

An Insight About GST Rates In India- An Empirical Study.

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Abstract: Transformations are an uninterrupted process. Any new law levied or any new bill implemented or changes implemented will leave an impression on the people in general. It is generally the common public who are been affected directly or indirectly by these new laws or new changes or new bill. Goods and service tax is paradigm shift in the taxation system, it is an indirect tax system introduced basically to overcome cascading of taxes. It is applicable throughout the country. It is the biggest restructuring in the economy. GST is applicable for all goods and services and the rates are charged under various slabs for various category of goods and services. Generally the GST rate slabs are 0%, 5%, 12%, 18%, 28% for different goods and services. Almost all indirect taxes are swapped by GST. Implementing GST has left lot of impact on our life, this paper highlights on how the implementation of GST has changed the lifestyle of the people and how day-to-day goods and services will pocket the end user's wallet. GST as name implies it is the tax on goods and service and it is a simplified tax. The main intention is to reduce the burden on the end users. But instead of charging one single tax rates, the common man are charged with different rates for different goods and services. This paper studies the effect of the GST in India and its impression on general public's financial plan and affect the end users wallet.

Key words: uninterrupted, cascading, GST rates, restructuring economy, simplified

Introduction :

GST is considered as the biggest reform in the country, it is a simplified taxation system. All sectors from medium to large scale have been affected by GST. Consumers or end users are not an exceptional to this system of taxation. Professionals and economist have opined that it is beneficial to the country on a long run. It is also important to understand the opinion about the consumers on GST. Therefore there is necessary to study the consumer's understanding towards GST rates now in India. The consumers are the preceding in the assessment shackle involving goods and services. The tax revolution is taken for his or her progress. Indirect taxes are one of the prominent revenue generator to the government. Therefore there is direct connection between the end-user, business and indirect taxes, the tax is collected and placed by the business but in due course encumbrance passes ultimately to the consumers who bears the economic encumbrance of tax. Post GST there was cascading of taxes but now the consumer have no multiple taxes to pay. GST is premeditated in such a way that it leads to extensive advantage to the consumers, GST is a single tax on goods and services right from the manufacturer to the consumers. Credits of input taxes paid at every phase will be

applicable in the succeeding stages of value addition which brands GST a tax on Value addition at every phase. Hence the ultimate consumers or end-users will have to bear only the GST charged by the final vendor in the supply chain by availing the set-offs benefits at all the previous. Therefore it is understood that there will be one tax from the manufacturer to the consumers, which keeps the transparency in the payment of tax paid by the consumers. The consumers will have an easy breathe in tax burden, means this will bring down the tax burden on most of the goods and services, which in turn will benefit the consumers. Basically GST is levied on goods and services directly from the manufacturer to consumers. Therefore this removes the payment of multiple taxes.



When did GST Hit the Floor in India:

After a lot of ground work GST came as a breakthrough in the history of Indian Taxation. This tax baby stepped on 1 July, 2017 by making the dream as a reality. This is the biggest reform which was roll out to simplify the Indian tax structure. This tax structure was launched by the Prime Minister Narendra Modi. Jammu and Kashmir was not covered under GST, but now GST in Jammu and Kashmir became a reality now. GST covers a tax slab from 5%, 12%, 18% and 28%. Five-star hotels, racing, movie tickets and betting on casinos and racing come under a slab of 28%. Education sector and Health care sector are slashed out from GST. Most of items fall under 18% slab. Impact will be mixed effect on the industry and it will be noticeable in the years to come.

GST Benefit:

The question that causes trauma in the mind is "Is Consumer Getting the Benefit from the GST?" Though the question is tricky it is definitely YES, it will benefit the consumers but it is not that easy and simple, because Goods and services tax have different impact on

different category of product and services. The impact differs as per the consumption made by the consumers. It is the consumption based tax. It is economical that it certainly brings down the prices which in turn leads to increase in demand, which is more beneficial to the individual organization but to our surprise all the product and services will not turn out to be low-cost.

The consumers are benefited in two ways either directly or indirectly, the tax rates have been reduced for most of the goods and services. The manufacturer or suppliers can avail the benefit of Input Tax credit on every value addition which reduces the cost of the products, hence the consumer pay every less when they avail the same services. Indirectly, the transparency in GST system enables us to identify the supply chain from the first supplier to the ultimate consumers. This system bring all the suppliers under GST roof. This is turn increases the revenue for the government. This will support indirectly the consumers. The consumers will have an easy breathe in tax burden, means this will bring down the tax burden on most of the goods and services, which in turn will benefit the consumers. Basically GST is levied on goods and services directly from the manufacturer to consumers. Therefore this eradicates the payment of multiple taxes.

Review of Literature:

Author Name	Title of the paper	Summary
Dr. G Suresh Babu (2019)(2)1	How the GST rates will affect your money	In his study he opines that GST is the biggest reform. He found that all goods and services are taxed at moderate rate. He also said that in long run the tax burden will reduce for the common public. Although the rates are getting cheaper by availing ITC but still there is increase in rates for certain items. He suggested that the consumer should play a safe game in choosing the product and spending their money.
Anshu Ahuja (2017)(1)	Perception of people towards goods and services tax	In his study he finds that the consumers are happy that GST will cut the tax dodging in the country. This will bring transparency in the taxation system. He also highlighted that the government should take initiative in giving tax

		relaxation to farmers and small business so that the income level is not impacted with the implementation of GST.
Gowtham Ramkumar(2017)(2)	Impact of GST on consumer spending ability in Chennai City	The author suggested that GST rates will have impact on the end users spending capacity. The ITC facility (input tax credit) should be reassigned by the companies to the consumers..
ManojKumar Agarwal(2017)(3)	People's perception towards GST-An empirical study	The author opined that filing of GST is complicated I.e legal formalities have increased and it will increase the tax revenue to the Indian government. It is also noted that the businessmen tax burden has been increased. He also pointed that the government should take initiative in making people understand the GST implemented in the country.

Need of the Study:

Implementation of GST has put most of the consumers in dark, they are not aware of the GST system nor its applicability nor the rate slabs on various goods and services. This innocence is used by most of the retailer by charging GST on the MRP again, whereas your MRP is inclusive of all taxes. That is they make consumer to make tax payment on price which already includes tax. This burden the consumers and the spending capacity. Therefore, it is very important to bring the awareness about GST and its various slabs on different category of goods and services.

Objectives of the Study:

1. To analyse the opinion about GST implementation from the consumer point of view.
2. To analyse the behaviour or opinion of the consumers towards GST tax rates.

ResearchMethodology:

This study is taken on basis of secondary data. The secondary data is gathered from newspaper, websites, books and research articles and journals.

Impact of GST:



Goods and service tax was introduced with lot of ground work on July 2017. The expectation was high mixed with anxiety. Common man had a fear that the price of the goods will rise as the firms will take the opportunity but they also hoped that it will lead to merging of prices across the states. The new indirect tax regime(GST) had mixed impact on crowd on marketable sectors. The association of different levels into a one single structures have impact on every piece of consumption in our day-to-day lives. Therefore it is necessary to know about various impact of GST rates on the consumers or end users.

GST Tax Slab Rates List for Different Goods and Service – In India 2020

GST Slabs	Products
0%	Goods: Sanitary napkins, idols made of stone, marbles or wood, rakhis without any expensive metals like gold and silver, fortified milk, fruits, vegetables, bread, salt, bindi, curd, sindoor, honey natural, bangles, flour, eggs, besan, stamps, printed books, newspapers, raw materials used in brooms Services: Hotels and lodges wose tariff is below Rs. 1000 are extempted from GST. This is applicable for bank charges on savings account, Jan Dhan Yojana, IMM courses.
5%	Goods: Skimmed milk, powder, fish prepare, frozen vegetable, coffee, coal, fertilizers, tea, spices, pizza bread, kerosene, ayurvedic medicines, in scent stick(agarbathi), sliced dry mango, insulin, cashew nuts, unbranded namkeen, life boats, handmade carpets and other handmade textile floor coverings. Services: special flights for pilgrims, small

	restaurant which provides transport services like railways and airways, AC and non AC restaurant and the restaurant who serve alcohol, takeaway foods, and restaurant in hotels with tariff less than Rs. 7500 can't avail ITC.
12%	Goods: Frozen meat products, butter, cheese, ghee, pickles, sausage, fruit juices, tooth powder, medicine, umbrella, instant food mix, cell phones, sewing machines, man-made yarn, handbags which includes purses and pouches, jewellery boxes, wooden frames for painting, mirrors, photographs etc Services: Business Class Air ticket, movie ticket priced below Rs.100
18%	<p>Goods: flavoured refined sugar, cornflakes, pasta, pastries and cakes, detergents, washing and cleaning preparations, safety glass, mirror, glassware, sheets, pumps, compressors, fans, light fitting, chocolate, preserved vegetables, tractors, ice cream, sauces, soups, mineral water, deodorants, suitcase, brief case, vanity case, oil powder, chewing gum, hair shampoo, preparation for facial make-up, shaving and after-shave items, washing powder, Refrigerators, Water Heaters, Washing Machines, Televisions (up to 68 cm), Vacuum Cleaners, Paints, Hair Shavers, Hair Curlers, Hair Dryers, Scent Sprays, sanitaryware, leather clothing, wrist watches, cookers, stoves, cutlery, telescope, goggles, cocoa butter, fat, artificial fruits, artificial flowers, physical exercise equipment, musical instruments and their parts, stationery items like clips, some diesel engine parts, some parts of pumps, electrical boards, panels, wires, razor and razor blades, furniture, mattress, cartridges, multi-functional printers, door, windows, aluminium frames, monitors and television screens, tyres, power banks for lithium ion batteries, video games, carriage accessories for disabled, etc</p> <p>Services: Restaurants located inside</p>

	hotels with tariffs of ₹ 7,500 and above, movie tickets priced above ₹ 100, IT and Telecom services and financial services branded garments
28%	Goods: more than 200 goods are taxed under this slab like unscreened, pan masala, dishwasher, weighing machine, paint, cement, automobiles, motorcycles. Services: Star hotels whose tariff is above 7500, racing, movies tickets and betting on casinos.

Source: www.wishfin.com

Recent makeovers in GST Council meeting:

***Lotteries are brought under Highest Slab:**

In the 38th meeting of the GST Council on 18 December 2019, the council decided to raise the slab to 28% throughout the country. This decision was made by the GST Council member through voting. This slab will be effective from the month of March 2020 across the country. Major decision taken by GST Council : The GST Council decided to bring woven and no-woven bags under the tax slab of 18%.

They decided to give exemption for the long-term lease which is given to empower scenery up of Industrial parks.

*** Low Cost Hotel Accommodation, Jewellery Exports are brought under No Tax Slab:**

On 20th September 2019 37th GST Council meeting was held in Goa, the council made declaration

- 1) No GST for hotel accommodation whose transaction value is Rs. 1000 or less per day . Hotel with the tariff of above Rs 1000 and below Rs 7500 will attract 12% and hotel whose tariff is above 7500 will attract 18% GST.
- 2) Some specified defence goods which is not manufactured in India is out of the GST purview
- 3) Jeweller exports attracts No GST or 0% GST.
- 4) GST slashed from 3% to 0.25% on cut and polished semi valuable stones.
- 5) Caffeinated brews tax slab raised from 12% to 28% with a 12% compensation cess.
- 6) Railway coaches and wagon will cost more – means slab hiked from 5% to 12%

***Electric Vehicles –GST Rates Slashed from 12% to 5%**

Council meet which was held on 27th July, 2019, had planned to bring down the GST rate on electric vehicles to 5% from 12% . They also reduced the tax rate for EV charges from 18% to 5% .

***Dining Becomes Cheaper -GST Tax Rates slashed from 18% to 5%**

The GST Council had release the good news for all food lovers by reducing the tax rates from 18% to 5% for both AC and Non-Ac restaurants without ITC. Which is effective from November 15th . Outdoor catering and restaurants inside the hotel premises with tariff above Rs7500 will remain unchanged to 18%.

Updated New GST Tax Rates:

***177 items - out of 227 Items are brought under the slab of 18% from 28%**

Out of 227 items which lies in the slab rate of 28%, now 177 items are slashed to 18% and only 50 items will remain the tax slab of 28%. The items which are brought under 18% slab include chocolates, beauty products, shaving cream, aftershave kits, chewing gum, marble, granite, handmade furniture, plastic products, etc

Hostile Effect of GST on Consumers:

Earlier lot of exemption was given for different services. But now GST give exemption only for those goods and services where it is necessary. The corporate leader shifts the tax burden to the consumers. Some of the goods have been charges additional cess known as compensation cess and which makes the product costlier. The product under this bracket are tobacco, motor cars, aerated water etc. The consumers can now relax because most of the items are brought under the slab of 18% from 28%. GST has compliance cost attached to it, which the small scale industry or manufacture finds very difficult, to overcome this impact they may end up in charging high rates for the products.

Conclusion;

In inference, GST is one step ahead in tax structure. The main aim of rolling down GST is to integrate the market as it implies ONE NATION ONE TAX. This structure will systematically develop the Indian economy. It is the biggest reform in the taxation system. The concept of GST is to tax goods and services at a reasonable rate. Hence over a period of time the tax burden will be reduced for the consumers as whole. Due to ITC availability, most of the goods and services will become cheaper. But the rates for certain items have extremely increased, therefore the end user have to make an appropriate choices while making a purchasing decision as to pocket their expenses as per their income pattern.

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