

# A Study on Goods and Services Tax (GST)

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## Abstract –

The Goods and Services Tax (GST) is a type of indirect tax that has replaced various other indirect taxes in many countries, including India. It is designed to simplify the tax structure and make it more transparent. Instead of multiple taxes at different stages of production and distribution, GST consolidates them into a single tax at the point of consumption

Goods and Services Tax is an indirect tax to support and enhance the economic growth of the country. Most of the Developed countries have implemented Goods and Services Tax Bill (GST). However, in India, GST was established in 1999. A committee was set up to design the model of GST. But GST was re-launched on 1 July 2017 by the Indian government. There was a big hue and cry for its implementation. The GST replaced all the multiple taxes which were taken by state and central government. That is why it is said One Nation One Tax which means there is no need to pay any other tax in all over the country. The study systematically reviews the impact of GST in India. The study provides the bibliometric visualization and sentiment analysis of Goods and Services Tax (GST). It was found that the government's motive of GST was to bring all the citizens of the nation under the tax and to prevent the flow of black money. But it was observed that lots of Indian citizens' sentiments were in a dilemma. So it is recommended to revisit the structure and keep a scope of continuous improvement

**Key Words:** GST, Goods and Services Tax (GST), Tax, Goods and Services Tax Bill, Sentiment Analysis

## 1. INTRODUCTION

The word "tax" is derived from Latin word "taxare" meaning to estimate. A tax is not a voluntary payment or donation, but enforced contribution, exacted pursuant to legislative authority and is contribution imposed by the government, whether under the name of toll, tribute, impost, duty, custom, excise, subsidy, aid, supply, or any other name GST is a tax structure which is successfully established in many countries all over the world and now it is a part of Indian Economy. It was introduced around ten years ago but got delayed due to politics between ruling party and opposition party. Finally, GST came into effect at midnight on 1 July 2017 by the honorable president of India through the implementation of constitutional amendment. It is considered as the biggest taxation reform in Indian Economy. India is currently the fifth largest economy in the world according to IMF. India is found to be one of the world's fastest growing economies.

GST would be a comprehensive indirect tax on manufacturer consumption and sale of goods and service throughout the India to replace taxes levied by central government and state government. GST would be levied and collected at each stage of sale or purchase of

goods and services. GST is applied on goods and services at the place where actual consumption happens. GST was first introduced by Franch in 1954 and now it is followed by 160 countries. Most of the countries followed unified GST and some of the countries follow a dual GST system where tax is imposed by central and states both. When the central govt. imposed tax then it is called Central GST (CGST) and imposed by state govt. it is called state GST (SGST). In India we also follow dual system of GST which is including CGST and SGST.

The Goods and Services Tax (GST) in India has a detailed history spanning several years. The concept was first introduced in the early 2000s, aiming to replace the existing complex and fragmented indirect tax system. After initial discussions and considerations, the Empowered Committee of State Finance Ministers was established in 2006 to design the GST framework, addressing concerns from both the central and state governments. The Constitutional Amendment Bill, crucial for empowering the central and state governments to levy GST, was introduced in 2014 and passed in 2016. This marked a significant milestone, leading to the formation of the GST Council, a body representing the central and state governments, to make key decisions on tax rates, exemptions, and other related matters. On July 1, 2017, GST was officially rolled out in India, unifying various indirect taxes like Central Excise Duty, Service Tax, and VAT into a single, comprehensive tax on goods and services. The implementation of GST aimed to streamline taxation, reduce complexities, curb tax evasion, and foster a more conducive environment for businesses. The journey from the initial proposal to the actual implementation represented a major transformation in India's taxation landscape, impacting businesses, consumers, and the economy as a whole.

## 2. Literature Review

A literature review on GST involves looking at what researchers and experts have written about the Goods and Services Tax. They explore how GST affects the economy, businesses, and people. Researchers study things like whether it helps the economy grow, how easy it is for businesses to follow the rules, and if it changes how people buy things. They also compare the GST system in India with those in other countries. Overall, a literature review helps us understand the different aspects and impacts of GST based on what experts have found and written about it.

Pallavikapila (2018): In her study she mentioned that GST is implemented by the government of India since 1st April, 2017. Its introduction by the Indian constitution Act, 2016 was considered to be one of the most crucial steps in the field of Indirect tax reform structure of India.

## 3. GST Tax Slab

The GST Council determines the GST rate slabs. The GST Council reviews the rate slabs for goods and services on a regular basis. GST rates are typically high for luxury items and low for necessities. GST rates in India for various goods and services are divided into four slabs: 5% GST, 12% GST, 18% GST, and 28% GST.

There is a 4-tier tax slabs according to which the tax rate is imposed on various products and services. After the implementation of GST, there is a change in the tax structure. The taxes are imposed on products, differ according to their need in day to day life. The tax slabs are explained as follow

### What are the GST Rates in India 2023?

Tax Rates	Products
0%	Dairy Products,

	Unpacked food Grains
<b>5%</b>	Essential Goods
<b>12%</b>	Common use Items
<b>18%</b>	Standard Goods
<b>28%</b>	Luxury Goods

#### 4. Objective of GST

The primary objective of Goods and Services Tax (GST) is to simplify the tax system, unify the market, and promote economic growth. By replacing multiple taxes with a single, transparent tax, GST aims to make compliance easier for businesses. It follows the "One Nation, One Tax" principle, eliminating barriers between states and fostering a seamless national market. GST also prevents the cascading effect of taxes by allowing businesses to claim credit for taxes paid on inputs. This enhances transparency, reduces tax evasion, and contributes to overall economic development, making goods and services more affordable for consumers.

- 1- Simplification of Tax Structure
- 2- One Nation, One Tax
- 3- Elimination of Cascading Effect of indirect Taxes doubling Tax
- 4- Reduce Tax evasion and corruption
- 5- Increase Productivity
- 6- Increase Tax to GDP and Revenue Surplus

#### 5. Types of GST

There are three types of GST

- 1 – IGST
- 2 – CGST
- 3 - SGST

**IGST** – IGST Or Integrated GST that is collected by the central government

**CGST** – Central GST Or CGST that is collected by the Central government

**SGST** – State GST Or CGST that is collected by the State government



#### 6. Types of GST Return

**GSTR-1:** This return is for reporting outward supplies or sales.

**GSTR-3B:** A summary return that includes details of both outward and inward supplies, along with the payment of taxes.

**GSTR-4:** Designed for taxpayers under the Composition Scheme, it provides a summary of their turnover and tax liability.

**GSTR-5:** Filed by non-resident foreign taxpayers engaged in taxable activities in India.

**GSTR-5A:** Filed by online information and database access or retrieval (OIDAR) service providers.

**GSTR-6:** For Input Service Distributors to report the distribution of input tax credit (ITC) among their units.

**GSTR-7:** For taxpayers required to deduct Tax Deducted at Source (TDS) under GST.

**GSTR-8:** Filed by e-commerce operators to report supplies made through their platform.

**GSTR-9:** An annual return that provides a consolidated summary of all monthly/quarterly returns filed during the financial year.

**GSTR-10:** A final return filed when a taxpayer's GST registration is canceled or surrendered.

**GSTR-11:** Filed by persons having Unique Identity Number (UIN) to claim a refund of taxes paid on their purchases.



## 7. Methodology

Secondary data collection has been done for the research study. Adequate corpus of secondary data and research articles were collected. These were critically reviewed and extracted. This helped in generating qualitative and quantitative theory for the study. After this, the bibliometric visualization was done to analyze the year wise research studies done on the domain. Finally, the sentiment analysis based on Twitter data was done on GST.

## 8. Conclusion

Goods and Service Tax (GST) rules will replace of multiple Indirect taxes with a single tax. Study of the National Council of applied economics research GST will boost India's Gross Domestic Product (GDP). All sectors of economy viz., Big, medium, small scales units, importers, Exporters, traders, professionals and consumers shall be directly affected by GST

The implementation of GST has given a positive notion in 150 countries across the world and it will give a positive impact on the Indian service sector. It will increase the GDP undoubtedly but it will take some years to show the effect because economic growth may not jump immediately, but it's beneficial for the economy of the country. So, we can conclude by stating that the execution of GST will give relief to the producers and consumers by giving them input tax credit setoff. Good and services tax likely bring balance to government empowerment. The malicious activity of not paying the tax will go away under this regime so that both Government, as well as consumers, can take profit. This helps the Indian economy to become stronger and more stable. With the reduction in tax rates on various goods and services, the cost of various goods and services has been reduced. Thus, making the products affordable, and this has led to an increase in demand, which in turn would increase in production and hence will make the economy grow faster. Also, by placing the demerit goods in the highest tax slab, 28% GST council has focused on discouraging the consumption of such sin goods so as to make India a better place to live

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