

PROJECT REPORT

(Submitted for the Degree of B. Com Honours
In Accounting & Finance under the University
Of Calcutta)

TITLE OF THE PROJECT:

“GOODS & SERVICES TAX”

SUBMITTED BY

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SUPERVISOR'S CERTIFICATE

This is to certify that Afsar Ahmad Khan, a student of B.Com Honours in Accounting & Finance of BANGABASI MORNING COLLEGE under the University of Calcutta has worked under my supervision and guidance for his Project Work and prepared a Project Report with the title – “GOODS & SERVICE TAX”, which he is submitting, is the genuine and original work to the best of my knowledge.

Signature

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Place: KOLKATA

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STUDENT'S DECLARATION

I hereby declare that the Project Work with the title "GOODS&SERVICETAX" submitted by me for the partial fulfilment of the degree of B. Com Honours in Accounting & Finance under the University of Calcutta is my original work and has not been submitted earlier to any other University for the fulfilment of the requirement for any course of study.

I also declare that no chapter of this manuscript in whole or in part has been incorporated in this report from any earlier work done by others or by me.

Signature

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AKNOWLEDGEMENT

First, thanks to God, for giving me and my friends the strength and will to complete this task just in time. Even though we faced a lot of difficulties while trying to complete this task, the groups till managed to complete it and we are glad about it. A special thanks to Ms Dipika Das, for being such a good guidance to us while we were doing this task. She had given us an appropriate example and knowledge to make us understand more about this topic. She spends her time to explain the execution of this idea in all the way. We also want to thank other groups who were willing to share their information about this topic. They gave us a lot of new ideas about the task.

Also, a great thanks to my family and friends who tried their best to give their support either by giving me a lot of encouragement to keep up with this task or by supporting us financially and pay all the cost required to complete this task.

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CHAPTER 1:

INTRODUCTION TO GST

1.1: INTRODUCTION TO THE GST:

The Goods and Services Tax (GST), implemented on July 1, 2017, is regarded as a major Taxation reform till date implemented in India since independence. The primary objective behind development of GST is to subsume all sorts of indirect taxes in India like Central Excise Tax, VAT/Sales Tax, Service tax, etc. and implement one taxation system in India.

1.2: SALIENT FEATURES OF GST:

- GST is an indirect tax.
- For the words manufacture, sale, service, etc. The only 'Supply' is used.
- GST is levied on supply of goods or service or both.
- It is a consumption-based tax.
- GST is levied both by Central Government and State Government/Union territory.
- Tax paid on inward supplies is available as input tax credit against tax on outward.
- Supplies subject to fulfilment of certain conditions.
- GST law is applicable all over India.

1.3: OBJECTIVES OF GST:

- To Develop national Market- One Nation, one Tax.
- To reduce multiplicity of indirect taxes.
- To Eliminate classification dispute between goods & services.
- To remove barriers in inter-State movement of goods.
- To ease the administrative control.
- Uniformity of tax rates and automated compliances.

1.4: ADVANTAGES OF GST:

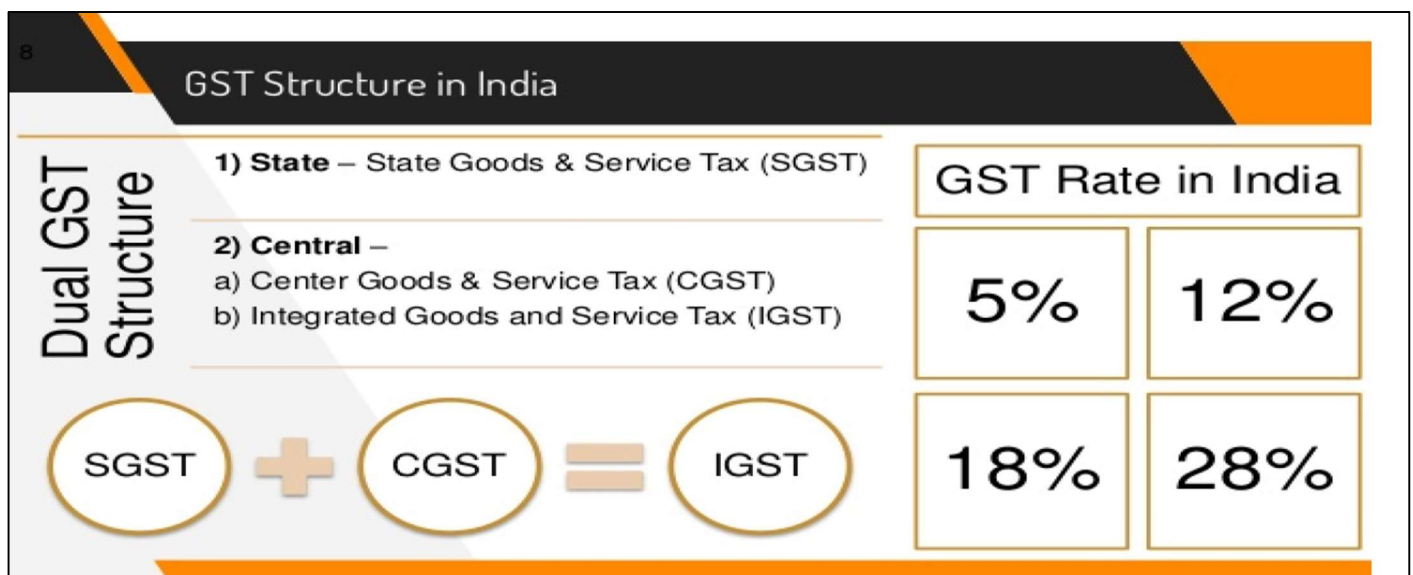
- GST eliminates the cascading effect of tax.
- Higher threshold for registration.
- Composition scheme for small businesses.
- Simple and easy online procedure.
- The number of compliances is lesser.
- Defined treatment for E-commerce operators.

1.5: DISADVANTAGES OF GST:

- Increased costs due to software purchase.
- Being GST- compliant.
- GST will mean an increase in operational costs.
- GST came into effect in the middle of the financial year.
- GST is an online taxation system.
- SMEs will have a higher tax burden.

1.6: STRUCTURE OF GST:

Dual model GST is applicable in India i.e. two varieties of GST will be charged on same bill i.e. CGST(Central goods and service tax) and SGST(State goods and service tax). On an Intra State Supply,



both CGST and SGST shall be applicable. Amount of CGST is revenue of the Central Government and the amount of SGST is revenue of State Government.

1.7: TYPES OF GST:

- Central Goods and Services Tax (CGST).
- State Goods and Services Tax (SGST).
- Integrated Goods and Services Tax (IGST).
- Union Territory Goods and Services Tax (UTGST).

<i>Types of Differences</i>	<i>CGST</i>	<i>SGST</i>	<i>IGST</i>	<i>UGST/UTGST</i>
<i>Applicable transactions (Goods & Services)</i>	<i>Intrastate (Within one state)</i>	<i>Intrastate (Within one state)</i>	<i>Inter-state (between two states or one state and one UT) and imports</i>	<i>Within one Union Territory (UT)</i>
<i>Collected by</i>	<i>Central Govt.</i>	<i>State Govt.</i>	<i>Central Govt.</i>	<i>UT Govt.</i>
<i>Benefitting Authority</i>	<i>Central Govt.</i>	<i>State Govt.</i>	<i>Central Govt. & State Govt.</i>	<i>UT Govt.</i>

1.8: CENTRAL TAXES SUBSUMED IN GST:

- Central Excise Tax.
- Service Tax.
- Additional Custom duty, commonly known as Countervailing Tax (CVD).

1.9: STATE TAXES SUBSUMED IN GST:

- VAT/Sales tax.
- Luxury tax.
- Purchase tax.
- Entry tax/Octroi.
- Central Sales Tax.

1.10: TAXES NOT SUBSUMED IN GST:

- Custom duty, Stamp duty, Securities transaction tax,
- Central Excise on Petroleum products, Tobacco
- VAT on Petroleum Products and Alcohol.

1.11: RATE OF GST:

Rate of GST varies from product to product. There are 4 popular rates of GST i.e,

- (a) 5% (2.5%CGST+2.5%SGST)
- (b) 12% (6%CGST+6%SGST)
- (c) 18% (9%CGST+9%SGST) and
- (d) 28% (14%CGST+14%SGST)

Note:

- (a) Special Rate of GST on Jewellery: It is 3% in case of Gold, Silver, Platinum etc.
- (b) In case of rough diamond rate of GST is 0.25%

1.12: GST COUNCIL:

Goods & Services Tax (GST) Council is a constitutional body for making recommendations to the Union and State Government on issues related to Goods and Service Tax. The GST Council is chaired by the Union Finance Minister and other members are the Union State Minister of Revenue or Finance and Ministers in-charge of Finance or Taxation of all the States.

1.13: THE TAXABLE EVENT IN GST:

The taxable event in GST is supply of goods or services or both. The liability to pay tax arises at the 'time of supply of goods or services.' Thus, determining whether a transaction fall under the meaning of supply, is important to decide GST's applicability.

1.14: SUPPLY:

The scope of term supply is given under Section 7(1) of CGST Act which provides the inclusive definition of term supply. As per the provision of supply, supply includes:

- (a) all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business.
- (b) import of services for a consideration whether in the course or furtherance of business and.
- (c) the activities specified in Schedule 1, made, or agreed to be made without a consideration and.
- (d) the activities to be treated as supply of goods or supply of services as referred to in Schedule 11.

CHAPTER 2:

IMPACT OF GST ON VARIOUS SECTORS

2.1: INTRODUCTION:

Goods and Services Tax (GST) was introduced in the Indian Constitution through the 101st (Hundred and One) Constitutional Amendment Act, 2016. After the enforcement of Goods and Services Tax (GST), many sectors faced some positive effects as well as negative effects. The enforcement of the tax was for the long term benefit. There were very few sectors that received an immediate benefit from the implementation of Goods and Services Tax (GST). The long term benefit requires the patience of citizens.

Some of the major sectors that have been affected by the implementation of GST are—

- Export-Import sector
- Real estate
- Entertainment industry
- Hotel and tourism
- Logistics industry
- Banking sector
- Gold industry
- Textile/readymade garment sector
- IT industry
- Fmcg industry

2.2: EXPORT AND IMPORT SECTORS:

Before the enforcement of the Goods and Services Tax (GST), Export and Import were governed by the Service Tax, Value Added Tax, Excise Duty and Customs Duty. These were imposed on the Import and Export goods and services. When Goods and Services Tax (GST) was introduced all these taxes were merged into one. But the Basic Customs Duty (BCD) continues to work on the import bills.

2.3: REAL ESTATE AND PROPERTY:

We can see the positive impact of GST on property buyers. 12% GST charges of property value are liable on all under construction properties, excluding the registration charges and Stamp duty. Earlier provision is applicable on the ready property. Input tax credits will increase profit margins for developers or builders, which further transfers benefits to the home buyers.

2.4: ENTERTAINMENT INDUSTRY:

The GST rate for entertainment services varies from 18% to 28%. These tax rates are different in different states which depend on the type of entertainment service or product. The states where the entertainment service tax was higher than 28%, GST will decrease the overall cost of entertainment.

2.5: HOTEL AND TOURISM:

Tourism and hotel industry play an important part to grow India's GDP.

GST rates for hotels are different according to their tariffs:

- Less than Rs.1000 = 0% (GST free)
- Rs.1000 to 2500 = 12%
- Rs.2500 to 7500 = 18%
- Above Rs.7500 = 28%

It is expected that the cost of tour packages may come down due to the relief to tour operators under GST regime. 5% tax is liable on tour operators currently.

2.6: LOGISTICS INDUSTRY:

The logistics industry is the backbone of Indian economy, and it is estimated to be worth about \$200 up to 2021. After the GST, the time taking clearance process has become easy i.e. less transit time. Corruption activities are reduced in logistic services. GST reduces the overall cost of logistics services and increases business revenue.

2.7: BANKING SECTOR:

18% GST rates levied on banking services like insurance policies, ATM transactions etc. The earlier tax rate was 15%. Banking and financial services become costly. GST has reduced indirect taxes, i.e., Ease of doing business in the banking and financial sector which leads to increase in business. It will increase demand for funds and digital transactions in the banking industry.

2.8: GOLD INDUSTRY:

18% GST rates levied on banking services like insurance policies, ATM transactions etc. The gold industry is the biggest market in the world. GST on the gold industry hits to consumers. 3% GST rate that is applicable to 10% import duty and 5%, making charges which lead to rising the jewellery prices in India. The demand for Gold may fall 50 to 70 percent. But there is more transparency in the gold industry due to the GST implementation. It will turn in a positive impact on a long term.

2.9: TEXTILE/READYMADE GARMENT SECTOR:

Textile industry will be benefitted through GST implementation in India. Ready-made garments up to Rs.1000 is exempted from GST and branded garments above Rs.1000 will be taxed at 12%

2.10: IT INDUSTRY:

All IT services and software products, as well as freelancers, are levied 18% GST rate. Overall positive impact on IT industry of GST. Cascading effect is removed through GST implementation. IT will make changes in the process of business process. ITC under GST will bring down the operating costs and increase the profitability of the IT industry.


2.11: FMCG INDUSTRY:




FMCG sector is one of the biggest economic platforms in India. After the GST implementation, Mostly FMCG products and services are taxed under 18 to 20 percent. Lower GST rates, give benefits to the business holder, manufacturers, and consumers directly.

CHAPTER 3:

DATA FINDING & ANALYSIS OF GST

Fig.3.1: IMPACT OF GST ON RETAIL INDUSTRY:

Impact of GST On Different Sectors 					
	Impact of Tax Rate	Inventory Management	Logistics	For Organised players	Overall Impact
Cement	😊	😊	😊	😊	😊
Consumer Durables	😊	😊	😊	😊	😊
FMCG	😊	😊	😊	😊	😊
Pharmaceuticals	😊	😊	😊	😐	😊
Automobile	😊	😊	😊	😊	😊
Cap Goods	😊	😐	😊	😐	😊
IT	😊	😐	😊	😐	😊
Media	😞	😐	😐	😐	😞
BFSI	😊	😐	😐	😐	😊
Textile	😞	😊	😊	😊	😐
Building/Home Material	😊	😊	😊	😊	😐
Telecommunications	😐	😐	😞	😐	😞
Metals	😞	😐	😊	😐	😊
Multiplex	😊	😐	😐	😐	😊

 Positive
  Neutral
  Negative

Sources: wordpress.com

After the implementation of the GST, we can see both its positive and negative effects on different industries. Many sectors like manufacturing, electronics, telecom, FMCG, education, banking, jewellery, tourism, logistics, IT etc. are the important part of the Indian economy. The positive impact of the GST on such sectors is seen in the form of economic development of the country.

Fig.3.2: IMPACT OF GST ON RETAIL INDUSTRY:

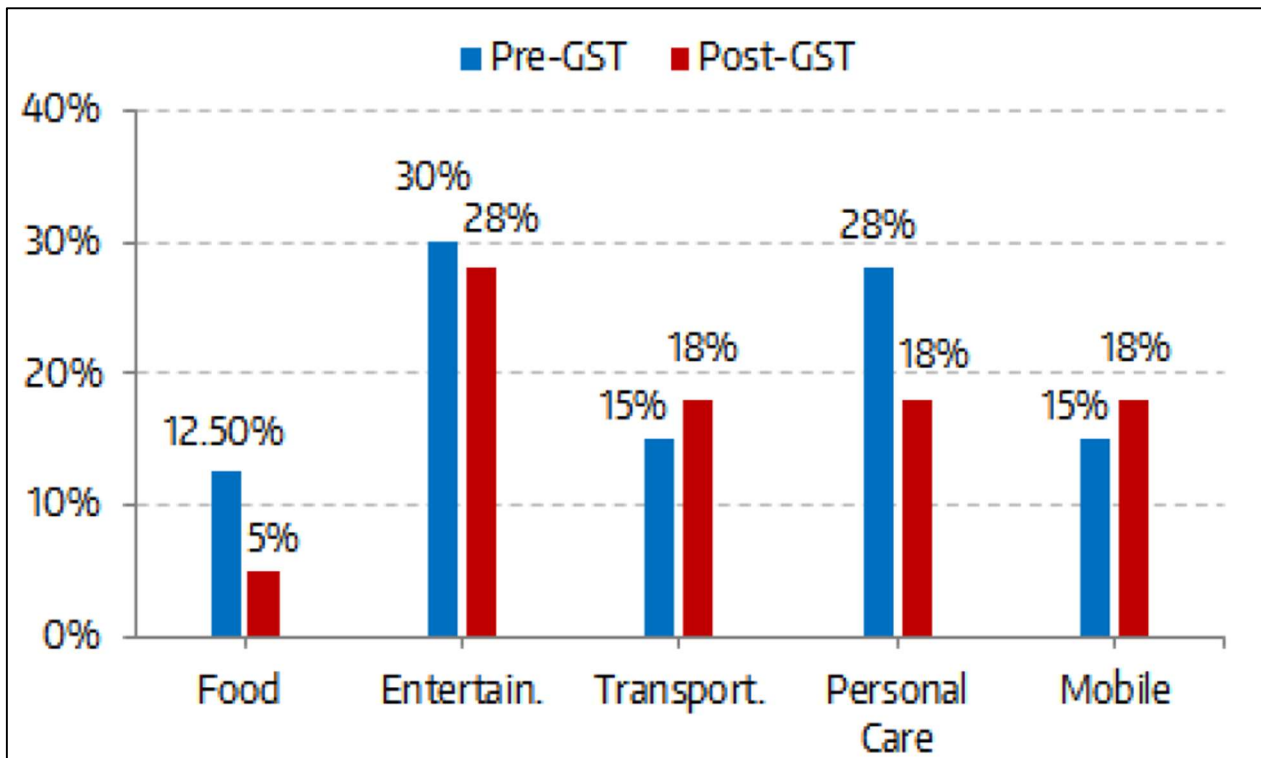


Sources: <https://holisollologistics.com>

Below five factors will significantly change the dynamics of the retail sector in India:

- a.** Reduced taxes-The main impact of GST on retailers will be a significant reduction of the tax burden on the retailers.
- b.** Seamless Input tax credit- GST will make an impact by eliminating the cascading effect of taxes there by reducing the total tax burden on the retail sector.
- c.** Increased Supply chain efficiency- The impact of GST will be evident on supply chains, as their designs would be efficiency-oriented and not in alignment with the taxation system.
- d.** Tax on gifts and promotional items– As per the model GST law, any supply without any consideration will attract tax.
- e.** Better Opportunities & Growth of Retail Market– Upon implementation of GST, analysts predict unification of markets.

Fig.3.3: IMPACT OF GST ON COMMON PEOPLE'S SPENDING:

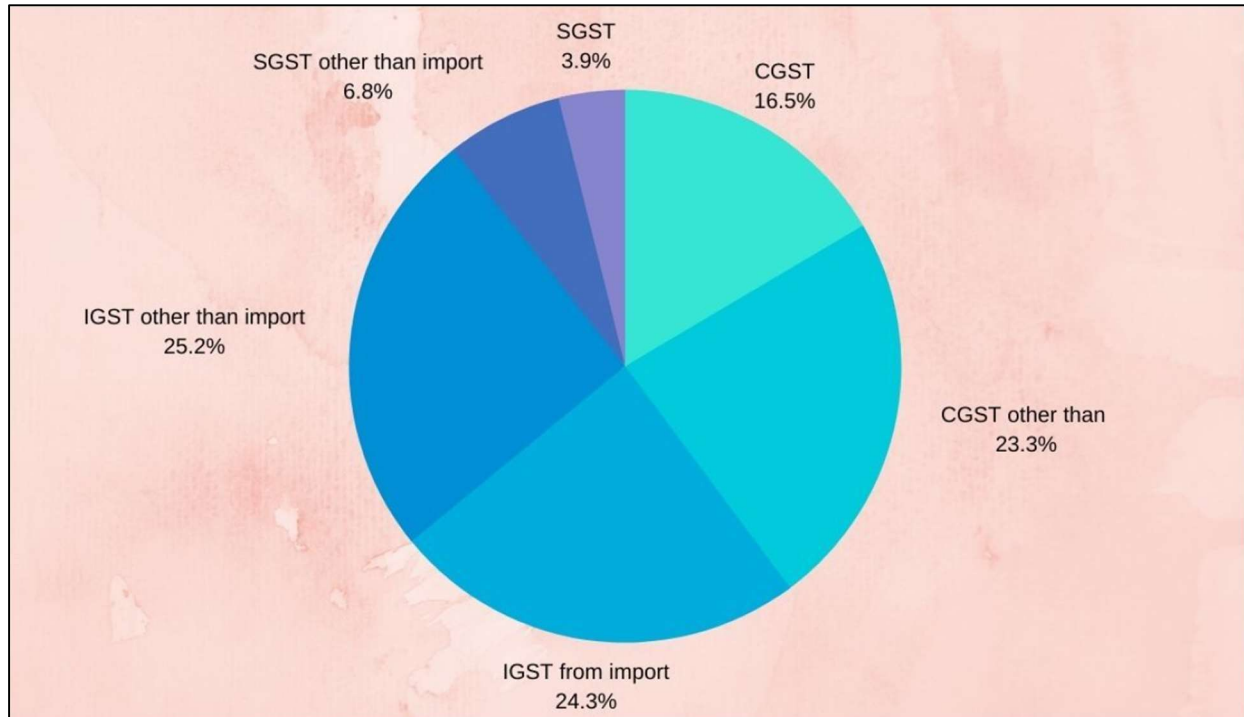


www.equitymaster.com

Sources: cleartax.in

Finally, India's biggest tax reform- Goods and service Tax (GST) is a reality. Yes, after a lot of speculation around the timely implementation, GST has been rolled out. As we have saying, GST is a much- needed economic reform. It should eventually expand India's narrow tax base and increase government revenues. That said, every coin has two sides. GST is no exception. It will have its fair share of chaos in the coming months. There could be protests across the country over tax rates and compliance burdens and it could affect the smooth functioning of the economy. While GST will impact businesses and industries in a big way, it won't directly affect the salaried class and self-employed personnel (Aam Aadmi). Since it is an indirect tax, it does not change the way they pay their personal taxes. The only impact they will see would be due to the change in rates of the goods and services they avail.

Fig.3.4: COMPONENT ANALYSIS OF GST GROSS COLLECTION IN INDIA:

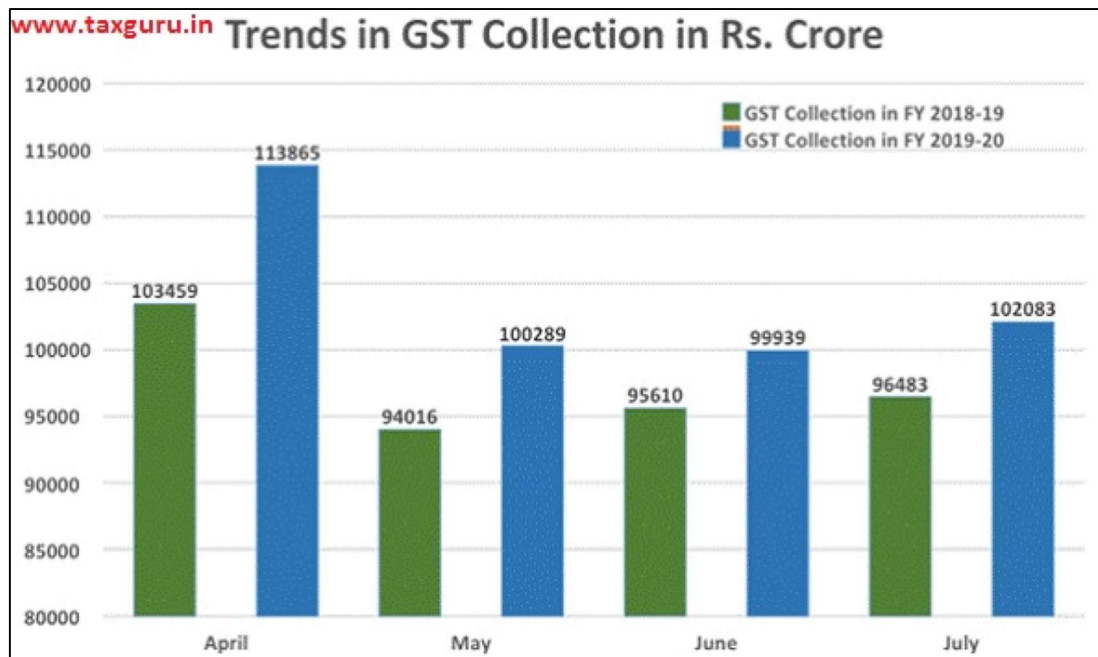


Sources: <https://startuptalky.com>

Analysis–

- Average monthly gross collection since the GST introduced up-till month of June 2019 is INR 96,048 crores, with improving average over the year.
- From August 2017 to March 2018, average monthly gross collection was INR 89,705 crores.
- During 2018-19 average monthly gross collection was recorded at 98,114 crores, which was 9.37% higher than 2017-18 (From August 2017).
- For ongoing fiscal year 2019-20, till month of June average monthly gross collection is 1,04,698 crores, which is 6.71% higher than monthly average of 2018-19 and 16.71% higher than 2017-18 (From August 2017).

Fig.3.5: TREND OF GST COLLECTION IN INDIA:



Sources: <https://taxguru.in>

Analysis–

The total gross GST revenue collected in the month of July, 2019 is ₹1,02,083 crore of which CGST is ₹17,912 crore, SGST is ₹25,008 crore, IGST is ₹ 50,612 crore (including ₹24,246 crore collected on imports) and Cess is ₹8,551 crore (including ₹797 crore collected on imports). The total number of GSTR 3B Returns filed for the month of June up to 31st July,2019 is 75.79 lakh. The revenue in July,2018 was ₹96,483 crore and the revenue during July,2019 is a growth of 5.80% over the revenue in the same month last year. During April-July 2019 vis-à-vis 2018, the domestic component has grown by 9.2% while the GST on imports has come down by 0.2% and the total collection has grown by 6.83%. Rs.17,789 crore has been released to the States as GST compensation for the months of April-May,2019.

CHAPTER 4:

CONCLUSION & RECOMMENDATION

CONCLUSION

Primarily, the concept of GST was introduced and proposed in India a few years back, but implementation has been done by the current BJP government under the able leadership of Prime Minister Shri Narendra Modi on July1,2017.

The new government was in strong favour for the implementation of GST in India by seeing many positive implications as discussed above in the paper. All sectors in India- manufacturing, service, telecom, automobile, and small SMEs will bear the impact of GST.

One of the biggest taxation reform- GST will bind the entire nation under a single taxation system rate.

As forecasted by experts, GST will improvise tax collections and boost up India's economic development and break all tax barriers between Central and State Governments.

No doubt, GST will give India a clear and transparent taxation system, but it is also surrounded by various challenges. There is need for more analytical based research for successful implementation.

RECOMMENDATIONS

Goods and Service Tax was an epitome of the ideal tax mechanism at the time of its implementation. The assumption is somewhere proved right as the GST system has reduced effective tax rates and boosted supply chain efficiencies of businesses. On the other hand, it is also prevalent that the system is not at all simple and has burdened the taxpayer even more with tax-filing complexities.

Now it is invariably needed to introduce a set of amendments contributing towards the certainty of the GST system.

Steps to Make GST More Compliant:

- Reduction in Number of Tax Slabs Rates
- Effortless Input Tax Credit Claims
- Spreading the GST Net
- Renovating ITC System
- Practical Targets for GST Collection
- Including Some Exempted Goods in GST Regime:
- Let E-way bill Go Away

CHAPTER 5:

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- Goods and Services Tax Council (2017).
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- <https://holisollogistics.com>
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- <https://taxguru.in>
- Wikipedia, the free content encyclopaedia.

CHAPTER 6:

QUESTIONNAIRE

QUESTIONNAIRE

Dear Sir/Madam,

Thank you for visiting us. By filling out this 5-10 minutes survey, you will help us obtain the very best results.

1. Gender

- Male
- Female

2. Age Group

- <20
- 21-30
- 31-40
- 41-50
- 51-60
- 60+

3. Which of the following describes you best?

- Student
- Employed
- Self employed
- Retired
- Not Employed

4. Please indicate your residential location

- India
- Other country: _____

5. Do you feel that the introduction of GST in India has affected the demand for the product/services?

- Positively
- Negatively
- No impact

6. Do you think transition to GST Regime was-

- Smoother
- Difficult
- Very difficult

7. Are you facing any significant issues in compliance with e-way bill mechanism?

- Yes
- No
- Not Applicable

8. Are you facing issues in claiming refund under the GST Regime?

- Yes
- No
- Not Applicable

9.How can the GSTN portal be made user friendly? Please state some suggestions below-

THANK YOU