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THE STRUCTURE OF GST IN INDIA – AN OUTLINE

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ABSTRACT

According to the old tax policy each State paying tax as per their rules. So that cost of consumers decreases. The GDP rate increases and inflation decreases. The States will develop by goods and services tax (GST) system. There is a chance to organise commercial activities in a simple way. On July 1st, the GST has been replaced by indirect taxes with the objective of being the country's "*One Nation, One Tax, One Market*" for the purpose of one tax system on goods and services. The GST has been propelled by France without precedent for the world in 1954, and is trailed by alternate nations. The GST will expel circuitous duties at the Central and State government levels. The GST and its outlines are discussed in this paper. The new GST has made many changes from past tradition. The paper focuses GST comparison with the four Asian developed countries known as four Asian tigers and also studies the GST rates of BRICS Countries.

Keywords: GST, Single Tax, Single Nation and Single Market.

INTRODUCTION

The GST is considered as a roundabout duty for the entire country that would make India one bound together basic market. It is a duty which is forced on the deal, fabricating and the use of the merchandise and enterprises. It is a solitary duty that is forced on the supply of the merchandise and enterprises, ideal from the producer to the client. The President of India affirmed the Constitution Amendment Bill for GST on 8th September 2016, after the bill's entry in the Indian Parliament and its sanction by more than 50 percent of state law making bodies. This law will supplant all backhanded charges exacted on products and ventures by the focal government and state government and execute GST by April 2017. The execution of GST will have an extensive effect on every one of the parts of the business tasks in India. Within excess of 140 nations presently embracing some type of GST, India has for quite some time been emerge special case. Recently, India has taken the decision to pay only one tax throughout the nation. This tax called GST. The main motto of GST is *'one country, one tax, one market'* this is

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applicable from July 1st of 2017. The GST just came in favour of ordinary people there are 5 types of slabs, i.e., regular needs of common people have 0 per cent and the remaining classified of goods has have 5 per cent, 12 per cent,18 per cent and 28 per cent. Government established Council to overlook on GST, it is called GST Council Generally, GST is called four types -

- **CGST**: GST to be collected by central government include under the CGST such as central excise duty, customs duty, service tax, etc.
- **SGST**: GST to be collected by state government include under the SGST such as sales tax, entertainment tax, lottery tax, etc.
- **IGST**: Taxes are collected to be central government when transactions and business between states it is called integrated goods and services tax.
- **UTGST**: Taxes to be collected by Union Territory States on in local goods and services.

OBJECTIVES OF THE STUDY

- To analyse the GST implementation in India
- To study the structure of GST rates/Slabs
- To compare GST Rates of other countries

METHODOLOGY

The data based on the principally optional sources in gathered by various sources like National and International Journals, government reports, distributions from different sites which concentrated on different parts of merchandise and administration impose.

The Antiquity of GST

The change procedure of India's aberrant assessment administration was begun in 1986 by V. P. Singh, Finance Minister in Rajiv Gandhi's administration, with the presentation of the Modified Value Added Tax (MODVAT). Thus, Manmohan Singh and P. V. Narasimha Rao started early exchanges on a Value Added Tax at the state level. A single common 'Goods and Services Tax was proposed and given a thumbs up in 1999 amid a gathering between A. B. Vajpayee and his monetary warning board, which included three previous RBI governors I.G. Patel, Bimal Jalan and C. Rangarajan. Vajpayee set up an advisory group headed by the then Finance Minister of West Bengal, Asim Dasgupta to structure a GST demonstrate. The following are the facts related single tax system:

- In 1974, Report of LK Jha Committee recommended About VAT1986 presentation of a limited VAT called MODVAT;
- In 1994, presentation of Service Tax;

- In 1999, Formation of Empowered Committee on State VAT;
- In 2003, VAT executed in Haryana in April 2003;
- In 2004, critical advancement towards CENVAT;
- In 2005-06, VAT executed in 26 more states;
- In 2007, F.M. Declares for GST in spending Speech;
- In 2007, CST eliminate begins in April 2007,
- In 2008, EC concludes the view on GST structure in April 2008;
- The FRBM Act was prescribed in GST by the Kelkar Task Force in 2005;
- In 2011, the Constitution (115th Amendment) Bill was acquainted in Parliament with empower the demand of GST;
- The Constitution (122nd Amendment) Bill was presented in Lok Sabha in December 2014;
- The Constitution (115th Amendment) Bill was acquainted in Parliament in 2011 with start the GST's demand;
- By Lok Sabha in May 2015 and alluded to a Select Committee of Rajya Sabha for examination;
- The Bill Passed in Rajya Sabha in August in 2016 and
- The GST Bill implemented July first in 2017.

Difference between Old Tax System and GST

The main purpose of implementing GST is to remove indirect taxes imposed on goods and services in the centre. It is important to know how much GST is imposed on how much percentage of indirect taxes will be imposed on the consumer from the product to the end of the product.the Table-1 presents how the tax burden is imposed in various stages on the old tax system and GST.

Table 1: Comparison of Tax between Old Indirect Tax System and the GST regime

Transaction	Old Indirect Tax System	GST
Cost of raw material and Cost of production	₹100	₹100
Tax on Raw Material @ 10%	₹10	₹10
Value added by Manufacturer	₹20	₹20
Tax payable by Manufacturer 10%	₹13 (10% total price 130)	₹2 (GST : 10% of ₹20 profit)

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Retailers Cost	₹143	₹132
Value added by Retailer	₹20	₹20
Tax Payable	₹16.3 (10 % of Total price 163)	₹2 (GST : 10% of ₹20 profit)
Final price paid including Taxes	₹179.3 paisa	₹154
Of which taxes	₹39.3	₹14

Source: The Constitution (122nd Amendment) GST Bill, 2014.

In table-1, the old tax method and the GST's execution will pay 10 percent tax on the raw material and the price of one hundred rupees. Then he sells ₹143 for the retailer, including his 20 rupees for a profit of ₹20 for a retail item worth 143 rupees, which is 10 rupees a day. This will eventually cost the price of 179 rupees. But after GST's execution, the tax rate on the old method of tax has been reduced and the cost of goods has also been reduced since the level of production from the level of production to the final level is only 10 percent only on the same level. In the old tax method, the price of the product will be ₹179 by the end of GST followed by ₹154. That means lowering the Cascading, the cost of the item will also decrease

Table-2: Structure of GST Rates/Slabs

Tax Rates	Products
No Tax/0%	Fresh meat, fresh fruits and vegetables, milk, buttermilk, curd, natural honey flour, bread, *sindoor*, stamps, fish chicken, eggs, printed books bangles, judicial papers, handloom etc.
5%	Mass consumption like spices, tea, and mustard oil, frozen vegetables, coffee, pizza bread, rusk, etc. kerosene, coal medicines, stent, lifeboats fish fillet, cream, skimmed milk powder, branded pannier
12%	Clothes washers, cools, iceboxes, umbrella, and cell phones, shampoo, shaving stuff and soap, frozen meat items, ghee, dry natural products in bundled frame, creature fat, organic product juices, ayurveda meds, tooth powder, agarbatti, shading books, picture books, and so forth.
18%	Common bicycles and autos, seasoned refined sugar, cornflakes, baked goods and cakes, protected vegetables, frozen yogurt, moment sustenance blends, mineral water,

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	jams, sauces, tissues, envelopes, tampons, journals, steel items, printed circuits, camera, speakers and screens, and so forth.
28%	Extravagance autos, skillet masala, tabaco items, circulated air through beverages paint, deodar ants face ointment, hair cleanser, hair clippers, ceramic tiles, water radiator, clothes washer, dishwasher, gauging machine, candy machines biting gum, molasses, chocolate not containing cocoa, waffles and wafers covered with chocolate, pan masala, aerated water, vacuum cleaner, shavers, vehicles, bikes, air ship for individual utilize, and yachts and so forth.

Source: GST Council of India

The GST Council has recently reduced the effective GST Rates as 23rd council meeting on 10th November 2017, on nearly 180 crucial items. The list of these items with both old and new rates has been provided below:

Reducing Rates of GST	**Products**
28% to 18%	Building materials, furniture and home decorations, personal care items, electronic &office stationeries, clothing & personal items, equipment, firework &industrial item, food and food preparations.
28% to 12%	Wet processors comprising of stone as processor, tanks and other protected battling vehicles.
18% to 12%	Consolidated drain, refined sugar and sugar 3D squares, pasta, curry glue, mayonnaise and plate of mixed greens dressings, blended fixings and blended flavoring, diabetic nourishment, therapeutic review oxygen, printing ink, satchels and shopping packs of jute and cotton, caps (sewed or sewed), parts of determined farming, agricultural, ranger service, collecting or sifting apparatus, indicated parts of sewing machine, scenes outlines, furniture entirely made of bamboo or stick.
18% to 12%	Buffed rice chikki, shelled nut chikki, sesame chikki, Verdi, tired, khaza, kazuali, groundnut desserts gatta, kuliya, flour of potatoes place up in unit compartment bearing a brand name, chutney powder, fly fiery debris,

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	sulfur recuperated in refining of rough, fly cinder total with 90% or more fly, slag content.
12% to 5%	Parched coconut, the thin woven texture including cotton newar [with no discount of unutilised input charge credit], inactively, dosa, spread, completed calfskin, chamois and piece cowhide coir cordage and ropes, jute twine, coir items, angling net and angling snares, worn garments, fly fiery remains block.
5% to 0%	Guar feast, jump cone (other than grounded, powdered or in pellet frame), Certain dried vegetables, for example, sweet potatoes, insane person, coconut shell, angle solidified or dried (not place up in unit holder bearing a brand name), khandsari sugar.

Source: 23rd Council Meeting of GST, November 10th, 2017.

GST Rates of Four Asian Tigers

As highly economic developed in the Asian continent, there is Hong Kong, Singapore, Taiwan, and South Korea, these types of countries called four Asian Tigers. They have been continuously maintaining economic growth since the 1960s. Exports and rapid industrialization are taking place. These nations, which have such an economy, have made it conceivable to achieve the world's most extravagant nations. Hong Kong and Singapore are the biggest money related focuses on the planet. South Korea and Taiwan are electronic segments and vehicle parts and innovation is creating as worldwide assembling focuses. The Fig-1 shows the comparative GST rates of four Asian Tigers. The GST rates of these Asian countries are Hong Kong zero per cent, Taiwan nation with 5 per cent, Singapore 7 per cent and South Korea 10 per cent. While comparing these countries GST India is far behind with GST rates and GDP.

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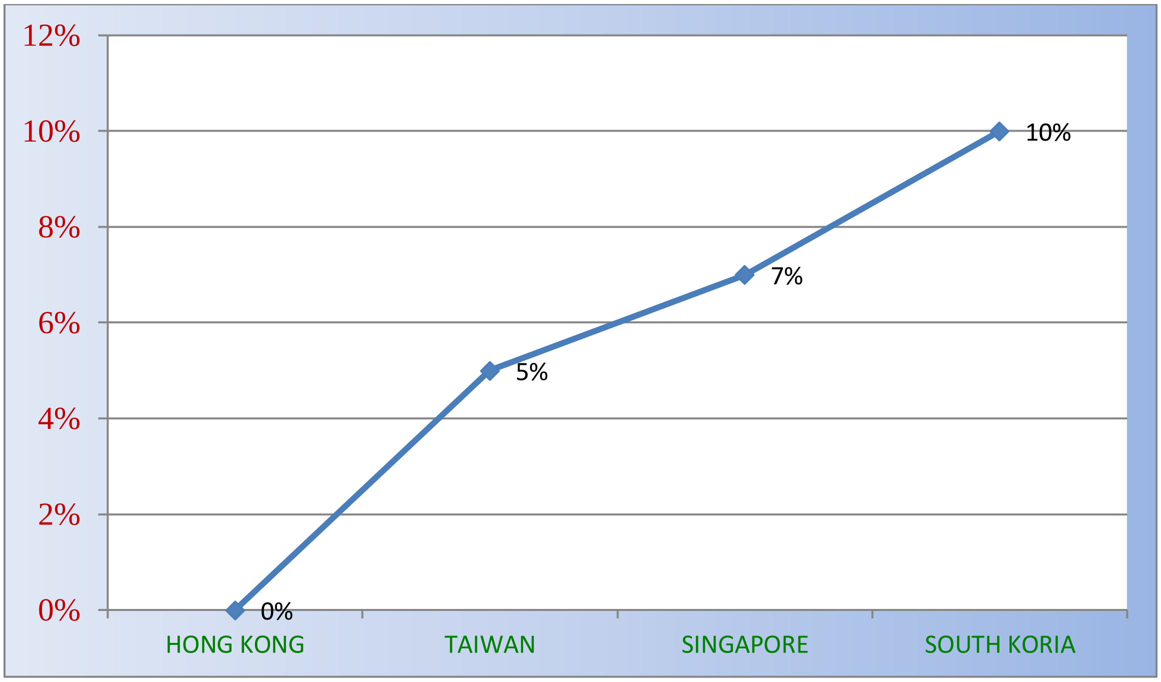
Fig-1: GST rates of Four Asian Tigers



Source: EYGM Limited (2015) Worldwide VAT, GST and Sales Tax Guide

GST Rates of BRICS Countries

Brazil, Russia, India, China and South Africa together with the five countries to form a coalition to gain a leading position in the global economy. This alliance is called the BRICS countries alliance. These BRICS countries account for 17% of global trade, in global GDP 30% and 43% of the world population. The main purpose of the alliance is to discuss a wide range of mixed commercial operations and other economic development. Every year the nations of the country will participate to discuss all of the above topics BRICS countries are developing nations to set up a special development bank for World Bank's International Banks for Economic Development. There is a need to talk about the GST rate of our country with GST rates of these developing countries. Fig-2 presents the GST rates of BRICS nations. The GST rates of BRICS countries are Brazil zero per cent, Russia with 18 per cent, India 5 per cent, China with 17 per cent and South Africa 14 per cent.

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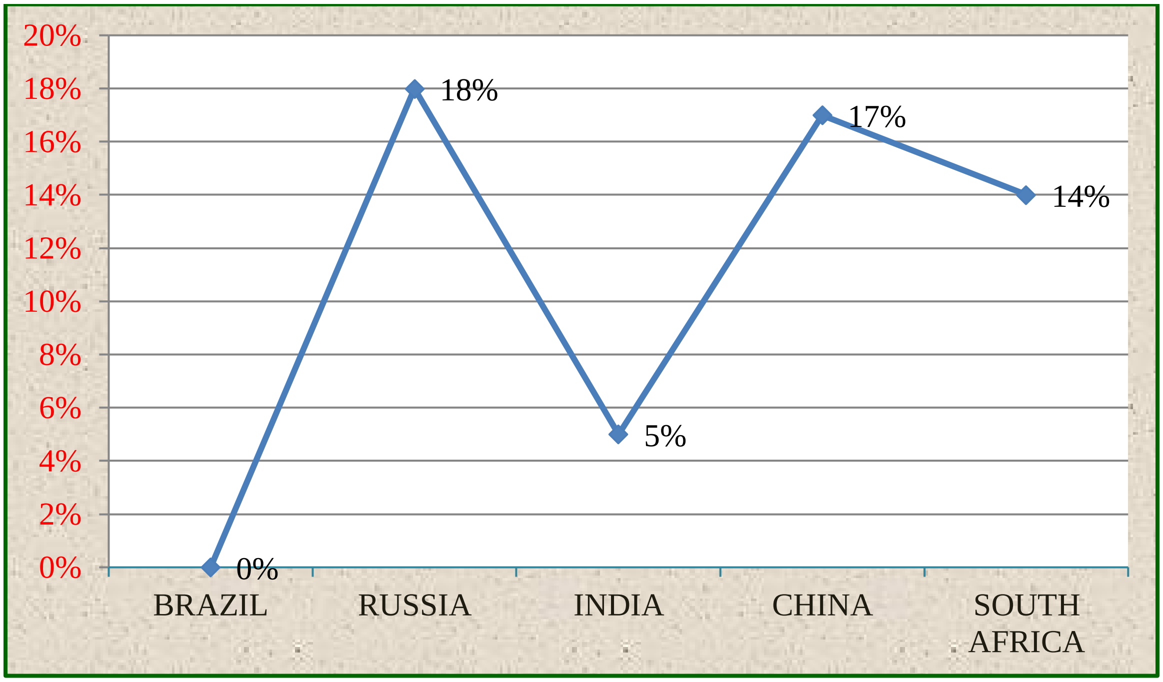
Fig-2: GST rates of BRICS Nations



Source: EYGM Limited (2015) Worldwide VAT, GST and Sales Tax Guide.

Advantages of GST:

- Removing indirect taxes at the central state levels.
- Growing up the friendship business is likely to increase GDP rate.
- Reduces the cost of goods and services and consumes its consumption.
- The tax system is transparent.
- Transactions simplified.
- Corruption in tax collection reduces.
- Reduced opportunities for tax evasion.
- Reduce the countries black money.

Disadvantages of GST:

- The state that owns the product will have the power to lose power.
- There is a possibility that illiterate ordinary people are being deceived by sellers.
- With the absence of GST on harmful items such as alcohol, people are likely to suffer if their habit is consumed.

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Suggestions:

- Technical systems of GST network should be in favour of illiterates.
- GST System is suitable for handicrafts, cottage industries and small businesses.
- Regional offices should also be established to monitor the implementation of GST execution

CONCLUSION

The GST is the most important in the government's changes to the economic development of the country. The indirect taxation policy that has so far since independence has had a burden on the public. The new changes made by the single nation, single tax and the single market to reduce this burden can be said to be the most important thing for national economic development. The GST helps facilitate the development of all sectors of the economy. This is a transparent business. It also attempts to eradicate factors such as inflation, unemployment, and inequality, economic back bears. Black money, corruption reduces liberty towards business development. Apart from the states, the friendship between countries also embraces friendship. There is a need to talk about the implementation of such GST.

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