



## IMPACT OF GST ON COMMON MAN OF INDIA

**Dr. Paras Jain**

**Director, Silicobyte Katni Degree College, Dikshabhumi Campus,  
Adharkap, Katni (M.P)**

**KEYWORDS:** Impact of GST, Unified Tax System

### **ABSTRACT**

Presently, there are around 160 countries that have implemented GST/VAT in some form or other. In some countries, VAT is the substitute for GST, but conceptually it is a destination based tax levied on consumption of goods and services. GST is a new law, a new tax will bring with it new challenges to face that need to be tackled with utmost care. The common man includes not only the final consumer of goods but all the small traders and service providers who is directly affected by the introduction of GST.

### **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 replacing a number of other indirect taxes like VAT, Service tax, CST, CAD etc. GST shall be the biggest indirect tax reform providing a uniform and simplified way of indirect taxation in India.

GST is a long term strategy planned by the Government and its positive impact shall be seen in the long run only. The rates of GST and how effectively GST is implemented in all the States and at the Centre also plays a crucial role in deciding the actual impact of GST on the common man. Talking about the different sectors, some might gain, some might lose. But, ultimately we will have to get used to this new tax that is going to be a landmark reform having a great impact on India and its taxation system.

Massive IT Software has been developed for the successful implementation of GST to bring things online. Revenue officials are also being trained for turning GST into a reality. But, the actual performance and results can be visualized once GST is implemented.

## **METHODOLOGY**

In present research, data is collected through newspapers, magazines and websites.

## **FINDING AND ANALYSIS**

### **POSITIVE IMPACT**

- A unified tax system removing a bundle of indirect taxes like VAT, CST, Service tax, CAD, SAD, Excise etc.
- GST removes cascading effect of taxes i.e. removes tax on tax.
- Due to lower burden of taxes on the manufacturing sector, the manufacturing costs reduced, hence prices of consumer goods likely to come down.
- Due to reduced costs some products like cars, FMCG etc. have become cheaper.
- 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 “kachcha 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.

### **NEGATIVE IMPACT**

- All small traders and service providers dealing in interstate supply of goods or services need to get registered, pay GST and file GST returns also irrespective of the sales/income they generate (whether high or low).
- The number of GST returns that need to file i.e. a firm has to file 3 monthly returns, this amounts to total of (3\*12) 36 returns plus 1 annual return. Filing 37 returns in a year...Moreover, this applies to one state, if a firm has a place of business in different states, need to register in each state separately and file the respective returns.
- GST charge @18% on maximum services and may reach up to 28% for few services. It means all the services like telecom; banking, airline etc. have become more expensive. Increased cost of services means, add on to monthly expenses.
- Rescheduling of budgets of common man 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 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.
- Although a large number of officers are being trained and systematic IT software is being 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.

## **CONCLUSION**

A well designed GST Policy can bring a qualitative change in the tax system of India. As far as the daily needs are concerned, people may not be affected, but the middle class will be definitely affected, because there is taxation in every step of dealings. The cost of various products and services are likely to be increased. While a small reduction might be seen in the cost of few products. Economists 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 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 introduced in the GST Act to protect the interest of the consumers. GST is expected to bring greater transparency, improve compliance levels and create a common playing field for businesses by amalgamating a host of central and local taxes.



## REFERENCES

1. Sagar, J. GST: The impact of GST on the common man , <https://fintrakk.com>, 30 Sep. 2017.
2. Sapra, B., How GST will impact a common man's budget, <https://economictimes.indiatimes.com>, 11 Aug. 2017.
3. Suresh, K.P., What is GST and how does it affect common man in India, <https://myinvestmentideas.com>, 22 June 2017.
4. Gupta, A., GST impact on common man in just 7 easy to understand points, <http://www.financialexpress.com>, 29 March 2017.