

# GST- Structure & Impact

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**Abstract-** *The intension of the research paper is to remove the fear about GST because GST is newly introduced tax system in India and many people are still unaware of what is GST exactly? The paper research paper shows the importance of GST for business as well as for common people. The research paper aims at providing government's revolutionary step on in GST & its impact on markets as well as on Indian economy. The GST had a great sound and immediate impact on the Indian economy. In this paper, an attempt has been made to find impact of GST on the various sectors such as Indian economy, agriculture sector, tourism sectors etc. This paper also described GST structure, impact.*

**Keywords-** Tax System, GST, GST Structure, Indian Economy Etc.,

## I. INTRODUCTION

### Goods and Services Tax (GST):-

Goods & Services Tax (GST) is a comprehensive, multi-stage, destination-based tax that will be levied on each value addition. The Bill of Goods and Services Tax (GST Bill) is also known as the Bill of the Constitution and is the 122nd amendment to the Constitution of India proposed in 2014. GST stands for Goods and Services Tax levied by the Government in a move to replace all of the indirect taxes. GST will have an impact on the tax structure, tax incidence, tax computation, tax payment use of credit and reports, which will lead to a complete renovation of the current system of indirect taxes. The main reason behind introducing GST is to improve the economy of the nation and that is why it is beneficial. The main objective of GST is to reduce double taxation or cased effect on the production and distribution of goods. Fiscal policies play an important role in the economy. The main source of income for the government of India it is taxes. Direct and indirect taxes are the two main source of tax revenue. The tax on goods and services is an integral process, of multiple stages, tax based on the destination that will be applied in each added value Tax on goods and services (GST) implemented in India to bring the 'nation a tax system, but its effect on several the industries will be slightly different. The first level of the differentiation will come depending on whether the industry deals with The Goods and Services Tax (GST) is a broad concept that

simplifies the big tax structure by supporting and improving the economy growth of a country.

## II. LITERATURE REVIEW

In his research article entitled "Basic Concepts and Features of Good and Service Tax In India" described an insight about the GST. This paper is based on descriptive design with the involvement of secondary data. This paper is an analysis of what the impact of GST will be on Indian Tax scenario. It described challenges, opportunity, salient feature, Impact of GST [1]

In his research article "A study on implementation of goods and services tax (GST) in India: Prospectus and challenges", mentioned about the significance as well as challenges of goods and services tax (GST). Secondary data was used for this study collected from various respective journals, annual reports, newspapers and magazines covering wide collection of academic literature on Goods and Service Tax. According to the objectives of the study, the research design is of descriptive in nature. Available secondary data was extensively used for the study. The researcher concluded from the research paper is that GST will bring One Nation and One Tax market. Provide relief to producers and consumers by providing wide and comprehensive coverage of input tax credit set-off, service tax set off and subsuming the several taxes. [2]

In her research article "GST IN INDIA: AN OVERVIEW", described the positive and negative impact of GST on Indian Economy. Her study deals with advantage and disadvantage of GST. The study gives an overview of GST India. This paper throws an insight into the Goods and Service Tax concept, advantages, disadvantages and international scenario. [3]

In his research article "POSITIVE AND NEGATIVE IMPACT OF GST ON INDIAN ECONOMY", described the positive and negative impact of Goods and Service Tax (GST) on Indian Economy. The objective of study were evaluate the advantages and challenges of GST, To furnish information for further research work on GST [4]

In his research article “GST IN INDIA: A KEY TAX REFORM”, explained the role of GST in tax reform .The study is based on secondary sources of data information collected from Different books, Journals, Newspapers and relevant websites in order to make the study more effective. Data is analyzed and put into the points that to clearly know the facts in the means of list. Paper described overview of GST concept, explains its features along with its timeline of implementation in India. The paper is more focused on advantages of GST and challenges faced by India in execution. [5]

In her research article “A Research Paper on an Impact of Goods and Service Tax (GST) on Indian Economy” explained impact of goods and services tax on Indian economy. This paper shows the impact of such a move on the availability of credit, spending and level of activity and government finances.[6]

In her research article “GST-A Game Changer in Indian Tax Structure”, described GST had a great significant and immediate impact on the state of the Indian economy. The economic implications of GST in India, the challenges and roadblocks faced in India have been depicted in this research paper. The paper also illustrates how GST works in India.[7]

### III. OBJECTIVES OF PAPER

#### The study has following objectives:

- To describe the GST structure in India.
- To analyze the positive and negative impact of GST on Indian economy.
- To study the various GST tax slabs in India.

### IV. RESEARCH METHODOLOGY

#### Data collection:

##### 1) Secondary data collection method.

The paper is also based on secondary data. The data has been collected from the current affairs, news dailies and the current GST discussion etc has been imperative in framing this conceptual paper. Graph and percentile method has been used to analyze the data.

### V. GST – STRUCTURE

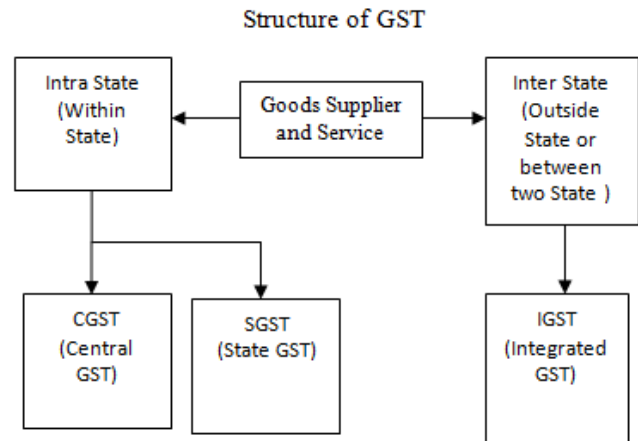


Fig 1. Shows Structure of GST

Fig 1 shows structure of GST. GST includes following types:

- A. SGST or State GST - collected by State Government.
- B. CGST or Central GST - collected by Central Government.
- C. IGST or Integrated GST - collected by Central Government.

#### The following central and state level taxes are being subsumed in GST

At the Central level, the following taxes are being subsumed:

1. Central Excise Duty,
2. Additional Excise Duty,
3. Service Tax,
4. Additional Customs Duty commonly known as Countervailing Duty, and
5. Special Additional Duty of Customs.

At the State level, the following taxes are being subsumed:

1. Subsuming of State Value Added Tax/Sales Tax,
2. Entertainment Tax (other than the tax levied by the local bodies), Central Sales Tax (levied by the Centre and collected by the States),
3. Octroi and Entry tax,
4. Purchase Tax,
5. Luxury tax, and
6. Taxes on lottery, betting and gambling

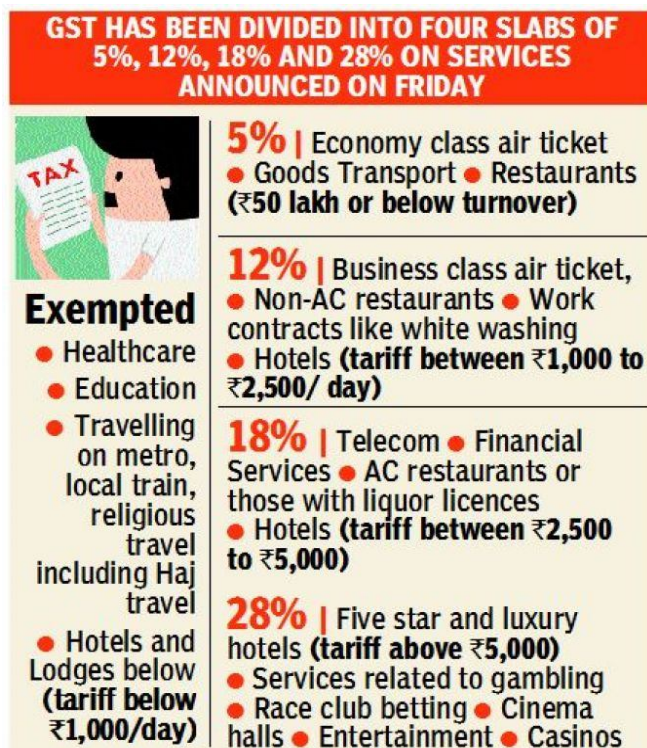


Fig 2. Various GST Tax Slabs in India  
(Source: deccanchronicle.com)

Table 1. Latest countries to implement VAT/GST (for the last 5 years) are:

Countries	Year of implement
Gambia	2013
Congo	2012
Seychelles	2012
Grenada	2010
Saint Kitts and Nevis	2010
Laos	2009
Sierra Leone	2009

Currently, there are 160 countries in the world that have implement VAT/GST.

Table 2. Numbers of country based on region are as follows:-

Region	Number of Country
Caribbean, Central & North America	19
ASEAN	07
Asia	19
Europe	53
Oceania	07
Africa	44
South America	11

## Impact of GST

### Positive Impact of GST in India:

- GST will reduce the number of indirect Tax. GST is single taxation System .Single taxation concept cover all indirect taxes.
- GST would reduce the burden on the state and the central government. With the introduction of GST, all indirect taxes would be under one roof
- GST would not be charged at every point of sale like other indirect taxes so in this way, market would be developed
- Revenue will get a boost and govt. have huge chunk of funds to spend on welfare scheme.
- For India tax regime, the main benefit would be the ease of doing business. GST replaces multiple taxes, multiple interfaces, and multiple compliances regime into one.

### Negative Impact of GST in India:

- The negative impact of the GST is the delay of the economy in the short term after its implementation.
- Another important factor is that the ignorance of citizens about the new tax regime and the problems arise due to such reason.
- The value of luxurious merchandise will rise.
- SMEs will have a higher tax burden.

## VI. CONCLUSION

The main objective of GST is to reduce double taxation or cased effect on the production and distribution of goods. There are approx 160 countries where GST has already been implemented. Some of the popular countries being Australia, USA, Germany, Shrilanka, and Gambia, to name a few. Impacts of GST are both way positive and negative on Indian Economy. The Goods and Services Tax (GST) is a broad concept that simplifies the big tax structure by supporting and improving the economy growth of a country.

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