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IMPACT OF GST ON VARIOUS SECTORS

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ABSTRACT

Taxation funded state and their functional counterparts have been used by the entire history to carry out many tasks. This includes some war, law enforcement and public order, protection of property, financial infrastructure (on the street, legal tender, execution of the law, etc.), public works, social engineering and self-action. Most modern governments use tax for welfare and public service funds. These services may include education, healthcare systems and pension for the elderly, unemployment benefits and public transport. Energy, water and waste management systems are also general public utilities. Governments use different types of taxes and tax rates vary. Tax liability distribution is done in the number of individuals or people involved in taxable activities, such as redistribution of business, or the resources of people or the population. There are four main purposes or effects of tax: revenue, redistribution, redevelopment and representation.

KEY WORD: *education, healthcare systems , redistribution of business.*

INTRODUCTION

The first and more important purpose of revenue is to spend the collected taxes on schools, hospitals, road development, and other government related functionalities like legal system of the nation and regulation of the market. The second purpose of collecting tax is to spend the collected revenue / tax from richer society section to poor society section for their wealth. The third purpose of collecting tax is re-pricing of certain goods to increase or decreases their consumption. Taxes are levied to discourage consumption of certain items like say tobacco. The fourth impression of taxation has been presented, in which citizens have asked for tax relief. In many studies it has been found that direct tax (such as taxes) creates a greater responsibility and better administration, while the effects of indirect taxes will have little effect.

IMPACT ON TAX STRUCTURE:

The present indirect tax structure involves 25 types of taxes in central, state and local levels. When the centre collects excise duty, central sales tax and customs duty, the state collects VAT, octroi, entertainment tax and purchase tax. This complexity in the structure created disturbances on all the industries and was removed by GST because they cut many of these taxes. Apart from this, tax is levied on different rates in different states and this difference in GST ends because only one rate applies for all goods and services. Yet another big problem in taxation is the inability to stop VAT and CST, and this ultimately increases the price and makes our products both competitive in domestic and international markets. GST input tax increases credit and product competitiveness. The GST Council has set up a four-level structure for objects, ranging from 0% to 28% at two standard rates of 12% and 18%. This new structure reduces the cost

of logistics, unorganized operators, in their scope, reducing the total customer's total tax burden. This is a general man-friendly structure because more than 50% of the essential commodities are at zero cost and only 5% of the required goods are charged and 28% of the items are on demerit items.

1. **Telecom:** The tax on telecom services in the current indirect tax system is 15% and the tax rate under GST is expected to increase by 18% -20%. This increases the speed of mobile call charges and internet service fees. There is nothing less about the revolution when the country's telecommunications industry connects with the country. India made 1 billion active mobile connections in January 2018 and according to a survey by IMAI-Controller IMRB, mobile internet users are expected to reach 500 million by June 2018. However, in the past few years the industry has a double whammy. First, many players and operators who were out of business due to the entry of Reliance were shocked due to drainage on margins. Recently, the introduction of Goods and Services Tax in 2017 resulted in the GST rate of 18% in the telecom industry, 3% higher than the 15% under the previous tax regime. While headline rates are high, Union Telecom Minister Manoj Sinha said that after the account of input credits, the tax rate would be 16%. The telecommunications operator has been forced to absorb the costs due to above hypercompetitive conditions so far. Extra compliance with service providers is also very comprehensive, to increase the players' enthusiasm about the new tax system.
2. **Real Estate:** In some European countries, land and real assets have been excluded from tax goods, whereas housing, construction and construction services in Australia, New Zealand, Canada and South Africa are considered to be of any other kind. When real estate developer builds and sells a home, it is subject to VAT at the full sale price, which includes the cost of land, building materials and construction services. Commercial buildings and factory sales are also taxable in the same way, like renting of industrial and commercial buildings on lease rentals. Sales of household sand house for household use are reduced because the tax is already collected at the time of their first purchase. For the same reason, residency rent is also given. If the rental is to be taxable, it is necessary to purchase and purchase the house and have the permission for credit to maintain and maintain. Construction and housing in India must be included in the GST tax base because construction is an important contributor to the national economy. Currently, this area is generally subject to stamp duty, VAT and service tax indirect taxes. According to GST, stamp duty will continue, but VAT and service tax will be reduced to GST. This reduces the tax burden and evaluation challenges.
3. **Financial Sector (Bank):** Under service tax, India has followed the concept of taxation of all financial services in reality where their views are inclusive fee. It has gone ahead with service tax net and net margin services. The following are the main examples of such taxable margin services: Merchant discounts on credit members are considered for credit card services, as there are no clear fees collected from the credit card or late payment charges. In the foreign exchange conversion transactions, without taking a clear charge, the tax is treated equal to 2% of the amount converted. Taxation life applies to those parts of the insurance premium that represents risk cover. Under the GST regime, banking services are going to be expensive because the tax rate is expected to increase from 14.5% to 18-20% .If financial services on securities are subject to GST, and then the economically weaker sections and customers' investment structure will be affected. It can be charged instead of tax on the transaction, and some important activities like debt operations can be left out of GST.
4. **Automobile Sector:** Before GST implementation and tax accession, we had a series of indirect taxes in India, in which each state had its own indirect tax structure. Now, after GST implementation, all these taxes have gone to the same tax. The effect of GST in automobile sector is particularly positive, because automobile manufacturers need to reduce taxes and ultimately benefit consumers. Sales Tax, Road Tax, Sector Tax, VAT, Motor Vehicle Tax, Registration Fee etc. were levied before GST. All these things have been given to GST on automobile services. GST impact on two-wheelers because there is a tax on 350 cc or less, 28% slabs and more than 350 cc engine is taxed 31%. Most commercial vehicles fall under 28% of taxes, which were previously 30.2%. However, due to the reduction in 15% cess slab, minibuses have been affected greatly, which make up 43% of taxes. Most of the commercial vehicles have shown

negative results after the GST implementation, while 13 passengers have expressed concerns over the mint in the mint. Luxury car tax conditions with GST have come a long way because these cars are made up of 42-45%. But, earlier it was 50% or more. So, the total tax for the luxury car has decreased. The GST implementation did not have much effect on small cars because of the previous tax rate of 29%, which included every tax with VAT. But, after GST, 28% and cess is 1%. The main GST effect of the automobile industry can be seen in a hybrid car, as this includes an additional tax of 28% plus 15% tax. Previously, the hybrid car was levied on only 30%. Spare parts are taxed at a high rate of 28% slab, before it was only 12%, which was twice the tax rate charged earlier.

5. **Impact GST on Agriculture:** The only major area that contributes to the Indian economy is agriculture. It is only up to 16% of the Indian GDP. That is why, after the GST tax regime in the country, the impact of GST on agricultural growth is a major concern. In addition, there was a possibility that the impact of GST on agriculture could have an impact indirectly. However, the real question for this Christmas topic is that the role of GST in agriculture has proved to be beneficial for this market or has worked as a poison. Before the GST implementation of agriculture, some foods like rice, sugar, salt, wheat and mango are exempt from tax payment. Also, agricultural products have previously gone through numerous licensing procedures. In this way, indirect taxes were imposed under the previous tax laws. Under State VAT, food grains and grains were levied at 4% rate. Previously, fertilizers were subject to 0-8% VAT which would attract 12% tax after GST. This has led to a 5-7% increase in fertilizer prices. Pesticides have been kept in 18% tax slabs, which in some states increase pre-GST by 12% and 4-5% VAT. 12% of the exhaust slabs have been placed in the tractor, while many components and accessories have been kept in the slab for 28%. GST on pump sets has reduced by 18% from 28%, so that the cost of production has reduced and indirectly reduced sales volume. Grown-up agricultural products like rice, wheat, milk, fresh fruits and vegetables are included in the zero tax slabs. It helps by some states to implement tax, cess and criminal commissions. Cooked or cooled fruit and vegetables are cooked or cooked, cooked fruit, vegetables and nuts, and onion cashew cost 5%. Processed process on fruit and vegetable juices under GST will be made from 12% to 12%. Some items like fruit jams, jellies, marmalades, etc. will be more than 18%. After implementation of GST, all farmers, businessmen and farmers have to pay taxes. So, the earlier category of people who are exempt from tax under GST does not exist. Also, GST protects farm workers from paying service tax under implementation laws and guidelines. In addition, many non-processed agricultural and manufactured products have been excluded from the provision of tax.
6. **Impact of GST on FMGC:** It is clear that GST has transformed the fourth largest economy in the Indian economy and FMCG. FMCG is one of the fastest growing regions of the Indian economy. VAT, service tax, excise duty, central sales tax etc. The FMCG sector will have to pay money under the current GST regiment. Consumer packed goods or we can say that the current tax rate of FMCG is approximately 22-24%; the expected rate is 18-20%, which is highly applauded by the players of the big FMCG industry. There was no credit available under the current tax system for CST, CVD and SAD; On the contrary, GST will include input credit for all GST payments made in business. The cost of logistics and GST regimen will be seen in the GSTG industry. The total cost of FMCG industry distribution is up to 2-7%, which can be reduced to 1.5% after GST's implementation. Due to decrease in prices due to tax payment, straightforward supply chain management, removal of CST, claim of input credit under GST scenario, major impact and changes will be noticed. As a result, things will be made of cheap items. Many companies establish their warehouses in Himachal Pradesh and Uttaranchal states under the current tax regime for their convenience and enjoyment of tax concessions / discounts / concessions. Once the GST is implemented, there is still the dilemma whether all taxes, benefits and exemptions will be there. Being one of the main parts of any company, major companies such as ITC, Hindustan Unilever, Nestle, Dabur and Cadbury are still keen on transfers of tax holidays / discounts. Toothpaste, hair oil, soap, 18% of the products used in general is attached to the slab, which is less than 22-24% tax rate. A 5% rate of frozen vegetables and branded cheese is according to the list which corresponds to the earlier rate which was 3-4%. Discounts have been given to Serelals, so they are more affordable. 4-6%, coffee, tea and sugar

brackets already have no effect on prices. All things are in the 18% tax bracket or they can be down. The retail category comes in 28% tax slab.

7. **Impact of GST on IT Sector:** Due to the fact that the GST of IT sector in India is locked at 18%, changes in this industry have impacted the slopes. The new tax system has introduced service tax, VAT and excise duty in one contract. As a result, GST has many advantages in IT field. Knowing how the tax system has been simplified by cancelling cascading taxes, it is necessary to know how the GST impacts on this area impact the business. After the implementation of GST, after the implementation of GST for freelancers offering IT services, there was 15% basic service tax. This has created a financial balance in their annual contract. GST retains fixed ambiguity in the tax structure of bloggers on IT services. Against the previous tax system, bloggers earning less than Rs.20 lakhs annually are required to register tax, but they do not have to pay any money. These systems are freelance bloggers and those who provide IT services are also questionable. This section is still difficult to register under GST or not. All e-commerce businesses have to pay taxes due to the GST impact on the IT sector, regardless of their annual profit. This also helps small businesses to reduce their cap on gains in the initial stage, profit margins are generally lower during that period. Government has registered online for GST due to the advancement in digital sector. The GST impacts on the IT industry have given IT companies a way to get the contract to create GST software in the financed sector. The best example of this is Infosys. 1,300 crores by GSTN In the case of digital making, the government is not only big, but small companies have also created many opportunities. Businesses are fast approaching their ERP to comply with new GST on IT technology, but they are spending more on the company's infrastructure. The previous tax system does not allow businesses to give credit for maintaining a quality working environment. Quality structures and other facilities were classified under all aesthetics. However, the new GST system will allow IT service providers to claim full refund on annual maintenance services. According to the new rules given by the government, IT companies have understood the need for software that will be equipped to calculate GST. This means that IT industry must make changes or upgrade their systems to comply with the new terms and conditions, due to large costs.
8. **Impact of GST on Hospitality:** According to a report, naming the online Indian passenger, the Indian hotel industry expects to increase by 13 billion US dollars by 2020. According to the figures released by the Foreign Tourist Arrivals (FTA) in January, 2018, there has been an increase of 10.66 lakh. In January 2017, there were 9.83 lakhs. Even though the Unified Taxation Government has been able to get long term benefits, there is a lot of criticism from across the country. In most of the hotels, 18% GST has to be paid, the highest tax rate available. Prior to GST implementation, 15% service tax was made in hotel room at a rate of more than Rs.1000. After inadequate, this value was around 8-10%. Then, Value Added Tax (VAT), which is applicable to the 12% -14.5%, with the luxury tax. Similarly, for restaurants, service tax after appointment was 6% and VAT was applicable. GST's influence on the hospitality sector is positive overall, due to low end user expenditure; industry will attract more customers and tourists. In addition, the government is expected to improve the revenue of the government. It will have a long-term positive impact and tax structure for end-customers as well as hotels will be simplified.

CONCLUSION:

The GST was implemented last year, some industries started paying higher taxes like restaurants; they immediately influenced the effectiveness of the customers on their prices. However, when the government decreases the tax at the end of last year, it is widely believed that the benefits have not been paid to the customers. Similarly, the anti-projection body of the government has sought clarifications from FMCG companies, while the customers have got double benefits of cost reduction and input tax credits. As mentioned above, since this is the first year of the government, most of the problems are expected to be exempted as companies exit the old list and the entire supply chain accounts for the new tax rates.

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