

GST PROCEDURE BETWEEN AUSTRALIA AND INDIA WITH SPECIAL REFERENCE OF FOOD ITEMS

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ABSTRACT

The implementation of GST is considered a historical move, considering the fact that it significantly reformed indirect tax in India. The consolidation of several different taxes into one is forecast to help the country move forward by eliminating the cascading of taxes. A number of countries around the global have already implemented GST. This paper is an analysis about GST procedure related to food items between Australia and India. The study concludes that here is the major difference between India's GST and Australia's GST related to food items.

KEYWORDS: GST, CGST, Food, Duties of Excise, Manufacturing and Service Sector.

Introduction

GST is a single indirect tax aimed at making the country a unified common market. It is imposed on the supply of goods and/ or services within India. Multiple indirect taxes that the Central Government or State Governments impose on suppliers and consumers are subsumed by GST. The taxes levied and collected by the Centre until 1st July, 2017, that are subsumed by GST include Central Excise Duty, Duties of Excise (medicinal and toilet preparations), Additional Duties of Excise (goods of special importance), Additional Duties of Excise (textile and textile products), Additional Duties of Customs, Special Additional Duties of Customs, Service Tax, and Central surcharges and cesses.

Review of Literature

Some studies related to GST were reviewed and their important insights are being highlighted here:

Garg (2014) explained that the GST is all set to integrate State economies, and boost overall growth. GST will create a single, unified Indian market to make the economy stronger. Under GST, the taxation burden will be divided equitably between manufacturing and services, through a lower rate by increasing the tax base and minimizing exemptions.

Khurana and Sharma (2016) explained that GST will provide relief to producers and consumers. GST have a positive impact on various sectors and industry.

Sehrawat (2015) explained that GST will give India a world class tax system by different treatment to manufacturing and service sector.

Objectives of the Study

To study difference between GST system related to food in Australia and India.

Research Methodology

This study is purely based on secondary sources and the required information has been gathered by accessing website.

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History of GST

• In Australia

The GST is levied at a flat rate of 10% on most goods and services, apart from GST exempt items, and input taxed goods and services. It is consistent till date. All Australian businesses whose turnover is above the minimum threshold (currently \$75,000 per annum) are required to register for GST. A GST-registered business must charge its customers GST on taxable goods and services it provides, but is entitled to a credit for any GST it has paid for its expenditures on these goods and services as well as capital purchases (called input tax credits). A registered business must periodically lodge Business Activity Statements (monthly, quarterly or annually), and at the same time pay the net amount of GST owed to the tax office (if more GST is paid than collected, a refund is paid by the tax office instead).

Some goods and services (notably salaries, wages, fresh food, and real estate) are exempt from GST. Other goods and services (rental income and financial services) are "input-taxed", which means that GST is not charged on the sale, but GST paid by that part of the business is not eligible to be claimed as an input tax credit.

Division 9 of the A New Tax System (Goods and Services Tax) Act 1999 (Cth) (GST Act) stipulates that GST is applicable to a supply of goods, services and transactions related to real property, obligations or rights. The supply must be for consideration (GST Act s9-15) to a relevant entity registered for GST (Div 23) in the course of enterprise (s9-20). This does not include employment or hobby income.

Taxable supplies include goods wholly within Australia, from or to Australia or real property in Australia. Certain types of supplies are free of GST, examples include fresh unprocessed food, medical services, education courses, childcare, exports, pre-owned real estate and going concerns.

• In India

Atal Bihari Vajpayee, the 10th Prime Minister of India, was the first to recommend the idea of adopting GST during his time in office, in the year 2000. Arun Jaitley, the new Finance Minister of India, revealed in his budget speech in February 2015 that GST would be implemented by 1st April, 2016. However, due to disagreements between states and parties in addition to legal issues, the implementation of the regime was delayed by over a year, and on 1st July, 2017, the four GST-related bills, viz. Central GST Bill, Union Territory Bill, Integrated GST Bill, and GST (Compensation to States) Bill became Acts. The GST council, over time, finalized GST rules and rates, and the Government announced that GST will come into effect on 1st July, 2017.

GST in Australia (Division 38)

• What this Division is about

This Division sets out the supplies that are GST-free. If a supply is GST-free, then:

- no GST is payable on the supply;
- an entitlement to an input tax credit for anything acquired or imported to make the supply is not affected.

• GST Tax Rates on Food Items in India

The GST council has revised the tax rates under GST as on January 18, 2018. The changes will be effective from January 25, 2018.

Commodities	GST Rate
Essential farm produces mass consumption items like milk, cereals, fruits, vegetable, jaggery (gur), foodgrains, rice and wheat.	Nil
Common use and mass consumption food items such as spices, tea, coffee, sugar, vegetable/mustard oil, newsprint, coal and Indian sweets.	Nil
Fruit juices, live animals, meats, butter & cheese.	12%
Pastries, cakes, pasta, ice-creams, soups.	12%
Chocolates, chewing gum, waffles containing chocolate.	18%
Luxury and de-merits goods and sin category items e.g. tobacco, pan masala.	18%+cess

Difference Between GST in Australia and India

S.No.	GST in Australia	GST in India
1.	GST in Australia was firstly introduced in 1 st July 2000.	GST in India was launched on 1 st July 2017.
2.	It replaced Wholesale Sales Tax (WST).	It replaced various taxes and levies like Central Excise Duty, Service Tax, Additional Customs Duty, Surcharges, State-level Value Added Tax and Octroi.
3.	The GST is levied at a flat rate of 10% on most goods and services, apart from GST exempt items, and input taxed goods and services.	There are five tax slabs under India GST such as, 0%, 5%, 12%, 18% and 28%.
4.	There is no special category.	There is a special category also to cover rough precious or semi-precious stones and gold which are taxed at 0.25% and 3% respectively.
5.	GST has one kind of tax only.	GST also has three kinds of taxes, CGST(Central GST), IGST(Integrated GST) and SGST (State GST).
6.	It is collected by the supreme authority and thus divided further among the states without any conflict arising through the process.	GST is administered by both Union and State. CGST and IGST will be collected by Central Government and SGST will be collected by State Government.
7.	Ice-creams, ice-cream cakes, ice-cream substitutes, pasties and cakes are not GST-free.	12% GST on pastries, cakes and ice-creams.
8.	Fruit or vegetables are not GST-free.	0% GST on fruit or vegetables.
9.	Fruit and vegetable juices are GST-free.	12% GST on fruit juices.
10.	Tea and coffee etc. are GST-free.	0% GST on tea and coffee.
11.	Australia's GST version is simple.	India's GST version is more complex.

Conclusion

Thus, there are five tax slabs under India GST but the GST is levied at a flat rate of 10% on the most goods and services in Australia, apart from GST exempt items, and input taxed goods and services. It is consistent till date. Tea and coffee are GST-free in the both countries. Fruit and vegetable juices are GST-free in Australia. On the other hand 12% GST on fruit juices in India. In conclusion, it can be said that India's GST version is more complex and Australia's GST version is simple.

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