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GST TAX ON GOODS & ITS IMPACT ON INDIAN ECONOMY

Dr. R.K. Datt

*Principal, S.M.B.S.T. College, Sangamner Tal- Sangamner, Dist- Ahmednagar, State- Maharashtra***GST Tax Structure****1) Zero Percent Tax on Goods (No Tax)**

No tax will be imposed on items like - jute, fresh meat, fish chicken, eggs, milk, butter milk, curd, natural honey, fresh fruits and vegetables, flour, besan, bread, prasada, salt, bindi. Sindoor, stamps, judicial papers, printed books, newspapers, bangles, handloom, Bones and horn cores, bone grist, bone meal, etc.; hoof meal, horn meal, Cereal grains hulled, Palmyra jaggery, Salt - all types, Kajal, Children's' picture, drawing or colouring books, Human hair, Khadi purchased from Khadi and Village Industries stores, Clay idols, brooms, Cotton seed oil cake, Charkha, Guar meal, hop cone, certain dried vegetables, unworked coconut shell and fish, and bangles of lac/shellac.

Services: Hotels and lodges with tariff below Rs 1,000, Grand fathering service has been exempted under GST. Rough precious and semi-precious stones will attract GST rate of 0.25 per cent, admission to "protected monuments",

- 0.25% - Rough industrial diamonds including unsorted rough diamonds to face 0.25% instead of 3% GST.

2) Five Percent Tax on Goods: Items such as fish fillet, apparel below Rs 1000, packaged food items, footwear below Rs 500, cream, skimmed milk powder, branded paneer, frozen vegetables, coffee, tea, spices, pizza bread, rusk, sabudana, kerosene, coal, medicines, stent, lifeboats, Cashew nut, Cashew nut in shell, Raisin, Ice and snow, Bio gas, Insulin, Agarbatti, Kites, Postage or revenue stamps, stamp-post marks, first-day covers, Branded food, walnuts, dried tamarind, roasted gram, Dhoopbatti, Corduroy fabric, saree foll, Paper machetes, Oil, cakes, Duty Credit Scrips, Cotton quilts (quilts not exceeding Rs 1000 per piece), corals, Rosaries and prayer beads, Hawansamagri, Grass, leaf and reed and fiber products, including mats, pouches, wallets, mangoes sliced dried, Khakra and plain chapati / roti, branded Namkeens, Ayurvedic, Unani, Siddha, Homeopathy medicines; Paper waste or scrap; Real Zari; Plastic waste, parings or scrap; Rubber waste, parings or scrap, Hard Rubber waste or scrap; Cullet or other waste or scrap of Glass; E-Waste; Biomass briquettes; Desiccated coconut, Narrow woven fabric including cotton newer [with no refund of unutilized input tax credit; Idli and dosa batter; Finished leather; chamois and composition leather; Coir cordage and ropes, jute twine, coir products; Fishing net and fishing hooks; Worn clothing; Fly ash brick; aircraft tires, puffed rice chikki, flour of potatoes, chutney power, fly sulphur recovered in refining crude and fly ash.

Services: All restaurants, restaurants of hotels with room tariff of less than Rs 7,500, Food parcels, Textile job work, Transport services (Railways, air transport); Supply of e-waste.

3) twelve Percent Tax on Goods: Apparel above Rs 1000, frozen meat products, butter, cheese, ghee, dry fruits in packaged form, animal fat, sausage, fruit juices, Bhutia, namkeen, Ayurvedic medicines, tooth powder, agarbatti, colouring books, picture books, umbrella, sewing machine, cellphones, Ketchup & Sauces, All diagnostic kits and reagents, Exercise books and note books, Spoons, forks, ladles, skimmers, cake servers, fish knives, tongs, Spectacles, corrective, Playing cards, chess board, carom board and other board games, like ludo, rubber band, Wood, stone, metals, marble idols, Table and kitchenware, Batters, including idli / dosa batter, Textile caps, sprinklers, Cotton quilts (quilts exceeding Rs 1000 per piece), Statues, statuettes, pedestals, ceramic articles, porcelain items, ornamental articles, bells, gongs, non-electric of base metal, animal carving material, synthetic filament yarn, such as nylon,

polyester, acrylic, etc; artificial filament yarn, such as viscose rayon, Cup ammonium; Sewing thread of manmade staple fibers; Yarn of manmade staple fibers; On Nov 19, 2017, these items have been shifted from 18% to 12% tax bracket: Condensed milk, Refined sugar and sugar cubes, Pasta, Curry paste, mayonnaise and salad dressings, mixed condiments and mixed seasoning, Diabetic food, Medicinal grade oxygen, Printing ink, Hand bags and shopping bags of jute and cotton, Hats (knitted or crocheted), Parts of specified agricultural, horticultural, forestry, harvesting or threshing machinery, Specified parts of sewing machine Spectacles frames, Furniture wholly made of bamboo or cane

Services: State-run lotteries, Non-AC hotels, business class air ticket, fertilizers, Work contracts.

2) **Eighteen Present Tax on Goods:** Most items are under this tax slab which include footwear costing more than Rs 500, Trademarks, goodwill, software, Bidi Patta, Biscuits (All categories), flavored refined sugar, pasta, cornflakes, pastries and cakes, preserved vegetables, jams, sauces, soups, ice cream, instant food mixes, mineral water, tissues, envelopes, tampons, note books, steel products, printed circuits, camera, speakers, Kajal pencil sticks, Headgear and parts thereof, Aluminum foil, Weighing Machinery [other than electric or electronic weighing machinery], Printers [other than multifunction printers], Electrical Transformer, CCTV, Optical Fiber, Bamboo furniture, Swimming pools and padding pools, Curry paste; mayonnaise and salad dressings; mixed condiments and mixed seasonings, Tractor parts, raincoats, Medical grade disposable gloves, Computer monitors (up to 20 inch), Custard powder, Rice rubber rolls for paddy de-husking machine, Kitchen gas lighters, poster Color; Modeling paste for children amusement Fittings for loose-leaf binders or files, letter clips, letter corners, paper clips, indexing tags and similar office articles; of base metal; staples in strips; aircraft engines

3) **Twenty Eight Present Tax on Goods:** In total 50 luxury and sin products will be taxed at 28% which includes Bidis, molasses, pan masala, aerated water, paint, sunscreen, wallpaper, ceramic tiles, water heater, dishwasher, weighing machine, washing machine, ATM, vending machines, vacuum cleaner, automobiles, motorcycles, aircraft for personal use

Services: Private-run lotteries authorized by the states; race club betting, cinema will attract tax 28 per cent tax slab under GST.

6. **Tax rate 28% become a 18% on 178 items** - Wire, cables, insulated conductors, electrical insulators, electrical plugs, switches, sockets, fuses, relays, electrical connectors, Electrical boards, panels, consoles, cabinets etc for electric control or distribution Particle/fiber boards and ply wood. Article of wood, wooden frame, paving block, Furniture, mattress, bedding and similar furnishing Trunk, suitcase, vanity cases, brief cases, travelling bags and other hand bags, cases, Detergents, washing and cleaning preparations, Liquid or cream for washing the skin, Shampoos; Hair cream, Hair dyes (natural, herbal or synthetic) and similar other goods; henna powder or paste, not mixed with any other ingredient; Pre-shave, shaving or after-shave preparations, personal deodorants, bath preparations, perfumery, cosmetic or toilet preparations, room deodorizer, Perfumes and toilet waters, Beauty or make-up preparations, Fans, pumps, compressors, Lamp and light fitting Primary cell and primary batteries, Sanitary ware and parts thereof of all kind, Articles of plastic, floor covering, baths, shower, sinks, washbasins, seats, sanitary ware of plastic, Slabs of marbles and granite Goods of marble and granite such as tiles, Ceramic tiles of all kinds, Miscellaneous articles such as vacuum flasks, lighters, Wrist watches, clocks, watch movement, watch cases, straps, parts Article of apparel & clothing accessories of leather, guts, foreskin, artificial fur and other articles such as saddler and harness for any animal Articles of cutlery, stoves, cookers and similar non electric domestic appliances Razor and razor blades, Multi-functional printers, cartridges, Office or desk equipment, Door, windows and frames of aluminum. Articles of plaster such as board, sheet, Articles of cement or concrete or stone and artificial stone, Articles of asphalt or slate, Articles of mica, Ceramic flooring blocks, pipes, conduit, pipe fitting Wall paper and wall covering, Glass of all kinds and articles thereof such as mirror, safety glass, sheets, glassware, Electrical, electronic weighing

machinery, fire extinguishers and fire extinguishing charge Fork lifts, lifting and handling equipment, Bulldozers, excavators, loaders, road rollers, Earth moving and leveling machinery, Escalators, Cooling towers, pressure vessels, reactors, Crankshaft for sewing machine, tailor's dummies, bearing housings, gears and gearing, ball or roller screws, gaskets, Electrical apparatus for radio and television broadcasting, sound recording or reproducing apparatus, Signaling, safety or traffic control equipment for transports, Physical exercise equipment, festival and carnival equipment, swings, shooting galleries, roundabouts, gymnastic and athletic equipment All musical instruments and their parts.

Services: Restaurants in hotel premises having room tariff of Rs 7500 and above, telecom services, IT services, branded garments and financial services, Outdoor catering "It is a step in the right direction to reduce 18 percent from 28 percent to 178 items, and a strategy shows the GST structure and what is appropriate for customers on the basis of 'equilibrium'. This is the biggest tax revolution in India, so that theft of any type of tax will not happen. Manufacturers, vendors and customers have been brought into the tax structure. GST is a major contributor to this.

GST Impact on the Indian economy -

- 1) **Direct tax collection 14% increase** - During the April-November period of the current financial year, collection of direct taxes has gone up by 14 per cent to Rs 4.8 lakh crore. According to the Central Board of Direct Taxes, collection of direct taxes has reached Rs 4.8 lakh crore in the current financial year. It is 14.4 percent more than the collection during the same period of the previous fiscal. The target for direct tax collections for the current financial year is 9.8 lakh crore rupees. Till now, the compilation is 49% of this goal. Direct taxes include personal income tax and company tax. Total collections of direct taxes (before refunding) have risen 10.7% to 5.82 lakh crores till November. In the same period, the Central Board of Direct Taxes has stated that returns of Rs 1.02 lakh crore have been given. Indirect tax collection during April-November last year increased 26.2 percent; In terms of actual tax collection, 15.12 percent increase was reported.
- 2) Now the state VAT will be shut down from April 1, 2017. The state government lost 3000 rupees after 40000 The second result is that all the states have to depend on the financially centric centers. On the contrary, the Central Government's income will be expanded further. One advantage of this tax is that the tax burden will be shared equally in the production services sector. The Finance Minister is of the opinion that people may benefit from it for some degree. But in practice it seems that private companies will only benefit from it. It is pleasure for the common man to cancel the octroi. Central sales tax, state sales tax, entry tax, license tax, turnover etc. will be canceled. The 10-20% tax which the traders had to pay will automatically be closed. As a result, it will help to increase trade.
- 3) At present, the tax is levied by the developer for service tax, VAT and stamp duty. By collecting all three taxes, the customer had to pay 9.5 to 10 percent of the total amount. However, when GST is implemented, all taxes will be deducted and there will be a single tax system other than stamp duty. Under GST, there will be 12 percent tax for the real estate sector. The stamp duty imposed by the states after GST will be 5 to 8%, which will directly lead to a home buyer. Also, any transaction will require tax to be levied on every person, hence the real estate prices will go up. CREDAI's central organization CREDAI has now been asked to cancel stamp duty on real property. Because of the GST, there will be a single tax system indirectly, but stamps will be charged from the states. Therefore, this will result directly on the customers and the resultant developers.
- 4) **Railway travel will be expensive** - The goods and services tax (GST) will be implemented from 1 July and the GST will have to get rid of rail passengers. With GST, the service tax on first class and first class tickets will be increased from 4.5% to 5%. So passengers and passengers will have to pay more for AC and comfortable travel. The service tax is levied on the air-conditioned classes ie AC

coach and first-class tickets on the Railways. Service tax will be increased by half percent by GST. Previously, service tax was 4.5 percent. If GST is implemented, it will increase by 50 basis points. If the ticket price is Rs 2,000, then the traveler will have to pay Rs 2,010 from next month, a senior Railway official said. Railways have appointed a nodal officer in each state for the implementation of GST. Officials say that with the railway tickets, the catering service of the train will also affect GST.

- 5) **Sports sector receives inflation** - Due to the inclusion of goods and services, the sports sector is being considered for inflation. The Maharashtra Sports and Fitness Trade Association is worried that GST will increase sports prices by up to 2 to 5 times. According to Indian business classification, section 9 of sports material is included. The practice includes gymnastics, outdoor games, which include physical fitness. According to GST, 28 percent tax on these sports items will be taxed. Therefore, the price of sports goods will increase.
- 6) The Goods and Services Tax (GST) rate of 12 percent will be applicable on under-construction properties. This rate with input tax credit seeks to remove the inefficiencies of dual taxation in the form of value-added taxation (VAT), service tax and puts an end to multiple taxes.
- 7) Finance Minister Arun Jaitley on Tuesday released the country's maiden GST revenue data that surpassed government's internal expectation of Rs 91,000 crore revenue and recorded tax collection of Rs 92,283 crore from just 64.42 percent of the total taxpayer base. These tax collections are for July and the numbers are likely to go up when all the taxpayers file returns.

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