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REVENUE ANALYSIS BEFORE AND AFTER IMPLEMENTATION OF GST

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ABSTRACT:

The Goods and Services Tax (GST) has come into effect from July. It is hoped that the tax reform will help the Indian economy and see a major move to break the divide from laziness. Be that as it may, some near-term hiccups may appear for the next few quarters. As indicated by market experts, job creation will continue to be a concern as the cluttered sector shifts to the built segment.

KEYWORDS: *Gods and Service Tax, State, Indirect Tax, Direct Tax.*

INTRODUCTION

The idea of moving towards GST was mooted by the then Union Finance Minister in his budget speech of 2006-07. Initially, it was proposed that GST would be implemented from April 1, 2010. The Empowered Committee (EC) of State Finance Ministers that formulated the State VAT structure was requested to prepare a roadmap and structure for GST. A joint working group of officials representing states as well as the Center was constituted to examine various aspects of GST and prepare a report particularly on exemptions and limitations, levy of service tax and levy of tax on inter-state supplies. Based on discussions between it and the central government, the EC issued its first discussion paper (FDP) on GST in November 2009. It explained the features of the proposed GST and laid the groundwork for discussions between the Center and the government. states so far. Implementation of Goods and Services Tax (GST) is a very important step in the field of indirect tax reforms in India. By consolidating a large number of central and state taxes into a single tax, GST will greatly reduce the effects of cascading or double taxation and pave the way for a common national market. From the consumer's point of view, the biggest benefit would be in terms of reducing the overall tax burden on goods, which is currently around 25%-30%. It also means that the actual burden of indirect taxes on goods and services will be more transparent on consumers. Implementation of GST will make Indian products competitive in domestic and international markets as input taxes will be completely neutralized in the value chain of production and distribution. Studies show that this will affect economic development. Lastly, this tax, due to its transparent and self-policing feature, will be easy to administer. It will encourage shift from informal economy to formal economy. The government proposes to implement GST from 1st July 2017.

Financial Relation of Central and State for GST:

Fiscal powers between the Center and the States are clearly demarcated in the Constitution and there is almost no overlap in the respective domains. The Center has the power to tax the production of goods (except liquor, opium, narcotic drugs etc. for human consumption) while the states have the power to tax the sale of goods. In case of inter-state sales, the Center has powers to levy tax (Central Sales Tax) but this tax is collected and retained entirely by the home states. For services, only the Center has the right to levy service tax. Since the states have no power to levy any tax on sale or purchase of goods on import or export from India, the Center levies and collects this tax in addition to the basic customs duty. These additional charges of customs (commonly known as CVD and SAD) balance excise duty, sales tax, state VAT and other taxes levied on domestic production. For implementation of GST, necessary amendments should be made in the Constitution so that the Center and the States are empowered to levy and collect GST simultaneously.

Assigning concurrent jurisdiction to the Center and the states for GST levy requires a unique institutional mechanism that will ensure that decisions about the design, structure and functioning of the GST are jointly taken by both. To address all these and other issues, the Constitution (122nd Amendment) Bill was introduced in the 16th Lok Sabha on 19.12.2014. The Bill provides for levy of GST on supply of all goods or services except alcohol for human consumption. This tax will be levied separately as dual GST, but simultaneously by the Center (CGST) and the States (SGST). Parliament shall have exclusive power to levy GST (IGST) on inter-state trade or commerce (including imports) in goods and services. The Central Government shall have the power to levy excise tax on tobacco and tobacco products in addition to GST. The Constitution Amendment Bill was passed by the Lok Sabha in May, 2015. With some amendments, the bill was finally passed by the Rajya Sabha and subsequently by the Lok Sabha in August, 2016. Further, the Bill was approved by the required number of votes. States and subsequently received the assent of the President on September 8, 2016 and was enacted as the 101st Constitution Amendment Act, 2016. The GST Council has also been notified. 12 September 2016. The GST Council is assisted by the Secretariat.

The Goods and Services Tax Council (hereinafter referred to as "GSTC") consists of Union Finance Minister, Minister of State (Revenue) and State Finance Ministers to recommend GST rates, exemptions and limits, taxes to be collected. and other matters. Half of the total members of GSTC constitute the quorum in the meetings of GSTC. Decisions in the GSTC are taken by a three-fourths majority vote. One-third weightage of the total votes cast goes to the Center and two-thirds weightage of the total votes cast to all the states. All decisions taken by the GST Council are taken unanimously. The voting option has not been exercised till date. Various committees and sectoral groups consisting of both central and state members have been formed for smooth implementation of GST.

Table 1.1 Central and State Taxes Submitted GST

Sr. No.	State Taxes	Central Taxes
1.	VAT	Excise Duty
2.	Luxury Tax	Excise Duty Under Medicinal and Toilet Preparation
3.	Entry Tax for Non Local Bodies	Countervailing Duty (CVD), Special Additional Duty
4.	Entertainment Tax Levied by State	Extra (Additional) Excise Duty
5.	Tax on Betting, Gambling and Lottery	Service Tax
		Surcharge
		CENVAT

Source: Govt. of India

Research Methodology:

On October 7, 2016, the Government of India (GOI) passed the process and flowchart of GST. Currently, GST will be implemented soon and every part needs to register for it. Registration under

Central Goods and Services Tax Act (CGST) and State Goods and Services Tax Act (SGST) is the initial step for every sector. On the off chance that a man is undoubtedly enrolled for GST he/she can enroll himself/herself under the SGST Act of his/her particular state where he/she operates his/her business he/she should register under the CGST Act. GST registration is available within 30 days.

Objective of the Study:

1. To enquire the impact of GST after implementation
2. To study after implementation challenges and benefits of GST

Table 1.2 Beforee and After Implementation of GST

Sr. No.	Type of Goods	Beforee (%)	After (%)
1.	Automobile	30-44	18
2.	Package and Products	4-5	18
3.	Home Appliances	12.5 and 14.5 (Excise and VAT)	18
4.	Jewellery	3%	18
5.	Readymade Garments	4-5	18
6.	Mobile and Credit Cards	15	18

Source: Govt. of India

Table 2 above shows that there are different taxes before GST implementation and before GST implementation and after GST implementation, like for automobile sector like cars it was 30-44% before GST implementation but then before GST implementation it is 18%, before GST implementation. There was 4-5% tax on package and product type, but after GST it is 18%, Excise duty on household goods was 12.5% before GST and VAT was 14.5%, but after GST it is 18%, for jewelery before GST it is 3 %, but after implementation it is 18%, before GST implementation it was 4-5% for readymade garments, but after GST implementation it is 18% tax and lastly mobile and credit card was 15% tax before GST implementation but after GST implementation it is There is 18% tax.

Table 1.3 Impact of GST in before and after Implementation

	Before GST		**After GST**	
	With Invoice	**Without Invoice**	**With Invoice**	**Without Invoice**
Manufacturer to Distributor				
Price of Phone Sale	10,000	10,000	10,000	11,000
12% Excise Duty	1200	-	-	-
4% VAT		-	-	-
16% GST	-	-	1600	-
Final Payment	**11648**	**10000**	**11600**	**11000**
Distributor to Wholesaler				
Sale Price of Phone	16000	16000	16000	1600
4% Vat	640	-	-	-
16% GST	-	-	2560	-
Final Receipt	**16640**	**16000**	**18560**	**16000**
Tax Paid	**164**	**-**	**850**	**-**
Net Profit to Distributor				
Price of Sale	16640	16000	18560	16000
Purchase Cost (Less)	11648	10000	11200	11000
Tax Paid (Les)	164	-	850	-
Net Profit	**4828**	**6000**	**6510**	**6000**
Result	**Distributor will Prefer without Invoice**		**Distributor will Prefer with Invoice**	

Source: Fieldwork

Table 1.3 divided into two parts in which first part reveals that in before GST scenario of phone sales price from manufacturer to distributer with invoice is Rs. 11,648 & without invoice it is Rs. 11,000 but after GST the phone sale price with invoice will is Rs. 11,600 and without invoice is Rs. 11,000. Second part reveals that sales price of phone in before GST from distributer to wholesaler with invoice is Rs. 16640 and without invoice is Rs. 16,000 while as after GST phone price of sale with invoice is Rs. 18560 and without invoice 16,000. The net profit to distributor with invoice is Rs. 4828 and without invoice is Rs. 6,000 in before GST scenario but after GST the net profit of distributor without invoice is Rs. 6510 and without invoice is Rs. 6,000 thus the conclusion from this table is that in before GST scenario the distributor will prefer without invoice but after GST the distributor will prefer with invoice.

Analysis and Discussion:

1. GST Model: There are three major models are available in which are as follows…

a. GST only at Central Level
b. GST only at State Level
c. GST at both Central and State Level

The general model of GST in India will be "double GST" which is a combination of both CGST and SGST. Every trader and activity excluding specific assessment will be brought under GST where distinction between products and activities will be ignored. Following are the essential features of dual GST in India after implementation...

1. Some of the indirect taxes covered under CGST are Excise Duty, Additional Excise Duty, Excise Duty under Medicines and Toilet Preparations Act, Service Tax, Additional Customs Duty commonly known as Countervailing Duty (CVD), Special Additional Duty (SAD), Surcharge and CENVAT. .
2. The rates of various trades and industries can be chosen separately through CGST and SGST depending on the weight of various charges, assessability of regular man and so on.
3. CGST will be administered by the Center and SGST will be represented by the State.
4. GST is prohibited on certain items like petroleum, liquor and tobacco.
5. The GST framework does not cover duties pooled by nearby entities.
6. CGST and SGST will be zero assessed on trade rent.
7. VAT framework can be replaced by SGST while CENVAT and service charges can be replaced by CGST.

Importance of GST to the Economy: GST aims to reduce burden by completing numerous indirect taxes. GST will be important for the economy in the following ways like GST will reduce tax evasion, provide more cash to inverse states like Bihar, Jharkhand and thus increase the economy of the nation and also help in removing close valuation BIAS. Which means that one can set up his processing plant in any state without the hassle of various duty frames. Finally we can say that GST is an assessment that can be a remarkable achievement in the tax assessment framework in India.

GST will positively impact the common man in many ways: GST is a consolidated spending framework that will remove piles of indirect taxes like VAT, CST, Service Tax, CAD, SAD and Excise which will positively impact the common man. There will be less assessment consistency and a streamlined tariff regime when contrasted with the pre-imposition structure, GST will reduce the cascading effect of tariffs i.e. levies on the valuation framework, it will help drive out assembling costs which will bring down the cost of goods to the buyer, lower prices will indicate an expansion in demand for products/after consumption. As will happen, the expanded demand will then prompt the creation of supply, ultimately leading to an increase in production. Expanded production will lead to more opportunities for work. GST will curb the spread of dark money. Along these lines, GST will positively impact the common man in many ways.

CONCLUSION:

The GST system has essentially been organized to restructure the existing indirect tax framework in India. A well-planned GST is an attractive strategy to dispose of the loopholes in the current process of various taxation and the government has assured that GST will reduce the burden consistently, with no qualification and burden on foreign and Indian products. same rate. Numerous indirect taxes such as sales tax, VAT and the like, will be done in light of the fact that there will be a cost framework i.e. GST, which will reduce the coherence. GST will face many challenges after implementation and will bring many benefits. Generally through this examination we assume that GST plays a dynamic role in the development and improvement of our country.

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