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STATEMENT OF THE PROBLEM
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IMPACT OF GST ON COMMON MAN

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ABSTRACT
Goods and Services Tax (GST), hailed as one of the most powerful tax reforms which India has ever seen, purports to do away with the multiple tax regulations on most of the goods and services. GST would change the current tax regime of production-based taxation to a consumption-based system. There is no doubt that the corporates would benefit once the GST has been rolled out. However, the advantages to the common man are still speculative. We hope that the end consumer would also reap the benefits of the new tax regime, once the business houses have transitioned completely to the new tax structure and start to pass on the benefits to the average Indian. The proposed date for GST implementation is the 1st of July 2017.

KEYWORDS
GST, indirect tax, single taxation, one nation one tax.

INTRODUCTION
Indirect Tax system is highly complicated in India because there are various types of taxes that are charged by the Central and State Governments on Goods and Services. These taxes include Entertainment Tax for watching film, Value Added Tax (VAT) for purchasing goods & services by consumer. Other taxes are excise duties, Import Duties, Luxury Tax, Central Sales Tax, Entry tax, and Service Tax. Businessmen have to maintain accounts which need to obey with all the applicable laws. Many experts have suggested that to resolve the issues of different types of taxes, there is a need issue to streamline all indirect taxes and implement a "single taxation" system. This system is entitled as Goods and Services Tax, abbreviated as GST. The GST will be levied both on Goods and Services.

Earlier, GST was introduced during 2007-08 budget session. On 17th December 2014, the current Union Cabinet ministry permitted the proposal for introduction GST Constitutional Amendment Bill. On 19th of December 2014, the bill was offered on GST in Lok Sabha. The Bill is presented in Budget session.

In simple term, GST is a tax that people need to pay on supply of goods & services. Any person, who is providing or supplying goods and services is responsible to charge GST. GST is the huge reform in indirect tax structure in Indian financial scenario since the economy originated to be opened up 25 years ago, at last looks set to become reality. The Constitution 122nd Amendment Bill introduced in Rajya Sabha recently, on the back of a broad political agreement and heightened by the good aspirations of the Congress. Goods and Services Tax Reform was passed in Rajya Sabha and it will be set to bring in lok Sabha.

Since the passing of the GST (Goods and Services Tax) Constitutional Bill by the Rajya Sabha in August last year, the country has been preparing itself for the new tax regime. The new GST law is India's biggest tax reform initiative which is expected to improve compliance levels, increase government revenue, and create a common playing field for businesses by amalgamating a host of central and local taxes. On the face of it, GST seems to be a mixed bag with some of the necessities becoming cheaper, while the others might get more expensive. While in the longer run the Goods and Service Tax might have a favorable effect on most of the sectors of the economy, in the short run, as with the most of the reforms, the benefits seem to be limited. Based on the experience of GST implementation in other countries, India could observe an inflationary impact at the onset of the reform, which might fade away once the legislation sinks in.

GST or Goods and Services Tax is applicable on supply of goods and services. Goods and Service Tax is an indirect tax which the Government of India is planning to levy on all goods and services apart from those exempted by the GST law. The GST taxation laws will put an end to multiple taxes which are levied on different products, starting from the source of manufacturing to reaching the end consumer. GST eliminates the present following taxes and introduces news Tax of CGST, IGST and SGST:

- Service Tax
- Central Excise Tax
- Additional Excise Duties
- CVD, Additional Customs Duty, commonly known as Countervailing Duty
- SAD, Special Additional Duty of Customs - 4%
- The Excise Duty levied under the Medicinal and Toiletries
- Preparation Act
- Surcharges, and Cesses
- VAT/Sales tax
- Luxury tax
- Taxes on lottery, betting and gambling.
- Entertainment tax (unless it is levied by the local bodies).
- State Cesses and Surcharges in so far as they relate to supply of goods and services.
- Entry tax not in lieu of Octroi.

It is a destination based tax on consumption of goods and services. It is proposed to be levied at all stages right from manufacture up to final consumption with credit of taxes paid at previous stages available as setoff. In a nutshell, only value addition will be taxed and burden of tax is to be borne by the final consumer.

WHY IS GST NEEDED?
- Currently there are different VAT laws in different states. This creates problems, especially when businesses sell to different states. Also, most businesses have to pay and comply with 3 different taxes - excise, VAT, and service tax.
- GST will bring uniform taxation across the country and allow full tax credit from the procurement of inputs and capital goods which can later be set off against GST output liability. This reform gives equal footing to the big enterprises as well as SMEs. The aim of GST is thus to simplify tax hurdles for the entire economy.

WHO WILL HAVE TO PAY GST?

GST will be paid by all manufacturers and sellers. It will also be paid by service providers such as telecom providers, consultants, chartered accountants etc. However, being an indirect tax, GST will be ultimately borne by the end consumers, just like in the current process.

GST is a consumption based tax. It is based on the "Destination principle." Goods and Services Tax is imposed on goods and services at the place where final/actual consumption occurs. GST is accumulated on value-added goods and services at each stage of sale or buying in the supply chain. GST paid on the obtaining goods and services can be set off against that payable on the supply of goods or services. The producer or wholesaler or retailer will pay the applicable GST rate but will claim back through tax credit mechanism.

WHAT TYPE OF GST WILL BE IMPLEMENTED IN INDIA?

India will implement the Canadian model of Dual GST, i.e., both the Centre and State will collect GST. There will be three categories under GST such as CGST, SGST and IGST with a concept of one tax one nation. CGST, SGST and IGST falls under Central Goods and Service Tax Act 2016, State Goods and Service Tax Act 2016 and Integrated Goods and Service Tax Act 2016.

FIG. 1

1. CENTRAL GOODS AND SERVICE TAX (CGST)

CGST is being introduced, the present central taxes of Central Excise Duty, Central Sales Tax (CST), Service Tax, Additional Excise Duties, excise duty levied under the medical and toiletries preparation Act, CVD (Additional Customs duty-Countervailing Duty), SAD (Special Additional Duty of customs) surcharges and cesses are subsumed.

CGST is charged on the movement of goods and services of standard commodities and services which can be amended time to time by a separate body. The revenue collected under CGST is for Centre. However, input tax credit on CGST is given to states and such input tax could be utilized only against the payment of Central GST.

2. STATE GOODS AND SERVICE TAX (SGST)

SGST is being introduced, the present state taxes of State Sales Tax, VAT, Luxury Tax, Entertainment Tax (unless it is levied by the local bodies), Taxes on lottery, betting and gambling, Entry tax not in lieu of Octroi, State Cesses and Surcharges in so far as they relate to supply of goods and services etc. are subsumed. The revenue collected under SGST is for State Government.

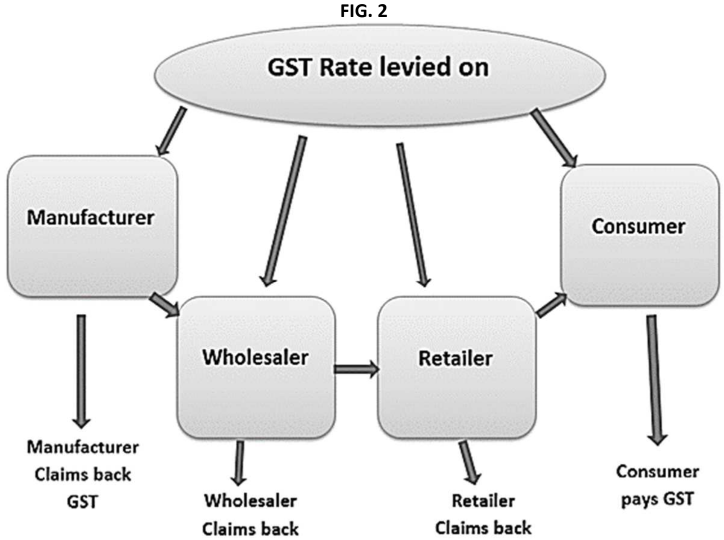
3. INTEGRATED GOODS AND SERVICE TAX (IGST)

IGST is charged when movement of goods and services from one state to another. For example, if goods are moved from Tamil Nadu to Kerala, IGST is levied on such goods. The revenue out of IGST is shared by state government and central government as per the rates fixed by the authorities.

As per GST Law: Under the GST regime, an Integrated GST (IGST) would be levied and collected by the Centre on inter-State supply of goods and services. Under Article 269A of the Constitution, the GST on supplies in the course of inter-State trade or commerce shall be levied and collected by the Government of India and such tax shall be apportioned between the Union and the States in the manner as may be provided by Parliament by law on the recommendations of the Goods and Services Tax Council.

APPLICATION AND TOOLS OF GST

FIG. 2



GST will be charged on the place of consumption of Goods and services. It can be levied on following:

- Intra-state supply and consumption of goods & services
- Inter-state movement of goods
- Import of Goods & Services

WHAT WILL BE THE GST RATES?

The GST rates have not yet been passed by the Lok Sabha. The proposed rates are: 5%, 12%, 18%, 28% (Plus Luxury Cess).

GST RATES OF ALL ITEMS AND GOODS IN INDIA

Exempt	5%	12%	18%	28%
Food grains, gur, milk, eggs, curd, unpacked paneer and natural honey, fresh vegetables, atta, besan, maida, vegetable oil, prasad, common salt, contraceptives, Fish seeds, Betel leaves, Cane jiggery.	Sugar, tea, coffee, edible oil, coal, skimmed milk powder, milk food for babies, condensed milk, packed paneer, newsprint, umbrella, PDS kerosene, LPG Brooms, Beet sugar, Natural graphite, Chalk, Natural calcium phosphates, Thorium oxalate.	Butter, ghee, mobiles, cashew, almonds sausages, fruit juice, packed coconut, water, agarbatti, Bio-Medicinal grade hydrogen peroxide, Iodine.	Hair oil, soap, toothpaste, capital goods, industrial intermediaries, pasta corn flakes, jams, soups, ice cream, toilet and facial tissues, iron & steel, fountain pen, Indian katha, Fluorine, chlorine, bromine, Artificial waxes.	Consumer durables, cars, cement, chewing gum, custard powder, pan masala, perfume, shampoo, make up, fireworks, motorcycles, Molasses, Avgas, Hair cream, Hair dyes, Prepared Explosives.

FINALIZED GST RATE CARD FOR ITEMS

New GST Rates	Current Rates	Products
0%	-	No tax will be imposed on items like fresh meat, fish chicken, eggs, milk, butter milk, curd, natural honey, fresh fruits and vegetables, flour, besan, bread, prasad, salt, bindi. Sindoor, stamps, judicial papers, printed books, newspapers, bangles, handloom etc.
5%	Up to 9%	Items such as fish fillet, cream, skimmed milk powder, branded paneer, frozen vegetables, coffee, tea, spices, pizza bread, rusk, sabudana, kerosene, coal, medicines, stent, and lifeboats will attract tax of 5 percent.
12%	9% - 15%	Frozen meat products, butter, cheese, ghee, dry fruits in packaged form, animal fat, sausage, fruit juices, Bhutia, namkeen, Ayurvedic medicines, tooth powder, agarbatti, colouring books, picture books, umbrella, sewing machine, and cellphones will be under 12 percent tax slab.
18%	15% - 21%	Most items are under this tax slab which include flavoured refined sugar, pasta, cornflakes, pastries and cakes, preserved vegetables, jams, sauces, soups, ice cream, instant food mixes, mineral water, tissues, envelopes, tampons, note books, steel products, printed circuits, camera, speakers and monitors.
28%	21%	Chewing gum, molasses, chocolate not containing cocoa, waffles and wafers coated with chocolate, pan masala, aerated water, paint, deodorants, shaving heater, dishwasher, weighing machine, washing machine, ATM, vending machines, vacuum cleaner, shavers, hair clippers, automobiles, motorcycles, aircraft for personal use and yachts will attract 28 per cent tax.

As the GST reaches its final stages, the historic legislation promises to unify the tax system for the nation and increase the GDP by 2 percent. With the Rajya Sabha set to pass the long-awaited Goods and Services Tax (GST) Bill, country's most transformative tax reform in decades is likely to affect in the common man in numerous ways. So while services could get more expensive, it's a mixed bag for consumers for goods.

BUT HOW DOES IT IMPACT YOU?

Here is quick cheat sheet on how this tax legislation will impact your budget.

I. EATING OUT TO GET EXPENSIVE

For eating out, if you spend Rs 1000. Currently you pay on an average 18.5 percent as service tax and VAT. So apart from the service charge, you usually have to bear the burden of Rs 1185. Under the GST regime, it's expected that the rates can be fixed at 18 percent or above. Accordingly, at 20 percent approximate tax rate, your bill is set to go up, to at least 1200 rupees. "Services will get more expensive if GST is implemented as states will now have the services under their net and hence it will mean they can fix higher rates," said DK PANT, chief economist, India Ratings-Fitch ratings.

II. PHONE BILLS TO GET EXPENSIVE

As the states are expected also to decide service tax rates, your phone bill could see escalation of taxes. So on a bill of Rs 1000 on which you pay service tax of 15 percent and finally pay Rs 1150. Post the GST, if the tax rate is fixed at 18 percent then you will have to shell at least Rs 1180. Rajan Mathews, Cellular Operators Association of India told India Today, "Under the GST, the tax rate is bound to go up and the telecom operators will have to pass it on to the consumers, we can look at internet packs and call rates getting higher."

III. READYMADE GARMENTS TO GET CHEAPER

Buying clothes and fashion brands will be cheaper, as the effective excise duty (7.5 percent) and VAT of average 5 percent will be subsumed in GST slab. So if you pick up a Rs 1000 T-shirt today, you pay 1125 including various taxes. But if GST is kept at 12 percent, then your final bill will be Rs 1120.

IV. BUYING CAR IS CHEAPER

Buying a car will not only be easier in different states with price similarity between manufacturing and non-manufacturing states but tax experts believe it will be cheaper as well. For example, a Rs 5 lakh car attracts excise duty of 12.5 percent, and along with VAT roughly comes to Rs 6.25 lakh. Now under the GST it is expected to go down as much as Rs 35,000 if the rate is fixed at 18 percent, so for you the price will be Rs 5.9 lakh rupees "We will see more tax competitive rates and will reduce prices for consumers. We are looking forward to the GST", Roland Folger, CEO, Mercedes-Benz India told India Today.

V. BUYING PHONES TO GET EXPENSIVE

If you planning to buy an imported phone from the market the countervailing duty and VAT comes to 12.8 percent.

So if the GST council decides to peg the rate at 18 percent, then for a Rs 10,000 phone for which you pay Rs 11,280 currently, you will have to shell out Rs 11,800.

VI. LED TVS TO GET CHEAPER

But watching TV could get cheaper, as part of the Make in India initiative, the GST is expected to be lower. So at present for Rs 20,000 LED TV you pay around 24.5 percent tax shelling out Rs 24,900 eventually. As the GST rate is expected to be at 18 percent, for you the cost will come down to Rs 23,600

VII. JEWELLERY TO GET EXPENSIVE

Tax experts have pointed how currently only 2 percent of effective taxes is passed on to the consumers but as per the GST model, at least 6 per cent rates could be imposed, impacting the jewellery purchase.

VIII. BANKING & INSURANCE TO GET EXPENSIVE

Services offered by banks are taxed at 14.5% currently which under GST regime are likely to become costlier at standard rate of 17-18%. Several services by bank to a customer are centralized or localized. These complexities add to compliance costs, making it expensive for consumers.

IX. TRAVELLING TO GET EXPENSIVE

Air tickets to will become expensive post the implementation of the GST. Service tax on airline fares ranges between 6%-9%. GST will pump the taxes up further to 15%-17%

X. MOVIE TICKETS TO GET CHEAPER

Entertainment Taxes are likely to reduce by 2-4%. Multiplex chains will increase revenues as current high rate of entertainment tax will be uniform in all parts of the country. Lower the ticket price, higher the ticket sales. Even film producers will benefit from this advancement.

XI. ONLINE BUYING

Buying bags, shoes, and electronics online will be getting more expensive as the e-commerce industry comes into a tax net and will have to pay tax deducted at source for every purchase from its sellers. So e-commerce companies which will see shrinking of profit margins & increase tax compliance net could slash discounts & freebies that they offer. "E-commerce will see revision of its tax compliance and its time we understand the industry in India. But consumers can benefit from lower logistical cost and faster delivery. Overall tax collection will be a challenge, Harishankar Subramaniam, National Leader, Indirect Tax, EY.

IMPACT OF GST ON SERVICE PROVIDERS

GST is expected to boost competitiveness and performance in India's manufacturing sector. Declining exports and high infrastructure spending are just some of the concerns of this sector. Multiple indirect taxes have also increased the administrative costs for manufacturers and distributors and it is being hoped that with GST in place, the compliance burden will ease and this sector will grow more strongly.

As of March 2014, there were 12, 76,861 service tax assessees in the country out of which only the top 50 paid more than 50% of the tax collected nationwide. Most of the tax burden is borne by domains such as IT services, telecommunication services, Insurance industry, business support services, Banking and Financial services etc. These pan-India businesses already work in a unified market, and while they will see compliance burden becoming lesser there will apparently not be much change in the way they function even after GST implementation.

SECTOR-WISE IMPACT ANALYSIS

LOGISTICS - In a vast country like India, the logistics sector forms the backbone of the economy. We can fairly assume that a well-organized and mature logistics industry has the potential to leapfrog the "Make In India" initiative of the Government of India to its desired position.

E-COM - The e-com sector in India has been growing by leaps and bounds. In many ways, GST will help the e-com sector's continued growth but the long-term effects will be particularly interesting because the model GST law specifically proposes a tax collection at source (TCS) mechanism, which e-com companies are not too happy with. The current rate of TCS is at 1% and it'll remain to be seen if it dilutes the rapid boom in this sector in any way in the future.

PHARMA - On the whole, GST is expected to benefit the pharma and healthcare industries. It will create a level playing field for generic drug makers, boost medical tourism and simplify the tax structure. If there is any concern whatsoever, then it relates to the pricing structure (as per latest news). The pharma sector is hoping for a tax respite as it will make affordable healthcare easier to access by all.

TELECOMMUNICATIONS - In the telecom sector, prices are expected to come down after GST. Manufacturers will save on costs through efficient management of inventory and by consolidating their warehouses. Handset manufacturers will find it easier to sell their equipment as GST will negate the need to set up state-specific entities, and transfer stocks. The will also save up on logistics costs.

TEXTILE - The Indian textile industry provides employment to a large number of skilled and unskilled workers in the country. It contributes about 10% of the total annual export, and this value is likely to increase under GST. GST would affect the cotton value chain of the textile industry which is chosen by most small medium enterprises as it currently attracts zero central excise duty (under optional route).

REAL ESTATE - The real estate sector is one of the most pivotal sectors of the Indian economy, playing an important role in employment generation in India. The probable impact of GST on the real estate sector cannot be fully assessed as it largely depends on the tax rates. However, it is a given that the sector will see substantial benefits from GST implementation, as it will bring to the industry much required transparency and accountability.

AGRICULTURE - Agricultural sector is the largest contributing sector the overall Indian GDP. It covers around 16% of Indian GDP. One of the major issues faced by the agricultural sector, is transportation of agri products across state lines all over India. It is highly probable that GST will resolve the issue of transportation. GST may provide India with its first National Market for the agricultural goods. However, there are a lot of clarifications which need to be provided for rates for agricultural products.

FMCG - The FMCG sector could see significant savings in logistics and distribution costs as the GST will eliminate the need for multiple sales depots. The GST rate for this sector is expected to be around 17% which is way lesser than the 24-25% tax rate paid currently by FMCG companies. This includes excise duty, VAT and entry tax – all of which will be subsumed by GST.

FREELANCERS - Freelancing in India is still a nascent industry and the rules and regulations for this chaotic industry are still up in the air. But with GST, it will become much easier for freelancers to file their taxes as they can easily do it online. They will be taxed as service providers, and the new tax structure will bring about coherence and accountability in this sector.

AUTOMOBILES - The automobile industry in India is a vast business producing a large number of cars annually, fueled mostly by the huge population of the country. Under the current tax system, there are several taxes applicable on this sector like excise, VAT, sales tax, road tax, motor vehicle tax, registration duty which will be subsumed by GST. Though there is still some ambiguity due to tax rates and incentives/exemptions provided by different states to the manufacturers/dealers for manufacturing car/bus/bike, the future of the industry looks rosy.

STARTUPS - With increased limits for registration, a DIY compliance model, tax credit on purchases, and a free flow of goods and services, the GST regime truly augurs well for the Indian startup scene. Currently, many Indian states have very different VAT laws which can be confusing for companies that have a pan-India presence, especially the e-com sector. All of this is expected to change under GST with the only sore point being the reduction in the excise limit.

BFSI - Among the services provided by Banks and NBFCs, financial services such as fund based, fee-based and insurance services will see major shifts from the current scenario. Owing to the nature and volume of operations provided by banks and NBFC vis a vis lease transactions, hire purchase, related to actionable claims, fund and non-fund based services etc., GST compliance will be quite difficult to implement in these sectors.

IMPORTANT FEATURES OF GST

1. The GST shall have two mechanisms: one levied by the Centre (hereinafter referred to as Central GST), and the other levied by the States (hereinafter denoted to as State GST). Rates for Central GST and State GST would be set appropriately, reflecting revenue considerations and acceptability. This twofold GST model would be implemented through manifold statutes (one for CGST and SGST statute for every State).
2. Though, the basic structures of law such as chargeability, definition of taxable event and taxable person, measure of levy including valuation provisions, basis of classification would be uniform across these statutes as far as practicable.
3. The Central GST and the State GST would be applicable to all transactions of goods and services made for a consideration except the exempted goods and services, goods which are outside the purview of GST and the dealings which are below the prescribed threshold limits.
4. The Central GST and State GST are to be paid to the accounts of the Centre and the States independently. It must be ensured that account-heads for all services and goods would have indication whether it relates to Central GST or State GST.
5. Since the Central GST and State GST are to be treated distinctly, taxes paid against the Central GST shall be permitted to be taken as input tax credit (ITC) for the Central GST and could be utilized only against the payment of Central GST.
6. Cross utilization of ITC between the Central GST and the State GST would not be permitted except in the case of inter-State supply of goods and services under the IGST model.
7. Preferably, the problem related to credit accumulation on account of refund of GST should be evaded by both the Centre and the States except in the cases such as exports, purchase of capital goods, input tax at higher rate than output tax where, again refund/adjustment should be completed in a time bound manner.
8. In order to make it practical, uniform procedure for collection of both Central GST and State GST is recommended in the respective legislation for Central GST and State GST.
9. The supervision of the Central GST to the Centre and for State GST to the States would be given. This would infer that the Centre and the States would have parallel jurisdiction for the entire value chain and for all taxpayers on the basis of thresholds for goods and services prescribed for the States and the Centre.

10. The present threshold prescribed in different State VAT Acts below which VAT is not applicable varies from State to State. A uniform State GST threshold across States is required. It is considered that a threshold of gross annual turnover of Rs. 10 lakh both for goods and services for all the States and Union Territories may be approved with satisfactory compensation for the States (particularly, the States in North-Eastern Region and Special Category States) where lower threshold had prevailed in the VAT regime. To respect the interest of small traders and small scale industries and to avoid dual control, the States also considered that the threshold for Central GST for goods may be kept at Rs. 1.5 crore and the threshold for Central GST for services may also be appropriately high. It may be stated that even now there is a separate threshold of services (Rs. 10 lakh) and goods (Rs. 1.5 crore) in the Service Tax and CENVAT.
11. The States has opinion that Composition/Compounding Scheme for the purpose of GST should have an upper ceiling on gross annual turnover and a floor tax rate with respect to gross annual turnover. Particularly, there would be a compounding cut-off at Rs. 50 lakh of gross annual turnover and a floor rate of 0.5% across the States. The scheme would also permit option for GST registration for merchants with turnover below the compounding cut-off.
12. The taxpayer would need to submit periodical returns, in common format as far as possible, to both the Central GST authority and to the concerned State GST authorities.
13. Each taxpayer would be allotted a PAN-linked taxpayer identification number with a total of 13/15 digits. This would bring the GST PAN-linked system in line with the predominant PAN-based system for Income tax, facilitating data exchange and taxpayer compliance.
14. For the convenience of tax payer, functions such as assessment, enforcement, scrutiny and audit would be undertaken by the authority which is collecting the tax, with information sharing between the Centre and the States.

ADVANTAGES OF GST

The tax structure will be lean and simple.

- The whole Indian market will be an incorporated market which may transform into lower business costs. It can simplify seamless movement of goods across states and reduce the transaction costs of businesses.
- It is beneficial for export businesses. Because it is not applied for goods/services which are exported out of India.
- It's implementation has long term benefit. The lower tax burden could translate into lower prices on goods for customers.
- The Suppliers, manufacturers, wholesalers and retailers are able to recover GST suffered on input costs as tax credits. This decreases the cost of doing business, thus enabling reasonable prices for customers.
- It can bring more transparency and better compliance.
- GST implementation can control corruption. Number of departments (tax departments) will reduce which in turn may lead to less corruption.
- More business persons will come under the tax system thus broadening the tax base. This may lead to better and more tax revenue collections.
- Companies which are under unorganized sector will come under tax area.
- The procedure of GST registration would also be made simple, thereby improving the ease of starting a business in India.

DISADVANTAGES TO GST

- Change is never easy. Other countries which have implemented GST before India have faced inflation and price hike during the transition period. However, there are anti-profiteering measures in the GST bills which will keep price hikes in check and stop the economy from blowing over.
- Once GST is implemented, most of the challenges of the current indirect tax regime will be a story of the past. India will become a single market where goods can move freely across state borders, compliance will be easier, and costs of daily goods will reduce.

MAJOR CHALLENGES OF GST SYSTEM

Besides benefits, there are several challenges in implementing GST bill.

- To implement the bill, there has to be lot changes at administration level.
- GST, being a consumption-based tax, states with higher consumption of goods and services will have better revenues. So, the co-operation from state governments would be major factors for the effective implementation of GST.

It is assessed that since GST substitutes many flowing taxes, the common man may get benefit after implementation. But it depends on rate fixed on the GST. With the execution of GST, a consumer will pay less tax. GST is also advantageous for companies. GST will cut the number of taxes under the current system like VAT, excise duty, service tax, sale tax, entertainment tax, luxury tax. Single tax will be applied on both Goods and Services. This will save the managerial cost for companies.

The current indirect system is so burdensome that the trucks have to stop at check posts and toll plazas for weeks to get the clearance to enter the state which considerably lessen their average distance travelled per day. With the application of the GST, the trucks need not to stop on check posts. Therefore, it will reduce the buffer stock. In this way, it will increase the operating proficiency of the companies.

It is assumed by experts that the most substantial opposing impact for consumers may arose because petroleum is excluded of the GST domain. Subsequently, the tax costs (taxes other than GST will continue) could have a flowing impact on the whole economy. According to news reports, economic adviser has mentioned that "bringing electricity and petroleum within the scope of GST could make Indian manufacturing more competitive". Additionally, certain challenges in-built in the GST structure, such as a GST levy on maximum retail price (MRP) for packaged goods and GST on barter exchanges, will trouble to the common man.

Other economic evaluators inferred that GST will eliminate flowing effect of taxes rooted in cost of production of goods and services and will provide seamless credit throughout value chain. This will considerably decrease cost of home-grown goods and will encourage 'Make in India'. The sectors which have long value chain from basic goods to final consumption stage with operation spread in multiple states such as FMCG, pharma, consumer durables, automobiles and engineering goods will be the major recipients of GST system. It is supposed that GST will simplify business operations in India. Integration of existing multiple taxes into single GST will considerably lessen cost of tax compliance and transaction cost

To sum up facts, the GST is an indirect tax which entails that the tax is approved till the last stage where it is the purchaser of the goods and services who bears the tax. The GST will substitute most other indirect taxes and synchronize the differential tax rates on mass-produced goods and services. The government of India claims that GST will enhance Indian GDP by 2%. With the enactment of GST, customers will have funds to spend because of lower tax rates. It can be said that it will completely change the indirect tax system in India.

CONCLUSION

Goods and Services Tax (GST), hailed as one of the most powerful tax reforms which India has ever seen, purports to do away with the multiple tax regulations on most of the goods and services. GST would change the current tax regime of production-based taxation to a consumption-based system. There is no doubt that the corporates would benefit once the GST has been rolled out. However, the advantages to the common man are still speculative. We hope that the end consumer would also reap the benefits of the new tax regime, once the business houses have transitioned completely to the new tax structure and start to pass on the benefits to the average Indian. The proposed date for GST implementation is the 1st of July 2017.

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