

A Study of Impact of Goods and Services Tax (GST) On Common Man Budget in Aurangabad District, Maharashtra

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Abstract - France is the first country to implement GST in 1954. Within 62 years of its advent, about 160 countries in the world have adopted GST because this tax has the capacity to raise revenue in the most transparent and neutral manner.

In India The Constitution amendment bill 2014 was passed in Lok Sabha on 6th May, 2015 and Rajya Sabha passed the bill on 3rd August 2016 .Subsequent to ratification of the bill by more than 50 % of the states, Constitution (122nd Amendment bill),2014 received the assent of president on 8th September 2016 and became Constitution(101st Amendment) Act 2016,which paved the way for introduction of GST in India. The Government of India implemented the historic tax reform in Indirect taxes from 1st July 2017. It has replaced total indirect structure such as Central excise, custom, entry tax and service tax etc. GST will unify all the indirect tax under an umbrella in order to foster a common market in the country.

Index Terms - GST, Awareness, Common Man, Government, Impact, Budget.

RESEARCH METHODOLOGY

This is Conceptual framework research; the entire source of collection of data is secondary that includes government websites, various journals and articles, publications, GST Books, GST Council (gstcouncil.gov.in), Newspaper reports, related books and Various websites of Indian Government.

OBJECTIVE OF THE STUDY

To furnish the information of Goods and Services Tax to the Common Man

To find out benefits of GST for Common Man

To Study impact of GST on household budget of Common Man

To find out what are challenges in GST for Common man

CONCEPT OF GST

Indirect tax is major source of tax revenue for government. In India, indirect tax contributes more than 50% of total tax revenue for central and state governments. It is levied on commodities at the time of manufacture or purchase or sale. There is clear shifting of tax burden in respect of indirect tax. Since the value of indirect tax is generally inbuilt in the price of the commodity, most of the time taxpayer pays the same without actually knowing that he is paying tax to the government. High tax rate are imposed on the consumption of harmful product (also known as ‘sin goods’) such as alcoholic product, tobacco product etc. generally, the indirect taxes are regressive in nature. The rich and poor people have to pay the same rate of indirect taxes on certain commodities of mass consumption. Indirect taxation directly affects the price of the commodities and services.

AWARENESS OF GOODS AND SERVICES TAX (GST) IN COMMON MAN

Goods and service tax is new act took place recently in India. People are less aware about the act’s rules and implication. The primary impact to be felt by consumer would be based on change in prices of goods and services taxes. Lots of people don’t know that they are paying indirect tax in each transaction of daily. The GST tax will make Goods and services cheaper. They will be for the benefit of the general public. The highest rates of GST found in India i.e. 28 %

Therefore, this study will carry out with an objective to identify the level of impact of GST on people. GST would bring down the prices of goods and services and thus increase consumer consumption. Electronic goods like AC, microwave ovens, refrigerators, washing machines etc are now cheaper. Because earlier there was 12.5% excise and 14.5% VAT is levied on them but after GST only single tax will be levied which will bring the less prices of these electronic goods. Lots of people don't know that MRP include GST.

Decreasing in prices because of GST helping poor and middle class. A large number of daily usage item are either or in 5 % slab. Almost 95 % of items fall in or below 18 % slab, the government said.

GOODS UNDER GOODS AND SERVICES TAX

Goods means every kind of movable property other than money and securities but includes actionable claims, growing crops, grass and things attached to or forming part of land which are agreed to be severed before supply or under a contract of supply (Sec 2(45) of CGST Act).

Goods mean something that is moveable. So for it to be goods or to make it taxable under GST law as goods it must fulfill the criteria of immovability.

Actionable Claims is define under Section 2 (1) of the Model GST law as actionable claim shall have the meaning assigned to it in section 3 of the transfer of Property Act, 1882.

SERVICES UNDER GOODS AND SERVICES TAX

Section 2(92) of the model GST law define the term as “ services “ means anything other than goods.

Services include transactions in money but do not money and securities. Services does not include transaction in money other than an activity relating to the use of money or its conversion by cash or by any other mode, from one from, currency or denomination for which a separate consideration is charged.

This indirect tax system under GST improve the collection of taxes as well as boost the development of Indian economy by removing the indirect tax barriers between states and integrating the country through a uniform tax rate.

The following is the list of indirect taxes in the pre-GST regime:

- Central Excise Duty
- Duties of Excise
- Additional Duties of Excise
- Additional Duties of Customs
- Special Additional Duty of Customs
- Cess
- State VAT
- Central Sales Tax
- Purchase Tax
- Luxury Tax
- Entertainment Tax
- Entry Tax
- Taxes on advertisements
- Taxes on lotteries, betting, and gambling



CGST, SGST, and IGST have replaced all the above taxes.

- Source of GST Awareness
- Mass Media
- Online Source
- Books
- Research Papers
- News Papers
- GST Articles
- Journals
- Articles
- Webinar
- Seminar
- Conference

- Workshop
- Monograph

BENEFITS OF GST

Reduction in Overall Tax Payout
 Reduction in Prices of Goods and Services due to elimination of cascading effect.
 Clarity and Transparency in taxation system.
 Increase in Employment Opportunities.
 Online Simpler Procedure under GST
 Define Treatment for E-Commerce

TAX RATE BEFORE AND AFTER GST

Expenses	Tax Rate Before GST	Tax Rate After GST
Restaurant Bills	Vat @ 12.5 % and Service Tax 6%	18 %
Air Travels	5.6 % to 8.4 %	9 % to 12 %
Cab Services	6%	5%
Real Estate	Vat 1 to 4 %, Service Tax 4.5 %, Registration Charges 0.5 to 1 %, Stamp Duty Charges 5 to 7 %	12 %
FMCG	22 -24 %	18-20 %
Consumer Goods	26.5 %	18 %
Banking /Financial	15%	18%
Automobile	Tax 12.5 % VAT & other levies 12.5-14.5 %	Tax 28 % Cess 1-3 %
Service Insurance	14 % Service Tax, Swachh Bharat Cess 0.5 %, Krishi Kalyan Cess 5%	18 %
Media	Vat 14.5 % Service Tax 6 %	18%
Jewelry	Service Tax 1 %, Vat 1 %	3 %

(Source: bloombergquint.com/gst/tax-rates-before-and-after-gst)

List of Common use Items, as given by (CBIC) Central Board of Indirect Taxes & Customs

Description of Goods	Pre -GST tax Incidence	GST Rate
Wheat	2.5%	0%
Rice	2.47%	0%
Unbranded Flour	3.5%	0%
Curd/Lassi/Butter Milk	4%	0%
Unbranded Natural Honey	6%	0%

Ultra high Temperature(UTH)milk	6%	5%
Tea (other than unprocessed green leaves of tea)	6%	5%
Milk powder	6%	5%
Sugar	6%	5%
Sweetmeats	7%	5%
Vegetable edible oils	6%	5%
Spices	6%	5%
Ketchup and Sauces	12 %	12 %
Toppings, Spreads and sauces (other than mayonnaise, salad dressing, mixed condiments and mixes seasonings)	12 %	12 %
Mineral water	27 %	18 %
Sugar Confectionary	21 %	18 %
Children’s picture/drawing/coloring book	7%	0%
Footwear of RSP (retail sale price)up to Rs 500 per pair	10 %	5%
Kerosene pressure lantern	8%	5%
Coal	9%	5%
Tooth powder	12 %	12 %
LED	15 %	12 %
X-ray films for medical use	23 %	12 %
Diagnostics kits and reagents	16 %	12 %
Fixed speed diesel engines of power not exceeding 15 HP	16 %	12 %
Fly ash bricks and fly ash blocks	16 %	12 %
Sewing machine	16 %	12 %
Hair Oil	27 %	18 %
Toothpaste	27 %	18 %
Soap	27 %	18 %
Footwear RSP more than Rs 500 per pair	21%	18 %
LPG stove	21%	18 %
Aluminum Foil	19%	18 %
School bag	22 %	18 %
Printer (other than multifunction printers)	19 %	18 %
Staplers	27%	18 %
Tractor rear tiers and tractor rear tier tubes	20 %	18 %
Helmet	20 %	18 %
CCTV	19%	18%
Baby carriages	27%	18%
Plastic tarpaulin	19%	18%
Bamboo Furniture	23%	18%
Headgear and parts thereof	27%	18%
Cement	29 %	28 %

(Source: <https://www.ndtv.com/india-news/chapter-after-gst-common-use-items-that--attract-less-taxes-now-1720330>)

FINDINGS

The highest rates are found in India, with rates up to 28 %

Common man even don't know that CGST, SGST, IGST is Types of GST. They think that vender is collecting central tax as well as state tax from them.

The local vender is making a fool of the common people.

There are many people who believe that GST has increased the price of every possible product.

Common people don't know that MRP include GST. And they don't know and in daily transaction they are paying GST.

People are quite happy with GST has been integrated all indirect tax.

It's ease to common man for doing business with the implementation of GST, the difficulties in indirect tax compliance have been reduced.

There will be more transparency in the system s the customers will know exactly how much taxes they are being charged and on what base.

People are confused about different tax rate of GST, there should be fix rate of GST.

CONCLUSION

Change is never easy but change is the law of nature. There are various reactions, arguments and opinion among the society as a result of the government's plan implementing GST. Other countries which have implemented GST before India have faced inflation and price hike during the transition period. However, there are anti-profiteering measures in the GST bill which will keep price hikes in check and stop the economy from blowing over. In India majority of people don't know about the GST. The common man suggested that there should be procedures and simple provision should be In taxation system. The common man not well informed on the benefit of the GST, therefore in order to ensure efficient implementation of the GST, the government come should come out with a proper guideline. There should be Stability in Changes rate of GST. The common people are facing less problem because of GST as compared to the local vendors. There will be dual control on every business by central and state government. So compliance cost will go up.

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