, wheat, rice, lentils, four-wheelers, and electric goods have decreased in price.
- Because each state in India had its own tax laws prior to the implementation of the GST, each state was acting as a separate nation. However, under the Two-tiered One Country, One Regime, there is only one tax that is applied nationwide, making transportation easier and reducing investor anxiety due to the regularization of the Indian market under a single tax.
- Tax collection will increase because more people are caught in the tax loop, which reduces the likelihood of bribes and makes it harder for people to get around it.
- The GST would reduce corruption since it will be checked in both the federal and state governments
- The price of goods that citizens buy will be reduced after the GST is implemented, which will raise demand. Economically, if demand rises, output rises, creating more job possibilities and lowering unemployment.

After the first year of GST implementation, the economy grew by 7.4% in 2017–2018, which is somewhat higher than the 7. seen in 2016–2017 but lower than the 7.8% seen in 2015–2016.

V. TAXATION

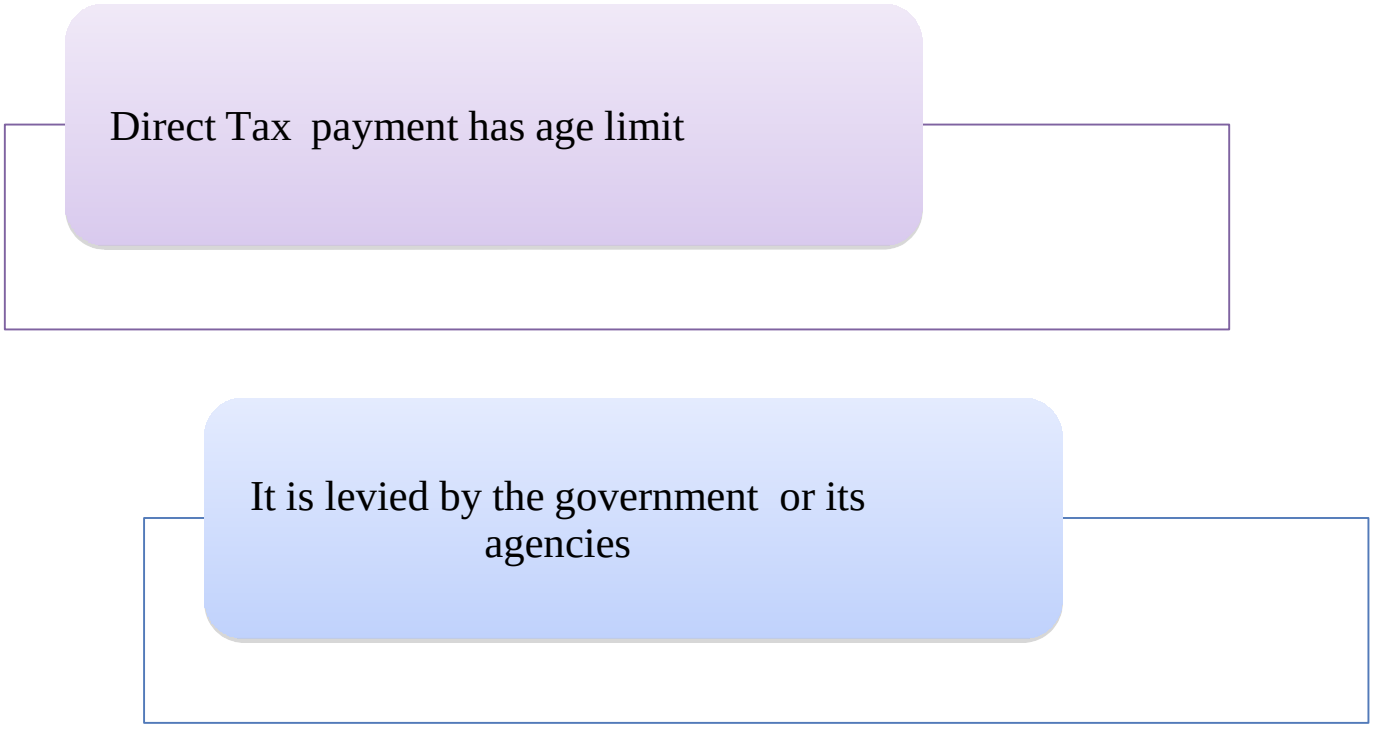
The term "Taxation" comes from the Latin word "Taxation". It means to determine the payable quantum on estimate. According to Justice Holmes "The price paid to the government for living in a civilized society is the tax. According to Taylor "taxes are the compulsory payments to government without expectation of direct benefit to the tax payer.

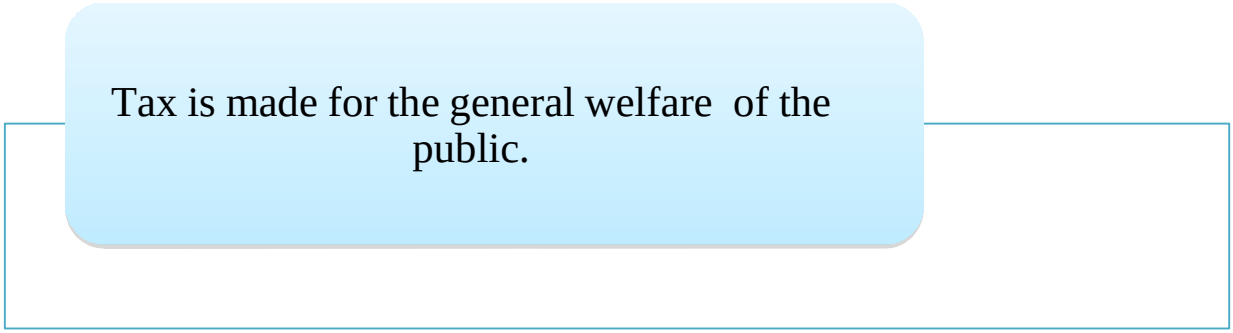
Taxation is a system of raising money to finance government. All governments require payments of money-taxes-from people. Governments use tax revenues to pay soldiers and policy, to build dams and roads, to operate schools and hospitals, to provide food to the poor and medical care to the elderly, and for hundreds of other purposes. Without taxes to fund its activities, government could not exist.

Taxation is the most important sources of revenue for modern governments, typically accounting for 90 percent or more of their income.

public policy is essentially concerned with the manipulation of financial operation of both the government anti private sectors with a view of furthering certain economic objectives.

VI. CHARACTERISTICS OF TAX





VII. Conclusion

The introduction of GST has generated support in 150 nations around the world and will benefit the Indian services industry. It will surely raise GDP, but it may take some time for the benefit to manifest because economic growth may not accelerate right away, despite the fact that it is good for the nation's economy. We can therefore draw the conclusion that the implementation of GST will provide producers and consumers with relief by allowing them to set off their input tax credits. So, as a conclusion, we can say that the implementation of GST will benefit producers and consumers by allowing them to set off their input tax credits.

The good and services tax will probably balance off the authority of the government. Under this system, the fraudulent practice of failing to pay taxes will end, allowing the government and customers to profit. This aids in the strengthening and stabilization of the Indian economy.

The price of numerous goods and services has decreased as a result of the reduction in tax rates on those items. Making the products more inexpensive has increased demand, which in turn has increased production, which will accelerate economic growth. Additionally, the 28% GST Council has concentrated on deterring the use of such sin items by placing them in the highest tax bracket in order to improve the quality of life in India.

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