A STUDY ON ANALYSIS OF PRE AND POST GST SCENARIOS IN INDIA

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ABSTRACT

One of India’s most significant and highly awaited tax reforms is the GST. It is an all-encompassing tax system that will include all indirect taxes levied by the federal, state, and local governments as well as the whole economy into a single, unified national market. The burden of the previous indirect tax system is likely to be eliminated, and it is predicted that GST to be vital to India’s economic development. GST encompasses all indirect taxes, making it more advantageous than the former indirect tax structure and contributing to economic growth.

Making India’s dispersed indirect tax system consistent and preventing the ripple effect in taxation are the primary goals of the Goods and Service Tax. The GST is expected to have a significant influence on India’s entire tax structure. Today, GST becomes a reality. Through a single market, one tax, and one nation, GST contributes in the creation of a new India.

Applied to both commodities and services, the Goods & Services Tax is a comprehensive Value Added Tax. This study paper’s goal is to define the basics of GST and the registration procedure. Additionally, it clearly contrasts the pre- and post-GST scenarios. This presentation also covers the GST procedure and the various GST tax rates.

Keywords: GST, Unified National Market, Value Added Tax.

I. INTRODUCTION

India is a tax hotspot where individuals pay a variety of taxes. Currently, there are two sorts of taxes that we pay: direct taxes and indirect taxes. Income tax is a direct tax that taxpayers pay to the government directly. A tax known as an “indirect tax” is one that is imposed on products rather than on revenue or profits. It is not paid to the government directly; instead, it is obtained through middlemen (such as retail establishments) from the party that is ultimately responsible for paying the tax (such as consumers). Following the filing of a tax return, the intermediary transmits the tax revenues to the government along with the return.

The Goods and Services Tax (GST) was created to eliminate the many taxes—including CST, VAT, service tax, sales tax, and central sales tax—that are imposed on various items from the point of manufacture until they are consumed by the final customer. These taxes make it difficult to transfer goods and do business. Previously, goods and services are treated differently and at diverse scales, but with the implementation of the GST, goods and services will be treated evenly and multiple level taxes will be greatly reduced, which would eventually result in less corruption. GST would ease taxation complexity and benefit companies.

The adoption of GST in India is not an entirely novel idea, but it is meant to overcome certain fundamental VAT implementation issues. This is an effort to improve the Indian tax system as well as the current VAT system. As a replacement for the former Sales Tax, the VAT system was introduced into the Indian taxation system on April 1, 2005. Value Added Tax (VAT) has replaced the multi-point sales taxes in the states and was levied on all in-state purchases of goods. GST primary objectives is to fix some of the problems with VAT, like the way inputs and outputs are charged under VAT system, and to include services in the tax system, which is not possible under the VAT system. As a result, GST is created as an expansion of the current VAT to make the tax system more comprehensive and simpler to use.

II. REVIEW OF LITERATURE

In the research paper “Role of GST in the growth of Indian economy”; Dr. Pradeep Chaurasia, Swetha Singh, Prakash Kumar Sen (2016) concluded that, the goal of the study is to determine the impact of GST on the expansion of the Indian economy and how it affects the indirect taxation system of India. The research
Kapila, Pallavi. GST: Impact on Indian Economy. Int. Journal of engineering research and application, 2017; research paper throws light on reduction in the existing complexity of taxes in India due to uniform taxation system i.e., GST also that may lead to lesser disruptions in the market economy

Anand Nayar, Inderpal Singh "A Comprehensive analysis of Goods and Services Tax in India” 2018. The GST has brought about a wide range of adverse impacts on a variety of industries, including entertainment, FMCG, small enterprises, online commerce, telecom, and IT firms, according to the research. The GST rates for these industries differ from one another. Since the implementation of the GST, there has been a substantial impact on both production and consumption in the FMCG industry. The cost of electronic goods like mobile phones and laptops has increased due to the high GST rates on IT enterprises.

Dr. Vivek Shukla, Prof. Dr. Somesh Kumar Shukla "Impact of GST on Foreign Direct Investment: An Appraisal” 2019; concluded that due to complicated structure and higher slab rates of GST, the impact of GST on FDI is negative.

Prof. S.K. Shukla, Abhishek Dwivedi, Prakhar Gupta, Nidhi Mishra in the paper "A Comparative Study Of Indirect Tax Revenue: Pre Gst And Post Gst” 2022; studied, the effects of digitization on tax revenue in this research. Digitizing bills is the first of these. The government and tax specialists have also profited greatly. Although anticipated, the revenue has risen since the company's beginning. The fact that monthly GST revenues have routinely exceeded the one lakh crore barrier for India and the one thousand mark for a major state in India over the past six months is one of the most obvious indications of a speedy recovery from the epidemic. Aside from increased control of bogus invoicing, effective tax administration, deep data analytics utilising data from many sources, including IT systems for GST, Income-tax, and Customs, have all been linked to the ongoing increase in tax collection over the past few years. All of these have therefore resulted in higher compliance rates and direct and indirect tax revenue.

III. OBJECTIVES OF THE STUDY

- To gain insight into various GST tax rates and registration procedures.
- To analyse the pre- and post-GST scenarios.

INDIA GST: FOUR TIER STRUCTURE OF GST
REGISTRATION UNDER GST

- Known Documents required for GST Registration

- Registration Procedure
  The following are the key components of the planned GST registration procedures:

  **Existing dealers** who pay VAT, Central Excise Tax, or Service Tax do not need to re-register themselves means no further fresh registration required.

  **New Dealers** must complete a single online application form in order to get registered under GST.
Following are the steps to register for GST:

1. **LOGON TO GST COMMON PORTAL**
2. **UPLOAD THE REQUIRED DOCUMENTS**
3. **OFFICER APPROVES THE GST APPLICATION**
4. **GOT THE APPLICATION REFERENCE NUMBER(ARN) ON MOBILE OR EMAIL**
5. **CERTIFICATE OF REGISTRATION UNDER FORM GST REG-06**
6. **THE PORTAL VERIFIES THE DETAILS BY OTP**
7. **FILL UP THE FORM GST REG-01 PART A (PAN, MOBILE AND EMAIL)**
8. **FILL THE PART E OF THE FORM USING THE REFERENCE NUMBER**
9. **GST OFFICER WILL VERIFY THE APPLICATION WITHIN 5 WORKING DAYS**

**NOTE:** Under Registration process officer may ask for more documents in GST-Reg-03 and it should be produced within 7 working days in GST Reg 04. If officer feels ineligible to be registered then he may reject the GST Application in GST Reg 05.

- **GSTIN (Goods and Service Tax Identification Number)**

Format of GSTIN

Know Your GSTIN

22 AAAAA0000A 1 Z 5

<table>
<thead>
<tr>
<th>State Code</th>
<th>Permanent Account Number (PAN)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entity number of the same identity PAN holder in a State</td>
<td></td>
</tr>
<tr>
<td>Alphabet 'Z' by default</td>
<td></td>
</tr>
<tr>
<td>Check sum digit</td>
<td></td>
</tr>
</tbody>
</table>
**TAXATION MECHANISM UNDER GST**

1. **Mechanism under Normal Conditions**

   ![Diagram of Normal Mechanism]

   - Seller
   - Buyer
   - Government

   Goods or services and **GST**
   - Price of goods or services and **GST**

   **Normal Mechanism**

2. **Mechanism under Reverse Charge**

   ![Diagram of Reverse Charge]

   - Supplier of Goods/Services
   - Recipient of Goods/Services
   - Supplies & does NOT Collect Taxes
   - Liable to pay tax to the government

**COMPARISON BETWEEN PRE - POST GST SCENARIOS**

<table>
<thead>
<tr>
<th>PARTICULARS</th>
<th>PRE GST (Rs)</th>
<th>POST GST (Rs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of Production</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Add: Manufacturer Profit Margin</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Manufacturer Price</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>Add: Excise Duty (12%)</td>
<td>24</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>224</strong></td>
<td><strong>200</strong></td>
</tr>
<tr>
<td>Add: VAT @ 12.5</td>
<td>28</td>
<td>-</td>
</tr>
<tr>
<td>Add: CGST @ 12.5%</td>
<td>-</td>
<td>25</td>
</tr>
<tr>
<td>Add: SGST @ 12.5%</td>
<td>-</td>
<td>25</td>
</tr>
<tr>
<td><strong>Invoice Value</strong></td>
<td><strong>252</strong></td>
<td><strong>250</strong></td>
</tr>
</tbody>
</table>

**Manufacturer to Wholesaler**

**Wholesaler to Retailer**

| Cost of Goods to Wholesaler. | 224 | 200 |
On the above table under GST the consumer saves Rs.2.42 and the cost of product is also reduced under GST while comparing to indirect taxes.

IV. FINDINGS AND RECOMMENDATIONS

The analysis shown above demonstrates unequivocally that while the manufacturer, wholesaler, and retailer are entitled to a GST refund, the customer is responsible for paying the GST. The whole GST tax is thereby indirectly levied against customers. As a result, tax rates have the greatest impact on the savings of the middle and lower groups.

For the common individual, GST offers both benefits and drawbacks. Final expenses are decreased in particular areas while excessive rises in costs are seen in others. One benefit that has been distributed to all parties is the lack of the cascade effect (tax on tax), which results in lower pricing of the final product.

V. CONCLUSION

According to this analysis, the GST is the most sensible first step towards a comprehensive indirect tax reform in our country. The implementation of GST aided the abolition of the cascading impact of indirect taxes as well as the notion of double taxation, resulting in the development of a uniform framework regulating the application of indirect taxes in India. GST is responsible for bringing the economy a few steps towards a unified market that allows for the unrestricted movement of goods and services, making it easier to do business.

GST has beneficial as well as detrimental impacts on the economy as a whole. Even, the country’s unified taxation system has contributed to the ease of doing business and promotes economic growth via transparency also causes loss to some sectors due to rising commodity costs. As a result, opinions may vary as to how the GST would affect the Indian economy.

VI. REFERENCES


[8] https://www.gst.gov.in/

[9] https://gstcouncil.gov.in/