

Revamp of Goods and Service Tax in India-GST 2.0- Super GST and Super Savings

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Abstract- Goods and Services Tax is Single indirect tax replacing multiple taxes. Before GST, VAT, Service Tax, Excise, Entry Tax are separate. GST slogan was “One Nation, One Tax”. GST is a major tax reform introduced in India on 1st July 2017. It replaced a wide variety of indirect taxes like VAT, Excise Duty, Service Tax, Entry Tax, and Octroi, which made the system very complicated. Under the earlier system, the same product could be taxed multiple times, and these taxes were hidden in the price.

There are three main types: CGST (Central GST), which is collected by the central government, SGST (State GST), collected by state governments, and IGST (Integrated GST), which applies to transactions that happen between two states

Reforms intended to ease consumer burdens, stimulate economic growth, and streamline the tax system are lowering GST rates. Reducing the tax burden on necessities and everyday things, fixing inverted tax arrangements that burden companies, and tackling the difficulties brought on by trade conflicts throughout the world are some of the main justifications. The goal of these reduction is to increase demand and lower the cost of common items, especially in industries that involve a lot of labour and interact with consumers. This article highlights the recent changes in GST rates and impact of family expenses in the financial decision.

Key Words: GST2.0. VAT, CESS, SLAB

I.INTRODUCTION

Goods and Services Tax was introduced in India on 1st July 2017. It simplified the Indian taxation system and created a unified national market. GST is a comprehensive, multi-stage, destination-based tax that is levied on every value addition in the supply of goods and services across India. GST is a single tax applied on every stage of value addition, from manufacturer to consumer.

For ordinary consumers, GST has made life simpler in several ways. Prices of many products came down, especially in goods that earlier had multiple taxes. Transparency has improved because bills now clearly show the tax rate instead of hiding it in the price. Another benefit is that goods and services are taxed uniformly across the country, so shopping in one state does not become more expensive than in another. Even online shopping has become easier and more economical because GST created a single national market.

II.OBJECTIVES

1. To know the GST 2.0 slabs changes in India
2. To identify the impact of Rates in GST
3. Structure of Goods and Service Tax in India.

Old GST Structure (Before September 22, 2025)	New GST Structure (From September 22, 2025, Onwards)
0% – For essential items such as unprocessed food grains, fresh fruits, and vegetables.	5% slab – Now covers many everyday essentials such as packaged food, soaps, medicines, toothpaste, milk products, and even life & health insurance (now fully GST-exempt).
5%, 12%, 18%, 28% – The main slabs cover a wide range of goods and services.	18% slab – Applies to standard goods and services, including appliances, TVs, cement, and small cars (previously at higher rates).

In addition, some products had additional cesses on top of the 28% slab—for example, luxury cars, tobacco products, and aerated drinks.	40% slab – Introduced for “sin goods” and luxury items, such as tobacco, cigarettes, and high-end cars. The previous 28% slab is removed for these goods.
This setup often created confusion, with many overlapping categories.	0% (exempted) – This rate still applies to fundamental essentials, such as some fresh food items.

III. PILLARS OF GST REFORMS 2025 INDIA

Three Pillars of GST Reforms 2025 India:

Pillar 1: Structural Reforms:

- Lower ITC buildup and encourage domestic value addition by adjusting input and output tax rates.
- Reduce disputes, streamline compliance, simplify rate structures, and guarantee sectoral equity.
- To boost industry confidence and support business planning, provide long-term certainty on rates and policies.

Pillar 2: Rate Rationalisation:

- Reduced taxes on necessities and aspirational items will increase accessibility, increase affordability, and stimulate consumption.
- Only a select few commodities will have unique rates; the two primary GST slabs will be standard and merit.
- Eliminating it frees up funds for rationalisation and sustainable tax rate alignment.

Pillar 3: Ease of Living:

- Registration must be in Time-bound, tech-based, and easy, particularly for startups and MSMEs.
- To reduce manual labour and inconsistencies, pre-filled GST returns are provided.
- Exporters and inverted duty situations will receive faster, automated GST refunds.
- Better living standards, rate adjustments, and structural reforms are the main priorities.
- The goals of these reforms are to increase the ease of doing business, rectify inverted duty structures, decrease disputes, and simplify rates.

IV. IMPACT OF GST REFORMS IN 2025

Beyond merely lowering rates, the next round of GST reforms accomplish more. They are anticipated to have

a major effect on the economy. These reforms serve the objectives of Atmanirbhar Bharat, increase manufacturing competitiveness, and free up working capital by correcting inverted tax structures. Lower rates and easier compliance for MSMEs can save expenses, promote the formalisation of the unorganised sector, and broaden the tax base.

Cheaper products have given consumers more purchasing power. The demand for consumer durables should increase as a result of the price reduction for white goods. Both of these reforms will be made easier by the removal of the compensating cess by March 2026, which would turn the GST into a tool for economic growth and policy efficacy in addition to taxes.

Future changes to India's GST system are expected to be significant. The government wants everything to be more straightforward, predictable, and compliant. The GST reforms of the next generation promote MSMEs, address structural challenges, and reduce the tax rates on necessities. Consumers and businesses alike anticipate a more effective, open, and growth-oriented tax structure.

V. SUPER GST – SUPER SAVINGS

When we go to a shop, restaurant, or even order something online, the bill almost always shows a tax component called GST. But many people, including students, do not fully understand what GST means and why it was introduced. The concepts of “Super GST – Super Savings” will help us explore the concept of GST, how it simplified India's taxation system, and how it creates savings for both consumers and businesses.

Cheaper items GST rates from September 2025

Category	Item	Current GST	New GST	Surplus %
Daily essentials	Soap, shampoo Toot Paste,	18%	5%	13%
	Ghee Butter	12%	5%	7%

	Noodles, Namkeen	12%	5%	7%
	Utensils	12%	5%	7%
	Baby Bottles, Napkins, Diapers	12%	5%	7%
	Sewing Machine	12%	5%	7%
Agriculture	Tractor Tyres	18%	5%	13%
	Tractor	12%	5%	7%
	Irrigation Machine	12%	5%	7%
	Agricultural Machinery	12%	5%	7%
Health	Health Insurance	18%	0	18%
	Thermometer	18%	5%	13%
	Oxygen	12%	5%	7%
	Diagnostic Kit	12%	5%	7%
Auto	Small Cars	28%	18%	10%
	Motor Cycles	28%	18%	10%
Textiles	Clothing	5%	5%	0%
	Cotton Jute	5%	5%	0%
	Tailoring and Job Work	18%	5%	13%
	Fabrics	5%	5%	0%
	Apparel	5%	5%	0%
Electronics and Electrical	AC, Dishwater	28%	18%	10%
	Television sets,	28%	18%	10%
	Refrigerator	28%	18%	10%
	Washing machines	28%	18%	10%
	Dish Machines	28%	18%	10%
	Mobile phones	28%	18%	10%
	Laptops ,Computer Monitors >32 inch	18%	18%	0%
	Monitors and projectors	28%	18%	10%
	Printers	18%	18%	0%
	Cemeras	28%	18%	10%
	Water Purifies	18%	18%	0%
	Electronic smoting irons. Hair dryer	28%	18%	10%
	Electrical capacitor	18%	18%	0%
	Micro Phones, Loud Speakers head phones	18%	18%	0%
	CCTV System	18%	18%	0%
	Home Theater	28%	18%	10%
	Food Grinder and Mixer	28%	18%	10%
	Micro waves ovens	28%	18%	10%
Education	Maps, Charts, Globes	12%	0%	12%
	Pencil Crayons	12%	0%	12%
	Exercise Books	12%	0%	12%
Gold	Diamond, Gold, pearls, Silver	3%	3%	0%
Renewable energy	Electric Vehicles	5%	5%	0%
	Solar Power devices	12%	5%	7%

	Lighters	18%	5%	13%
	LED Lamps	12%	5%	7%
	House hold electric fans	18%	5%	13%
	Tidel energy devices	12%	5%	7%

Source: GST Bill 2025

Costlier Luxury (Sin) Items GST Rate

Category	Item	Current GST	New GST	Excess %
Luxury Goods	Pan Masala, Tobacco products	28%	40%	12%
	Additional sugar products	28%	40%	12%
	Non- Alcoholic Beverages	28%	40%	12%
	Carbonated and Caffeinated Beverages	28%	40%	12%
	Motor Cycles with engine above 350 cc	28%	40%	12%
	Aircraft ,Yachts, Luxury Cars	28%	40%	12%
	Revolvers and Pistols	28%	40%	12%

Source: GST Bill 2025

In a similar vein, official sources have informed the news agency that the administration intends to do away with both the 12% regime and the 28% GST slab. As a result, 90% of products and services that fall under the 28% slab would be moved to the lower 18% bracket. As a result, it is anticipated that these goods will become more affordable after the GST structure is adjusted. Tires, air conditioners, dishwashers, television sets, computer monitors larger than 32 inches, and motorcycles up to 350 cc may all become less expensive as a result.

Government sources told that the remaining 10% of items from the 28% bracket would be moved to a new 40% slab, which would primarily consist of demerit items like luxury goods and sin. As a result, the government may import 40% GST on goods like tobacco instead of the existing 28%, making them even more expensive.

Now, let us connect GST with the idea of “super savings.” Imagine buying a Ready made shirt worth ₹200 before GST was implemented. First, excise duty of 10% would be added, making the price ₹220. Then VAT at 14% would be charged on ₹220, increasing the final price to ₹250.80. After GST, the same shirt may be charged a flat GST of 12%, which means the final price becomes ₹224. The difference of ₹26.80 is the savings created by GST because of the elimination of double taxation. This is how GST reduces the burden on consumers and ensures fair pricing.

VI.REASONS FOR THE DECLINE

1. Reducing GST on essential goods like food items, personal care products, and medicines directly lowers costs for households.
2. Lowering rates on items like electronics, automobiles, and construction materials is meant to boost demand, strengthen industries, and encourage production.
3. Rate cuts are being used to fix "inverted duty structures," which occur when the tax on inputs is higher than the tax on the final product, causing working capital issues for businesses.
4. Reforms are focusing on improving the affordability and competitiveness of sectors like healthcare, education, and MSMEs by lowering GST on relevant goods and services.
5. By reducing the GST on pertinent items and services, reforms are aiming to increase the affordability and competitiveness of industries including healthcare, education, and MSMEs.
6. Simplifying tax slabs and reducing the overall number of rates can help make tax filing easier and reduce disputes for businesses.

VII.CONCLUSION

The GST slabs reduced from five to three, Simplified structure: 5% for essentials, 18% for most goods/services, and 40% for luxury/sin. Life & health

insurance is now GST-exempt. Cess abolished for many goods replaced by the flat 40% sin/luxury rate. These changes aim to reduce inflation, lower costs for everyday goods, and stimulate consumer demand during festive seasons. Economy is real slow and deals etc are dead. So deal that were coming close to closure got delayed by one more month and now those decisions are even more delayed because of the slow down caused by delay of GST reduction.

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