

Report

A seminar was organised by department of commerce, Pattamundai college, Pattamundai on dated 16th september, 2017 at 10 am in hall no 27 on the topic of "Impact of GST on Common People". Dr G.P Acharya was the resource person for the seminar. In this seminar most of the students were present. Prof Ramesh kumar Sahoo, Principal chaired the meeting. Prof Sanjib kumar Dash head of the department gave a key note address of the topic. Prof. Sourendra prasad Choudhury welcomed the guest on the dais and the participants the seminar was ended with vote of thanks by Mr. Ranjan Kumar Behera.

INTRODUCTION

GST or Goods and Services Tax as the name implies, it is an indirect tax applied both on goods and services at a uniform rate. This means goods and services will be subject to a uniform tax rate and both will be treated at par.

A single form of tax known as GST or Goods and services tax will be applied throughout the country, replacing a number of other indirect taxes like VAT, Service tax, CST, CAD etc.

GST or Goods and Services Tax – Being a new law, a new tax that brought with it new challenges to face. Hence, this had to be tackled with utmost care.

So, **GST bill** covered the **Goods and Services Tax i.e. the biggest indirect tax reform** providing a uniform and simplified way of Indirect taxation in India. **GST replaced a number of other indirect taxes** like VAT, CST, Service tax, CAD, SAD, Excise, Entry tax, purchase tax etc.

So, **a bundle of indirect taxes got replaced** by a new tax in India known as **GST or Goods and Services Tax**. Hence, leading to a much simplified tax regime as compared to the earlier complicated tax structure comprising of numerous taxes.

The Goods and Services Tax (Amendment) Bill — officially known as, the Constitution (122nd Amendment) (GST) Bill, 2014 — is believed to be the biggest tax reform since independence. □ The Constitution Amendment Bill for Goods and Services Tax (GST) passed in the Rajya Sabha on 3 August 2016, which was approved by the Lok Sabha in May 2015. □ GST is scheduled to be rolled out from April 1, 2017.

As and when a new reform or bill comes and a new law is imposed, it surely leaves its impact especially on the common man. **It is ultimately the common man who is directly or indirectly affected by the implementation of any new tax.**

And this time too there's was no exception, the common man had to get ready for the implications. Who is the common man here? This includes not only the **final consumer of goods** but all the **small traders and service providers** who are directly affected after the introduction of GST.

Here, we have tried to cover up the major points related to **Impact of GST on the common man or the final consumer**. You shall also **know the overall impact of GST**.

Simply stated, we have highlighted the **main advantages and disadvantages of GST**. How GST impacts the common man?

GST Slab rates: On Introduction

- **Zero rated items**: Food grains used by common people. (A sigh of relief...hmmm...)
- **5% Rate**: Items of mass consumption including essential commodities will have low tax incidence.
- **12% and 18 % Rate**: Two standard rates had been finalised as 12% and 18%. Most commonly, you'll hear an 18% rate on different goods and services.
- **28% Rate** : White goods like Air conditioners, washing machines, refrigerators, soaps and shampoos etc. that were taxed at 30-31% shall be now taxed at 28%.

Demerit goods like tobacco, tobacco products, pan masala, aerated drinks and luxury cars shall be charged at the **highest rate of 28%**. An **additional cess** on some **luxury goods** shall also be imposed.

Services that were earlier taxed at 15% shall be taxed at a **higher rate of GST @ 18%**. Various goods have been classified to fit into the above categories.

GST Impact on Common Man

In the year of its launch, a range of **GST training and Courses** had been provided by the Government, various institutions and companies to educate the people all around.

However, GST or Goods and Services tax is a long term strategy planned by the Government. So, its positive impact shall be seen in the long run only.

A well designed GST Policy can bring a qualitative and real change in the tax system of India.

A massive IT Software has been developed for the successful implementation of GST to bring things online. Revenue officials were also being trained for turning GST into a reality. But, the actual performance and results can be visualised over the years.

Talking about the different sectors, some might have gained, some might have lost. But, ultimately we will have to get used to this new tax. A landmark reform having a great impact on India and its taxation system

Positive Impact of GST on Common Man: Advantages of GST

- GST was launched as a unified tax system **removing a bundle of indirect taxes** like VAT, CST, Service tax, CAD, SAD, Excise etc.
- **A simplified tax policy** as compared to earlier tax structure. However, it was not as simple as it seemed to be, Check disadvantages below to grab more details.
- GST or Goods & Services tax removes cascading effect of taxes i.e. **removes tax on tax**.
- Due to lower burden of taxes on the manufacturing sector, the **manufacturing costs will be reduced**. Hence, prices of consumer goods likely to come down.
- Due to reduced costs **some products** like cars, FMCG etc. will **become cheaper**.
- This will help in **lowering the burden on the common man**. You will have to shed less money to buy the same products which were earlier costly.
- The low prices will further lead to an **increase in the demand/consumption** of goods.
- Increased demand will lead to increase supply. Hence, this will ultimately lead to **rise in the production of goods**.
- The increased production will **lead to more job opportunities** in the long run. But, this can happen only if consumers actually get cheaper goods.
- **It will curb circulation of black money**. This can happen only if the “kacha bill” system, normally followed by traders and shopkeepers is put to check.
- A unified tax regime will lead to **less corruption** which will indirectly affect the common man.
- Most importantly, experts hope to see a positive **impact of GST on Indian economy** in the long run.

But, this is possible only if the actual benefit of GST is passed on to the final consumers. There are various other factors also like

the **sellers profit margin that determine the final price of goods.** GST alone does not determine the final price of goods. The anti-profiteering clause has been inserted in the GST Act to protect the interest of the consumers.

Negative Impact of GST on Common man: **Disadvantages of GST**

- **Compliance burden:** You need to deposit GST and file returns on time. GST returns filing is not as easy as it seems to be. You need to hire a tax professional to manage it. Although, Government has been taking steps to simplify the returns filing and keep it simple. But, still it will take time to actually smoothen the entire process.

Although big businesses having ample staff can handle the whole process very easily. But, what about small traders/service providers or individuals who have just started their business or service, isn't that getting a bit complex for them? **A small exemption in this regard might be a big sigh of relief for such people!**

- Service tax rate @ 15% is presently charged on the services. So, if GST is introduced at a higher rate which is likely to be seen in the near future, the cost of services will rise. GST shall be charged @18% on maximum services and shall reach upto 28% for few services. In simple words, all the **services** like telecom, banking, airline etc. **will become more expensive.**
- Increased cost of services means, an **add on to your monthly expenses.**
- You will have to **reschedule your budgets** to bear the additional services cost.
- Businessmen and service providers are still learning about the new laws. This will increase reliance on tax experts and professionals and further add to your business expenses.

- Being a new tax, it will **take some time for the people to understand it** completely. Its actual implications can be seen after a certain period of time.
- It is easier said than done. There are always **some complications** attached. It is a consumption based tax, so in case of services the place where service is provided needs to be determined.
- Proper invoicing and accounting needs to be done to ensure better compliance. However, **GST Accounting Software** are being developed in this regard by various companies.
- If 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.
- **An increase in inflation might be seen initially** that may come down gradually.
- **A strict check on profiteering activities** will have to be done, so that the final consumer can enjoy the real benefits of GST.
- Although, a large number of officers have been trained and a systematic IT software developed for the successful implementation of GST. But, **it will take some time for the people** including the manufacturers, the wholesalers, the retailers or the final consumers **to understand the whole process and apply it correctly.**

HOW THE GST IMPACT ON VARIOUS SECTOR

- 1. Consumer durables and FMCG** □ The Fast Moving Consumer Good (FMCG) sector of India comprises more than 50 percent of the food and beverage industry and another 30 percent from personal and household care, thereby spanning the entire rural and urban parts of the country. Reports suggest the sector contributes a significant USD 6.5 billion in direct and indirect taxes. Impact under GST Decrease in effective rate of tax from 25-27% to 18-20% Excise duty, VAT/ CST, Octroi, Entry tax to be subsumed into GST → Impact on Consumers : Price will decrease TridentBull Corporate Solutions LLP.
- 2. Automobile** → Impact under GST Decrease in effective rate of tax from 25-40% to 18- 20% Excise duty, VAT/ CST, Octroi, Entry tax to be subsumed into GST On-road price of vehicles could drop by 8%, as per a report by Motilal Oswal Securities. Lower prices can be caused as indirect stimulus to boost automobile sales. → Impact on Consumers : Automobiles will become cheaper TridentBull Corporate Solutions LLP.
- 3. Media** → Impact under GST Service tax (15%) and Entertainment tax (7%) to be subsumed into GST (18-20%) Multiplex chains will save on revenues as there will be a more uniform tax, unlike current high rate of entertainment tax levied by different states. It may lower the average ticket price. GST will be a big boon to film producers and studios that currently pay service tax on most of their cost, but cannot charge input credit on creative services (payments to artists etc) as they fall under the negative list. → Impact on Consumers : Price will marginally decrease TridentBull Corporate Solutions LLP.
- 4. Telecom** → Impact under GST Increase in effective rate from 15% to 18-20% The hike of the rate of taxes from 14.5 percent of

service tax currently to 18-20 percent as reported by Chief Economic Advisor (CEA) would be a heavy burden on the consumers because ultimately on the bills that the consumers are paying, they would have to pay higher taxes. Impact on Consumers Mobile Tariffs may increase Cost of lap tops, Mobile may increase TridentBull Corporate Solutions LLP.

5. **Banking** → Impact under GST Increase in effective rate from 15% to 18-20% → Impact on Consumers : Marginal increase in prices TridentBull Corporate Solutions LLP.
6. **Pharmaceuticals** → Impact under GST Excise duty (4-8%), VAT (5%)/ CST (2%) other state taxes to be subsumed into GST Currently, there is uncertainty whether the healthcare sector as well as life-saving drugs and medical devices will continue to be exempt from taxes and levies, once the GST is rolled out. → Impact on Consumers : Increase in price, if GST applied at normal rate 18-20% TridentBull Corporate Solutions LLP.
7. **Real Estate** → Impact under GST Stamp duty to continue on Land and constructed immovable property Today, Real Estate industry has two primary levies, Service tax and VAT, with overlap of tax base and constant disputes on the rate of tax, given the multiple options available for discharge of taxes across States. The GST will replace these multiple taxes with a single tax. → Impact on Consumers : Increase in price with stamp duty and GST both being levied TridentBull Corporate Solutions LLP.
8. **VIII. Logistics** → Impact under GST Increase in effective rate from 15% to 18-20% → Impact on Consumers : Marginal increase in price TridentBull Corporate Solutions LLP.
9. **Insurance** → Impact under GST Increase in effective rate from 14% to 18-20% Insurance policies: life, health and motor will begin to cost more from April 2017 as taxes will go up with respect to the GST. From risk point of view, in today the tax

charge on insurance policy premium is around 14 percent then under GST, the rate could go up to the 18 percent. Therefore, overall insurance policies could become costlier → Impact on Consumers : Marginal increase in price TridentBull Corporate Solutions LLP.

10. **Airlines** □ Currently, an airline needs to pay 6% service tax on economy class tickets and 9% on business class, which is transferred to the customer. "A normal airline company would pay 15.5%, but airlines get a 60% relaxation on economy class tickets and 40% on business class, hence they have to pay 6%-9%. While the government hasn't yet specified taxes for specific industries, the normal GST is supposed to be at 18-20. So Airlines might come under the 18-20 bracket (instead of 6%-9% now), which will lead to higher ticket prices," said Anita Rastogi, partner, indirect taxes at PricewaterhouseCoopers India. → Impact on Consumers : Increase in price, effectively doubling the tax rate. TridentBull Corporate Solutions LLP.

11. **E-commerce** □ Experts believe that GST may increase administrative costs for e-commerce companies as GST makes obligation to collect Tax Collection at source, this may disrupt the relationship between sellers and e-commerce companies. → Impact on Consumers : Marginal increase in price TridentBull Corporate Solutions LLP.

Conclusion:-

Let us hope this **"One nation, one tax"** proves to be a game changer in a positive way and proves to be beneficial not only to the common man but to the country as a whole.

**EXTRAMURAL SEMINAR
ON
“IMPACT OF GST ON COMMON PEOPLE”
ORGANISED BY
DEPARTMENT OF COMMERCE
DATED- 16-09-2017**

Resource Person- Dr. G P Acharya



ATTENDANCE SHEET

| sl no | Name of the Student | Roll No. | Signature |
|-------|----------------------|-----------|----------------------|
| 1 | Debasis Panda | BC-16-092 | Debasis Panda |
| 2 | Srukrushna Nandi | BC-16-004 | Srukrushna Nandi |
| 3 | Abinash Ku Sahoo | BC-16-005 | Abinash Ku Sahoo |
| 4 | Subrat Ku. Biswal | BC-16-148 | Subrat Ku. Biswal |
| 5 | Satyaranjan Parida | BC-16-125 | Satyaranjan Parida |
| 6 | Debasish Dash | BC-16-071 | Debasish Dash |
| 7 | Chandra Kanta Behera | BC-16-070 | Chandra Kanta Behera |
| 8 | Somya Ranjan Behera | BC-16-139 | Somya Ranjan Behera |
| 9 | Bikram Ku. Sahoo | BC-16-120 | Bikram Ku. Sahoo |
| 10 | Tapan Ku. Mallik | BC-16-069 | Tapan Kumar Mallik |
| 11 | Debasish Nayak | BC-16-007 | Debasish Nayak |
| 12 | Ashis Ku. Choudhury | BC-16-107 | Ashis Ku. Choudhury |
| 13 | Subhasis Nayak | BC-16-009 | Subhasis Nayak |
| 14 | Abinash Nayak | BC-16-078 | Abinash Nayak |
| 15 | Malaya Kumar Malik | BC-16-058 | Malaya Kumar Malik |
| 16 | Prasanta Patra | BC-16-37 | Prasanta Patra |
| 17 | Parash Ku. Dash | BC-16-086 | Parash Ku. Dash |
| 18 | Rakesh Panda | BC-16-16 | Rakesh Panda |
| 19 | Bimay Pradhan | BC-16-085 | Bimay Pradhan |
| 20 | Jatin Maharana | BC-16-26 | Jatin Maharana |
| 21 | Srukrushna Rout | BC-16-160 | Srukrushna Rout |
| 22 | Kartik Chandra Sahoo | BC-16-114 | Kartik Chandra Sahoo |
| 23 | Chinmaya Das | BC-16-033 | Chinmaya Das |

ATTENDANCE SHEET

| Sl no | Name of the Student | Roll No. | Signature |
|-------|---------------------|-----------|---------------------|
| 24 | Rashmi ranjan saho | BC-16-034 | Rashmi ranjan saho |
| 25 | Ashok kumar Rout | BC-16-036 | Ashok ku. Rout |
| 26 | Mukesh ku. saho | BC-16-088 | Mukesh ko saho |
| 27 | Avijit parida | BC-16-140 | AVIJIT Parida |
| 28 | Anil Behera | BC-16-068 | Anil Behera |
| 29 | Deepak ku. saho | BC-16-159 | Deepak ku saho |
| 30 | Gyana ranjan Parida | BC-16-047 | Gyana ranjan Parida |
| 31 | Arijit Swain | BC-16-079 | Arijit Swain |
| 32 | Subrat Mohapatra | BC-16-121 | Subrat Mohapatra |
| 33 | Kiran ku. Rout | BC-16-101 | Kiran kumar rout |
| 34 | Chinmay Jena | BC-16-137 | Kiran ku. Rout |
| 35 | Ananta ku. saho | BC-16-125 | Ananta ku. saho |
| 36 | Pramod Das | BC-16-119 | Pramod Das |
| 37 | Nihar Ranjan Nayak | BC-16-112 | Nihar Ranjan Nayak |
| 38 | Goutam Barick | BC-16-133 | Goutam Barick |
| 39 | Abinash Swain | BC-16-019 | Abinash swain |
| 40 | Ankur ku. Das | BC-16-027 | Ankur ku. Das |
| 41 | Anil ku. Nandi | BC-16-081 | Anil ku. Nandi |
| 42 | Satyajit Biswal | BC-16-124 | Satyajit Biswal |
| 43 | Kalicharan Dash | BC-16-146 | Kalicharan Dash |
| 44 | Rudra madhab swain | BC-16-143 | Rudra madhab swain |
| 45 | Akash ku. Rout | BC-16-115 | Akash ku. Rout |
| 46 | Manash ku. swain | BC-16-44 | Manash ku. swain |