

## OVERVIEW ON GST & ITS IMPACT ON COMMON MAN IN INDIA

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### ABSTRACT

*India is the center of taxes where people pay many taxes which create doubt for them. GST is termed as biggest tax improvement in Indian tax structure. The purpose of GST is to restore all these taxes with only one all-inclusive tax carrying it all under single protection. The purpose is to remove tax on tax goods and service tax is an all-inclusive tax system on the production sale and use of goods and services at the national level. GST is an indirect tax which will be the only way of providing goods and services across the country from producer to the customer which will convert the whole country into a seamless trading. This paper shows an overview of GST concept explains the effects and impacts of GST on various aspects of our lives.*

**KEYWORDS:** *Indian Tax Structure, Goods & Sales Tax and Common Man.*

### Introduction

India is the center of taxes where people pay many taxes which create doubt for them. India's biggest tax reform till now goods and services will prove to be a milestone for simplifying the present system and converting the country into a single market. It will adjust approximately all indirect taxes and create a simple tax system. In India the jurisdiction between the central and the state governments regarding the jurisdiction of the indirect tax and the effect of litigation is also construct in many areas both the governments introduce taxes and the challenge of executing the non-direct tax laws becomes a dare. India is the centre of the country where people pay lots of taxes which devise confusion in the people. The goods and services tax GST in India has restored many taxes owed earlier. It has restore vat service tax and taxes of excise. For a common man GST means a part distinct than to a business man. while the common man no service producer does not have to do GST registration or pay GST via input merits he/she will still be impaired directly under the new tax establishment in many ways because as GST is an indirect tax which indirect tax which will be finally borne by the end consumers. Before we discuss the impact of GST on common man. In India it is essential to learn types of GST implementation and the GST rates.

### Types of GST Executed in India

- The GST compiled by Centre: CGST
- The GST compiled by State: SGST
- The GST applicable on inter-state sales to simplify smooth transfer between the Centre and the State: IGST

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**Table 1: Distinct taxes were Levied at Central and State Level without GST Such as**

Central Taxes	State Taxes
Central Excise Duty	State VAT
Duties of Excise (Medicinal and Toilet Preparations)	State VAT
Additional Duties of Excise (Goods of Special Importance)	Luxury Tax
Additional Duties of Excise (Textiles and Textile Products)	Entry Tax (all forms)
Additional Duties of Customs (Commonly Known as CVD)	Entertainment Tax
Service Tax	Purchase Tax
Central Surcharges and Cesses so far as they reveal to source of goods and services	Taxes on lotteries, betting and gaming

**Why GST Needed**

GST will break the hard structure of isolate central and state taxes which generally overlap with each other to create a homogeneous taxation system which will be suitable across the country. Taxes will be executed more effectively since a system of indirect taxes like excise duty service tax central sales tax value added tax (VAT) and octroi will be refreshed by one single tax.

**Objectives of the Study**

The study aims at:

- To recognize the concept of GST.
- To study the Impact of GST on common man

**Methodology**

The study is based on secondary sources of data/ information. Distinct books, journals, newspapers and related websites have been consulted in order to generate the study an effective one. The study undertaking to examine Impact of GST on Common Man.

**Benefits of GST**

For Consumers or Common Man:

- The biggest advantage for the common man would be in terms of a reduction in overall tax burden on goods. The common man should be able to save some money on tax liabilities

For Businesses:

- More or less, all business houses agree that GST could be a blessing to the business. Eliminating the liabilities for multiple taxes should lead to easier Compliance and Documentation Return filing, tax payment and refund process will be easy and hassle free

**GST Slab Rates:**

GST Rates range over 5%, 12%, 18% and 28% plus luxury cess:

	Current GST Rates	Previous Rates	Products
1	5%	Up to 9%	Coffee, tea, edible oil, spices
2	12%	9% to 15%	Processed food, computers, electronic items
3	18%	15% to 21%	Shaving sticks, oil, soaps
4	28%	21%	Luxury goods such as tobacco, high-end cars, aerated drinks etc.

**Clear Impact of GST on Common man/ Advantages of GST**

- GST was put in motion as a combined removing a bundle of indirect taxes like VAT, CST, Service tax, CAD, SAD, Excise etc.
- A simplified tax policy as related to earlier tax structure. However, its not as easy as it seems to be, Check fault below to grab more details.
- GST or Goods & Services tax delete cascading effect of taxes i.e. removes tax on tax.
- Due to minor burden of taxes on the manufacturing sector, the manufacturing value will be reduced. Hence, prices of customer goods likely to come down.
- Due to decreased value some products like cars, FMCG etc. will become nominal.

- This will help in lowering the load on the common man. You will have to shed less money to buy the same commodity which was earlier valuable.
- The low prices will further advantages to an increase in the demand/consumption of goods.
- Increased demand will advantages to increase supply. Hence, this will basically advantages to rise in the production of goods.
- The increased production will hold to more job opportunities in the long run. But, this can arise only if consumers actually get nominal goods.
- It will control circulation of black money. This can appear only if the “kacha bill” system, commonly followed by traders and shopkeepers is put to review.
- A unified tax system will advantages to less corruption which will indirectly impress the common man.
- Most importantly, experts hope to see a clear impact of GST on Indian economy in the long run.

#### **Negative Impact of GST on Common man/Disadvantages of GST**

- Compliance Load: You need to deposit GST and file returns on time. GST returns filing is not as simple as it seems to be. You need to appoint a tax professional to manage it. Although, Government is catching steps to clarify the returns filing and keep it easy. But, still it will take time to absolutely smoothen the entire process. Although massive businesses having large staff can handle the whole process very simply. But, what about mini traders/service providers or individuals who have just initiated their business or service, isn't that capturing a bit complex for them? A small exemption in this view might be a large sigh of relief for such people!
- Service tax rate @ 15% is presently charged on the services. So, if GST is introduced at a higher rate which is likely to be seen in the near future, the value of services will rise. GST shall be charged @18% on many services and shall reach upto 28% for fewer services. In easy words, all the services like telecom, banking, airline etc. will become more expensive.
- Expanded value of services means, an add on to your monthly expenses.
- You will have to restructure your budgets to bear the additional services value.
- Businessmen and service providers are still studying about the new laws. This will increase dependence on tax experts and professionals and else add to your business expenses.
- Being a new tax, it will take some time for the people to understand it completely. Its actual connection can be seen after a positive period of time.
- It is clear said than done. There is always some difficulty to attach. It is a consumption based tax, so in case of services the place where service is provided needs to be determined.
- Appropriate invoicing and accounting importance to be done to ensure better compliance. However, GST Accounting Software are actually developed in this view by various companies.
- If certain benefit is not passed to the customer and the seller boost his profit margin, the prices of goods can also see a going up trend.
- An increase in inflation might be seen initially that may come down gradually.
- A harsh check on profiteering action will have to be done, so that the final customer can enjoy the real absolute benefit of GST.
- Although, a large number of officers have been qualified and efficient IT software developed for the successful implementation of GST. But, it will take some time for the people with the producer, the wholesalers, the retailers or the final customers to understand the whole process and apply it correctly.

#### **Conclusion**

The journey of goods will now become much simpler across the country and economical as the new regime replaces the old system, where a product was taxed several times and at distinct rates. Currently, tax rates differ from state to state. The journey of goods will now become much simpler across the country and economical as the new regime replaces the old system, where a product was taxed several times and at distinct rates Let us hope this “One nation, one tax” settle to be a game changer in a positive way and settle to be beneficial not only to the common man but to the country as a whole. A rising Indian economy will anyways help in the financial growth of the common man !

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