IMPACT OF GST

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Abstract: The primary impact to be felt by the consumers would change in prices of goods and services on account of GST rates. It would change the current tax rules of production-based taxation to Consumption-based system. In service, the tax rate has been increased from 15% to 18%. The 3% increase in services would affect the consumers in the short period. In the long run, the benefits of GST are expected to kick in terms of higher input credits and reduction in cascading effect. Goods and service Tax act as Government declared it to be simpler was never simpler and will never be. The Government has estimated that Indian economy will require at least 2 years to become stable.

1. Introduction

GST is being referred to as a single taxation system but in reality it is a dual tax because both will collect separate tax on a single transaction of sale and service. The tax rate has been increased for many products, thus increasing their costs. Money value be added in each stage. The actual benefit is not passed to the consumer and the seller increases his profit margin, the prices of goods can also see a rising trend. It is anticipated that the inflationary effect will down in prices and stabilize.

2. Objective

The objective of the paper is to highlight the impact of GST.

3. Features

- GST has two components.
- Dual control
- Incumbent increase of the cost of some commodities
- In impact of prices, the services would be mostly expensive in the initial stage.
- Prices of goods would be a mixed bag.

4. Top stories

- Sale of souveniers is to be considered as supply of goods.
- Service of integrated transmission towers liable to GST being works contract services.

5. Negative impact of GST

- CGST, SGST are nothing but new names for central excise/service tax, VAT and CST. There is no major reduction in the number of tax layers.
- increased cost of services means, add on to your monthly expenses
- An increase in inflation might be seen initially.
- The corporate would be more benefited by GST on the other hand the common man would take more time to adapt on it.
- It is also expected that the consumers would reap to the benefits of the new tax regime.
Once the corporate have transitioned complete to the new tax structure and start to pass on the benefits to the end users.
A large number of officers are being trained.
It will take some time for the people including the manufactures, the wholesalers, the Retailers or the final consumers to understand the whole process and apply it correctly.
Service tax rate @15% is presently charged on the services. If GST is introduced the higher rate will be paid for their services.
We have to reschedule our budgets to bear.
An increase in inflation might be seen initially.
Any GST register persons cannot send the goods without e way bill.

6. Conclusion
Being a new tax, it will take some time for the people to understand it completely. Its actual implications can be seen only when the rate is determined. It seems to be network of problems. Nothing is clear in the act. Adoption and migration to the new GST system would involve teething. Troubles and learning for the entire ecosystem.

7. References
1. The Economic Times
2. GST polices
3. Indian express