

THE AWARE CONSUMER

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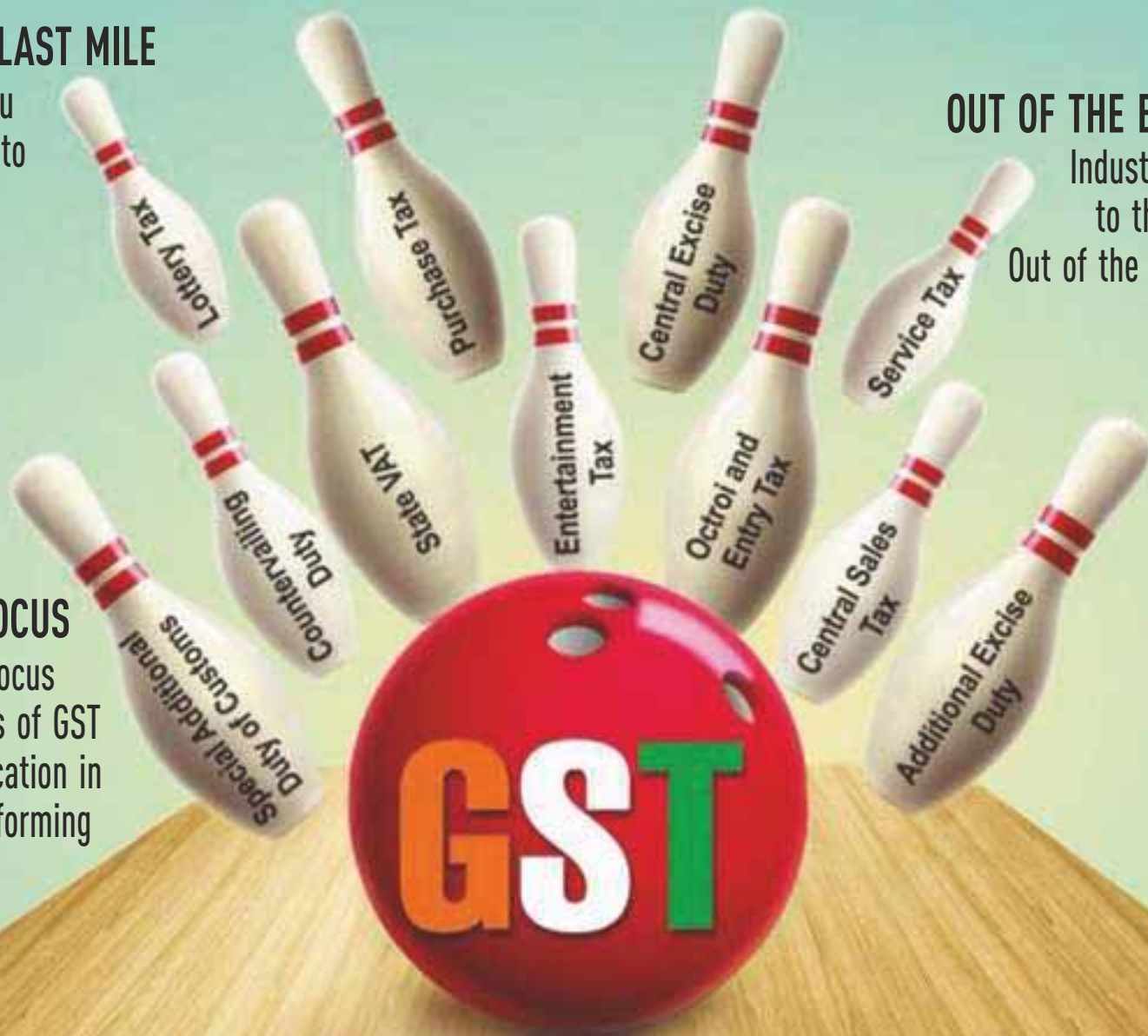
THE LAST MILE

All You Need to Know

OUT OF THE BOX Industries to think Out of the Box

IN FOCUS

The Focus Points of GST Implication in Transforming India



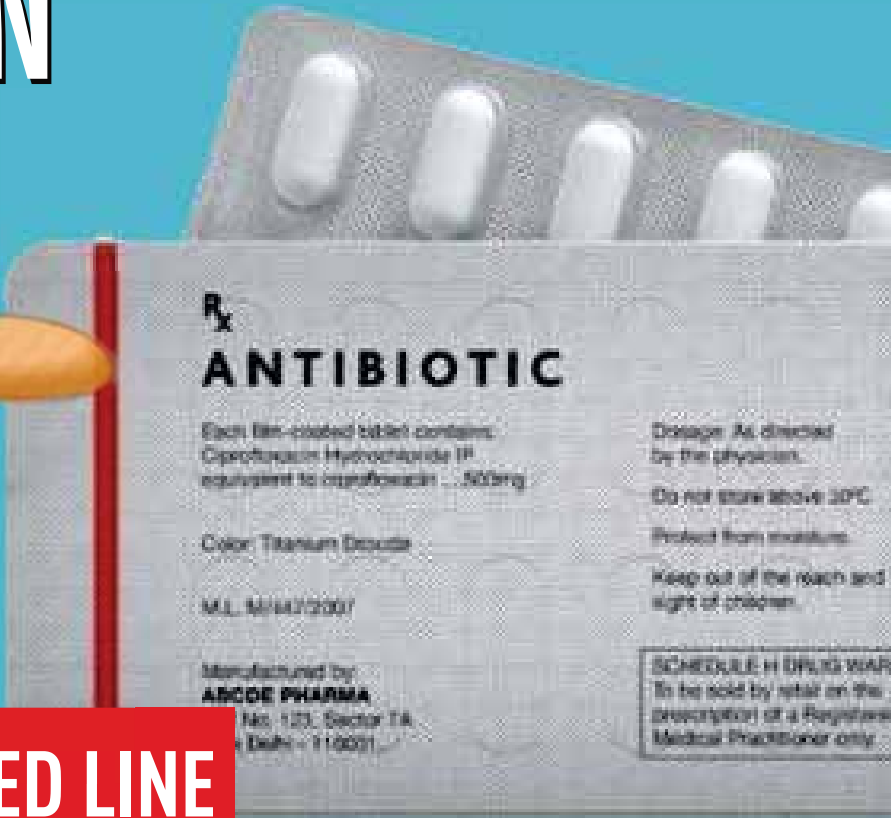
Single Tax to replace multiple levies

BOWLED OVER OR BOWLED OUT

PLUS

ROUND UP • MY MARKET • THE PRESCRIPTION

SUPPORT THE CAMPAIGN



LOOK OUT FOR THE RED LINE

BE RESPONSIBLE

Medicines such as Antibiotics have a Red Vertical Line on their pack to indicate that these should be consumed only on doctor's prescription. Always complete the full course as prescribed by the doctor.

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BEJON KUMAR MISRA | bejonmisra@consumerconexion.org

GST IMPACT from Editor's point of view

ELEVEN YEARS SINCE the first mooted in Parliament, the Rajya Sabha has finally accepted the goods and service tax. Launching a pending task to bring reformation to Indian economy was excessively needed. GST is a viable step taken by the current union government. One tax system applied on July 1, 2017, has included several taxes under its supervision. Now there will be one single levy on manufacturers to suppliers.

The focus of the Finance Minister towards GST shows that there will be more changes in the tax and it will become eminently uniform in later years.

Taking examples of countries like Australia, Canada and New Zealand he extended his points that inflation will recover gradually in coming years.

Unveiling the cover from GST, there is a lot of upshots to come in near future and much more have been included in the recent segment. If we consider the points of Mr. Arun Jaitley, there will be a remarkable change in the Indian economy and the country will expand in a different regime. GST will bring uniformity in every business. Whether it's service or goods market, each employer will now count under the parameter of one tax and it will be easy to evaluate their income generation and expenditure made in a financial year.

GST will rely on following its improvement:

IT - IT is the need of the hour as the technology is favoring strong connectivity in every sector; definitely, there will be planning of online resume of GST. The government will use its full strength to develop a specific IT department for GST exhilaration.

Manufacturing - Whether ornaments or machinery or garments, each of manufacturing industry has been

imposed on a common tax structure. GST will certainly improve the performance and competitiveness of manufacturing sector in India.

Retail - Retailers and wholesalers are outside tax bracket and escape the liability of paying tax as there was no mechanism which can trace actual sale and purchase. Since these retailers and wholesalers will have to update every detail of their transaction on GSTN's common portal, so escaping GST liability will not be easy as it was earlier.

Healthcare Sector - Healthcare is one of the developing sectors in India contributes immensely to the GDP of the country. With the imposition of GST on healthcare, certainly, there will be a change in overall industry structure. GST is expected to bring constructive effect on healthcare sector especially pharma. The transparency on tax payment will improve. It will become easy to streamline all of them in one time since 8 different types of taxes has been imposed on Pharma industry. After making it one slab, it is surely going to create smoother operations and simple trade flow amidst the complicated taxation system as well as different check posts, trade values.

GST is a certainly constructive step and would strengthen the economy of the nation. We all hope that the real notion behind its implementation gets in practice and it brings positive outputs for our economy.

“ Let's
Not Fall
Victims
to Fraud
Be Aware ”

JAGOGRAHAKJAGO.COM



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THE AWARE CONSUMER | AUGUST 2017

ONE NATION ONE TAX

G S T



RESEARCH FEATURE

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France was the first country to implement GST to reduce tax-evasion. Since then, more than 140 countries have implemented GST with some countries having Dual-GST, for example Brazil and Canada. India has chosen the Canadian model of dual GST as it has a federal structure where the Centre and states have the powers to levy and collect taxes.

HORIZONS

25 | GOODS AND SERVICE TAX



The Finance Minister said that “the implementation will show no magic in days or months, it’s a long-term evaluation and will surely bent down inflation and tax rates at least to a little.

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Arun Jaitley, Finance Minister, Minister of Defence and Minister of Corporate Affairs

The most important interview held till date is of Finance Minister Arun Jaitley, so let’s see the key questions and answers from that one first.

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OUT OF THE BOX

38 | Industries to think Out of the Box



The new tax regime in the name of GST will become a game changer in the near future. It is expected that this would transform the condition and direction of Indian economy completely.

THE LAST MILE

42 | All You Need to Know



The GST stands for Goods and Services Tax and is a proposed tax return. This is an indirect tax like the VAT, Service Tax, Entertainment Tax etc. that we have at the moment.

IN FOCUS



45 | The Focus Points of GST implication in transforming India

When a government takes such a bold decision, there is a lot at stake.

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The government needs to educate public including non-affected and affected public about the use, advantages and disadvantages of GST.

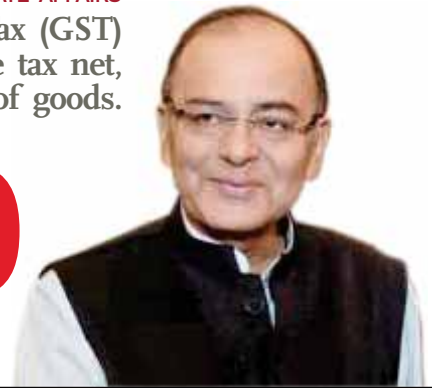
THE PRESCRIPTION



56 | Rejuvenating and refreshing Indian Market through GST

Removing the number of indirect taxes such as Value Added Tax, CST, Service Tax, CAD, SAD, and Excise and imposing one direct tax, will prove to be the big step.

ARUN JAITLEY
 FINANCE MINISTER, MINISTER OF DEFENCE AND MINISTER OF CORPORATE AFFAIRS
 Finance Minister described the Goods and Services Tax (GST)
 as a "win-win" deal for all as it will expand the tax net,
 end "inspector raj" and bring down prices of goods.



ROUNDUP



A Tribute to **INDIAN ECONOMY**

TWO CENTRAL POINTS are impacting the Economic Development of India:

1. Economic Factors
2. Non-Economic Factors

1) Economic Factors - Under the monetary components following variables are major:

- a. Regular Resources-India has great resources; it is rich in many sectors.
- b. Net Savings-India has one of the world's most astounding GDP rate. In India, individuals purchase or put resources into physical gold from surplus capital or cash, in this manner the estimation of cash (gold) is blocked.
- c. Attractive Surplus-Surplus creation or yield after self-utilization is called attractive overflow. The essential thing is the amount we are creating

for self-utilization is how much? The higher attractive overflow demonstrates great economy. This year Agricultural surplus is descending and import of heartbeats and different products are on a higher side in contrast with a relating year. Yet, different segments are performing sensibly great so this is balancing in many ways.

d. Exchange Balance-The harmony between Import and fare is called exchange adjust. This is concern point for India on the grounds that our exchange adjusts is broadening.

e. Interests Rates-Interests rate of India is as yet higher in contrast with other nation yet in future, it is expected that very soon interests will assume to descend after action taken up by RBI.

f. Cash Strength-The estimation of the U.S. dollar contrasted with Rupees is essential for Indian economy on the grounds that in current

DATA BRIEFING

As indicated by specialists, by actualizing the GST, India will pick up \$15 billion a year.

Ease to do business



PROPOSED GST framework will consider all other aberrant expenses with the exception of those demanded by nearby bodies and dispense with requirement for recording numerous taxes and evaluations

The major point is any business house needs to have numerous taxes and hiring various experts for appraisals, for example, Sales Tax, VAT, Additional Customs obligations, Excise; Service Tax needs good investment in the employment section of the business model. Dealing with numerous assessments is difficult and absurd at some point. Post GST, all these would go and set up just single duty GST would be there. It would be much simpler for a business house to confront just a single evaluating specialist

Also, it is normal that Post GST, there will be solid relationship amongst data sources and comparing yields. In the most expected case, if all this is accomplished, it will make appraisals simpler and will stay away from infructuous suits regarding the matter.

GST additional arrangements will offer a synchronous reconciliation of input, imposed acknowledgment asserted for those who saved, hence will make evaluations quicker dissimilar to today where a similar case pending for quite a long time for appraisals or evaluations.

All these will cut down the cost for the business house and system will get more transparency, simplified organized structure, and uniformity. ▶

A new era of Tax Regime:

GST IN INDIA is Goods and Services Tax, which is a goal constructed tax and imposed in the order of the utilization of products and ventures in an organized manner. The assessment will be gathered at all stages ideal from makeup to conclusive utilization with credit of expenses paid at past stages should be accessible as a set-off. To put it clearly, just esteem expansion will be ruled out and its weight will be borne by the last buyer.

The Goods and Services Tax (GST) is an esteem included expense that will supplant all the roundabout duties collected on merchandise and enterprises by the government both center and state.

Advantage of GST for the Center and the States

As indicated by specialists, by actualizing the GST, India will pick up \$15 billion a year. This is on the grounds that, it will advance more fares, make greater business openings and lift development. It will isolate the weight of duty amongst assembling and administrations.

Advantage of GST for people and organizations

In the GST framework, charges for both Center and State will be gathered at the point of the end user. Both will be charged on the assembling cost. People will be taxed by this as costs are probably going to descend and cut down costs means more utilization, and more utilization implies more generation, subsequently helping in the development of the organizations.

The essential point of this bill is to make a solitary, agreeable and unified Indian market to make the economy more grounded and intense.

The Indian tax assessment framework for merchandise and enterprises is characterized by a falling, mutilated duty structure which prompts mis-allocation of assets, hampering taxability and slower monetary development.

To evacuate this obstacle, a bound together and a straightforward expense framework like GST (Goods and Service Tax) is expected to join the country for all good reasons and impact.

Continued from page 7

scenario US\$ is exceedingly ideal money for universal exchange. The debilitating rupee is useful for sending out however not well for import needs.

g. Monetary System-The financial framework is the fundamental impacting factors for financial advancement. Our monetary framework is in the developing stage and now it is changing according to the need by a new government and stepping up with regards to financial and framework change.

2) Non-Economic Factors-The Non-Economic Factors is additionally critical.

a. Framework Intervention-Now India eliminating the Inspector Raj (System) and embracing a simple approach to work together in India or single window freedom framework.

b. Specialized Knowledge-India has the second biggest pool of Scientist and Engineers in the World. As far as innovative perspectives like space innovation, IT area, Software, Agriculture, Computer and so on. India is having one of the real techno workforces on the planet.

c. Training System-Our School and advanced education framework is a still



Goods and Services Tax (GST)

Entertainment Tax, and so forth with existing VAT (original VAT) and rename it as State Goods and Service Tax (SGST).

In addition that Central Sales Tax (CST), Central Excise Duty, Additional Customs Duty (CVD), Service Tax, and so on is fused into the VAT framework with a solitary name as Central Goods and Service Tax (CGST). The CGST stay the same independent of intra-state or between state exchanges would be credited to the Central Govt. Revenue.

The most vital downside of the original VAT framework in India was its wastefulness in taking care of online markets and an en-tomb state exchange. Focal Sales Tax alludes to the expense demanded on deals created amid between state exchange and trade in a nation was not fused to the original VAT framework.

The new Integrated Goods and Service Tax (IGST) precisely would be founded on goal guideline. Subsequently, on account of between state exchange, the SGST gets exchanged to bringing in the state while Central Govt. gather an extra assessment (at first for a couple of years) not surpassing one percent and dole out to the states where the supply starts.

The info charge credits for a merchant/producer under the original VAT framework incorporates just the VAT paid for push materials. In any case, the real preferred standpoint of the GST framework is that a broker/maker can assert the info assess credits (effectively paid for products and enterprises) like transportation, room lease, fabricating and so on, which was impractical in the original VAT framework.

With the developing agreement among the political gatherings and the push expressed by the business, there is a great deal of desire that the Constitutional Amendment Bill will be passed in this Monsoon Session.

If all this happens, the Government is probably going to strictly implement the usage of GST on almost all goods and services.

In spite of the fact that GST is a huge change in monetary system, it will affect each circle of business action, be it acquisition, production network, IT, coordination, valuing, edges, working capital, and so forth as various business choices taken in light of the present assessment structure may never again be significant in the new GST administration.

What we have in the general space now is the GST law and the four business forms on Registration, Returns, Payments and Refunds which give a reasonable thought on the fundamental development of the GST structure, its proper implementation, working on shortcomings, creating a balanced deal between state and center and bringing consumer satisfaction. ▶

The primary change of Indian tax assessment framework happened when Value Added Tax (VAT) was brought into the Indian tax assessment framework from 1 April 2005. The current general deals assess laws were supplanted with the Value Added Tax Act (2005) and related VAT rules.

Yet at the same time Central Sales Tax (CST), Central Excise Duty, Additional Customs Duty (CVD), Service Tax, Octopi of Local Self Governing Bodies (e.g.; Municipal Corporation), Luxury Tax, Entertainment Tax, and so on were excluded under the umbrella of the VAT framework.

Second change of Indian tax assessment framework proposed with the name Goods and Service Tax (GST), which has a more extensive umbrella to cover all the previously mentioned charges.

It can be called as second era VAT framework in India in light of the fact that both depend on input impose credit framework. The second era VAT frameworks blended Luxury Tax,

unavoidable issue stamp and there is a great deal of change required in this area for financial development.

d. Flexibility India is a nation with flexible ideas and individuals make the most of their opportunity.

e. Debasement Corruption is one of the real parasites for financial advancement and India corruption rank is 65th worldwide.

f. Social Organization or System-The social association arrangement of India is as yet complicated and society is separated on the basis of religion, status, caste, creed, and so on.

g. Advancement Desire-There is most likely that India is seeking for great improvement in near future.

Taking care of above financial components Indian monetary system is on a great track. The significant concern is exchanged adjust, financing costs, cash quality, social organization or education system. A portion of the issue is efficient and some are non-prudent. In this manner we should address these issues for better financial advancement.

Today Economic Survey gauges 7 to 7.5% development rates for 2016-17 which is a great sign for the Indian economy. ▶

Basics of GST

GST is a single tax on the supply of goods and services, right from the manufacturer to the consumer. The Input Tax credit paid at each stage will be available in the subsequent stage of value addition, which makes GST essentially a tax only on value addition at each stage. It is the end consumer who will bear only the GST charged by the last dealer in the supply chain, with set-off benefits at all the previous stages. With the streamlining of the multiple taxes, the final cost to the consumer will turn out to be low because of elimination of double charging system.

1) What are the segments of GST?

GST is a mixed tax coming from center and state charges set up together. Subsequently, there will be three sorts of expenses – Central GST and State GST for intrastate exchanges and IGST (Integrated GST) for interstate exchanges.

Since all the middle and state charges are consolidated and brought as one assessment under GST, state governments and central government should have their offer of GST.

Consequently, there will be three sorts of expenses under GST. Since GST is a utilization based expense, the assessment income will be charged and gathered by the expending state. This encourages the expending state to secure their duty base.

In case, the merchandise is exchanged inside state i.e., the utilization state is same as beginning state, there will be CGST (Central Government Tax) and SGST (State Government Levy)

2) Will GST cut down my taxation rate?

GST plans to dispense with falling impact of assessment. All data sources credits can be used and it will cut down the taxation rate by virtue of utilization of credit. The credit can be guaranteed simply after it coordinates the receipt of the separate providers.

In the present assessment administration, impose credit guarantees under different expense laws are not permitted. For e.g.: charge credit by virtue of duties paid under extract obligation can't be asserted against benefit impose a tax and the other way around.

3) Will GST increment my burden?

GST plans to decrease the tax burden weight of the clients. There is just a single tax that is required and just a solitary consistence must be finished. Under the present administration, benefit duty, VAT, and different returns are to be recorded independently while the info imposes system under each expense is distinctive.

In GST the taxes are set up by the GSTN once the assessment of inputs for purchase and deal is done. Coordination of solicitations for input credits are done consequently and returns are studied.

Once the taxes are prepared and affirmed, there are no further taxes to be petitioned for on a month to month premise. In the current duty service, clients need to record and deal with all charges independently, extract VAT, benefit impose and so forth.

4) What are the different GST rates?

GST has proposed a sum of 4 impose sections:

- Exempted classes – 0
- Commonly utilized Goods and Services – 5%
- Standard Goods and Services fall under first section – 12%
- Standard Goods and Services fall under second Slab – 18%
- Special Classification of Goods and Services including extravagance – 28%

The rates are liable to change*



5) How would I be able to pay my GST tax?

Paying GST for different credits is easy now as the tax system is available online and all taxes can be filed on the portal of GSTN without hassles. All credits will be calculated in a specific described in GST manifesto.

Request of use of credits:

- CGST – CGST and afterward IGST
- SGST – SGST and IGST
- IGST – IGST, CGST, and SGST

6) Will my working capital have any effect?

One of the best advantages of GST is dodging of falling impacts of expense and consistent stream of evaluation credits. Be that as it may, the working capital requirement increases if your client/provider is as far as documenting their taxes.

Subsequently, it turns out to be evident that your sellers and companions must be agreeable keeping in mind the end goal while dealing with your working capital.

Evaluating the validity of your business deal is plainly basic and it can negatively affect the business if they are resistant. On the long run, GST will gradually make all these resistant organizations extinct.

7) How to set up my GST return?

GST returns can be filed by completing the first part of the working copy section of the return. This will carry to an entry of total sales and other revenue on line 101. Now you calculate your net tax and enter the GST/HST you paid. Now find your net tax and calculate other credits. Now calculate other debts and compute whether you are due refund or if you owe money.

8) How can I register my business for GST?

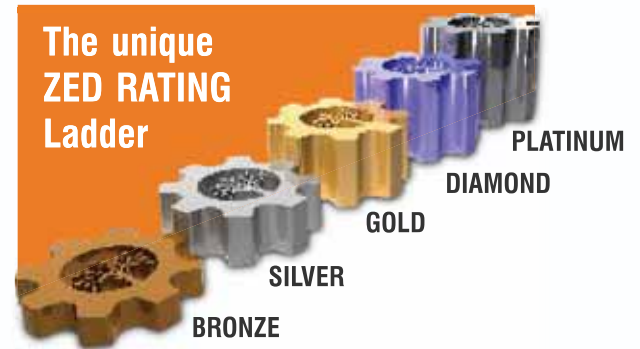
GST registration for business has now become essential after the imposition of GST tax law. Service or products or manufacturing, every business needs to set up their GST account on GSTN and pay the tax as per rules. Since the registration is imperative but this law is applicable to the businesses having 20 Lakhs or more turnover in a financial year. If the business is located in any of Northeastern states, then the limit is just 10 lakhs. A business needs following materials for registering themselves on GST portal.

- Service Tax
- Any VAT registration
- Provisional authorized id
- PAN of the tax payer/business
- Mobile number
- Email id
- Details of Bank Account. ▶



Certification Scheme

A roadmap to World-class manufacturing



HIGHLIGHTS

- ⚙️ A scheme by Ministry of MSME, Govt. of India
- ⚙️ Certification on the systems and processes of MSMEs
- ⚙️ Handholding MSMEs towards world class manufacturing
- ⚙️ Special emphasis on MSMEs supplying to Defence Sector
- ⚙️ Direct subsidy to participating MSMEs
- ⚙️ Creating a credible database of MSMEs for OEMS/CPSUs/Foreign Investors under "Make in India initiative"
- ⚙️ Quality Council of India (QCI) to function as the NMIU (National Monitoring and Implementing Unit) of the scheme



“Let’s think about making our product which has ‘Zero Defect’; so that it does not come back (get rejected) from the world market and ‘Zero Effect’ so that the manufacturing does not have an adverse effect on our environment”

SHRI NARENDRA MODI
Hon’ble Prime Minister



Free Registration at
www.zed.org.in

CONSUMERS, BEWARE !!

PURCHASERS REGULARLY HURRY to put sale things in their shopping trolleys without completely checking the items and guaranteeing that the deals are bona fide with no contrivances.

The most well-known deluding ad is the deal sticker prices shown by general stores. Through its market reconnaissance, it found various stores with limited time deal costs that were higher than that shown in the sticker prices.

A few items which were comprehended to be at a bargain had the typical cost set apart on them. Different types of deceiving ads incorporate deal costs of electronic products which frequently do exclude fundamental frill like ropes and so on.

One basic deluding commercial is when general stores have deals on specific things, however then the deal costs are just at "chosen stores".

In one case, a noteworthy grocery store had a daily paper commercial where it was expressed that the deal costs were just in their chosen branches, yet the names of these branches were not uncovered.

It is fitting to think whether you will require the item or not before getting them. Abstain from purchasing things for deal where it is purchased and overlooked later.

Customers are encouraged to check an item twice before buy.

Surged and spur of the moment shopping frequently brings about second thoughts. Rather do near shopping. Make the best choice in any case and it will spare your time and cash.

So, finally things will go higher in terms of rates for the people who have been taking these followings things in use:

1. Eating out to get costly

For eating out, in the event that you spend Rs. 1000. Right now you pay on a normal 18.5 for each penny as administration expense and VAT.



So separated from the administration charge, you as a rule need to shoulder the weight of Rs. 1185.

Under the GST administration, it's normal that the rates can be settled at 18 for each penny or above.

In like manner at 20 for every penny estimated charge rate, your bill is set to go up, to no less than 1200 rupees.

2. Telephone bills to get costly

As the states are required additionally to choose benefit charge rates, your telephone bill could see acceleration of duties.



So on a bill of Rs. 1000 on which you pay benefit assessment of 15 percent lastly pay Rs. 1150!!

Post the GST, if the assessment rate is settled at 18 for every penny then you should shell at any rate Rs. 1180.

3. Readymade pieces of clothing to get less expensive



Purchasing garments and design brands will be less expensive, as the successful extract obligation (7.5per penny) and vat of normal 5per penny will be subsumed in GST section.

So on the off chance that you get Rs. 1000 shirt today, you pay 1125 including different expenses. In any case, if GST is kept at 12 percent, at that point your last bill will be Rs. 1120.

4. Purchasing auto is less expensive

Purchasing an auto won't just be simpler in various states with value similitude amongst assembling and non-fabricating states yet assess specialists trust it will be less expensive also.

For instance, a Rs. 5 lakh auto draws in extract obligation of 12.5 for each penny, and alongside vat generally comes to Rs. 6.25 lakh. Presently under the



GST, it is required to go down as much as Rs. 35,000 if the rate is settled at 18 per penny, so for you the cost will be Rs. 5.9 lakh rupees

5. Purchasing telephones to get costly

On the off chance that



you wanting to purchase a foreign made telephone from the market the countervailing obligation and vat comes to 12.8 for each penny!!

So if the GST gathering chooses to peg the rate at 18 percent, at that point for a Rs. 10,000 telephone for which you pay Rs. 11,280 as of now, you should spend Rs. 11,800.

6. Driven TVs to get less expensive

Yet, staring at the TV could get less expensive, as a major aspect of the make in India activity, the GST is required to be lower.

So at show for Rs. 20,000 drove TV you pay around 24.5 for every penny



charge spending Rs. 24,900 in the long run.

As the GST rate is required to be at 18 for every penny, for you the cost will come down to Rs. 23,600

7. Gems to get costly



Duty specialists have pointed how at present just 2 for every penny of successful duties is passed on to the buyers however according to the GST demonstrate, no less than 6 for every penny rates could be forced, affecting the adornments buy.

8. Internet purchasing



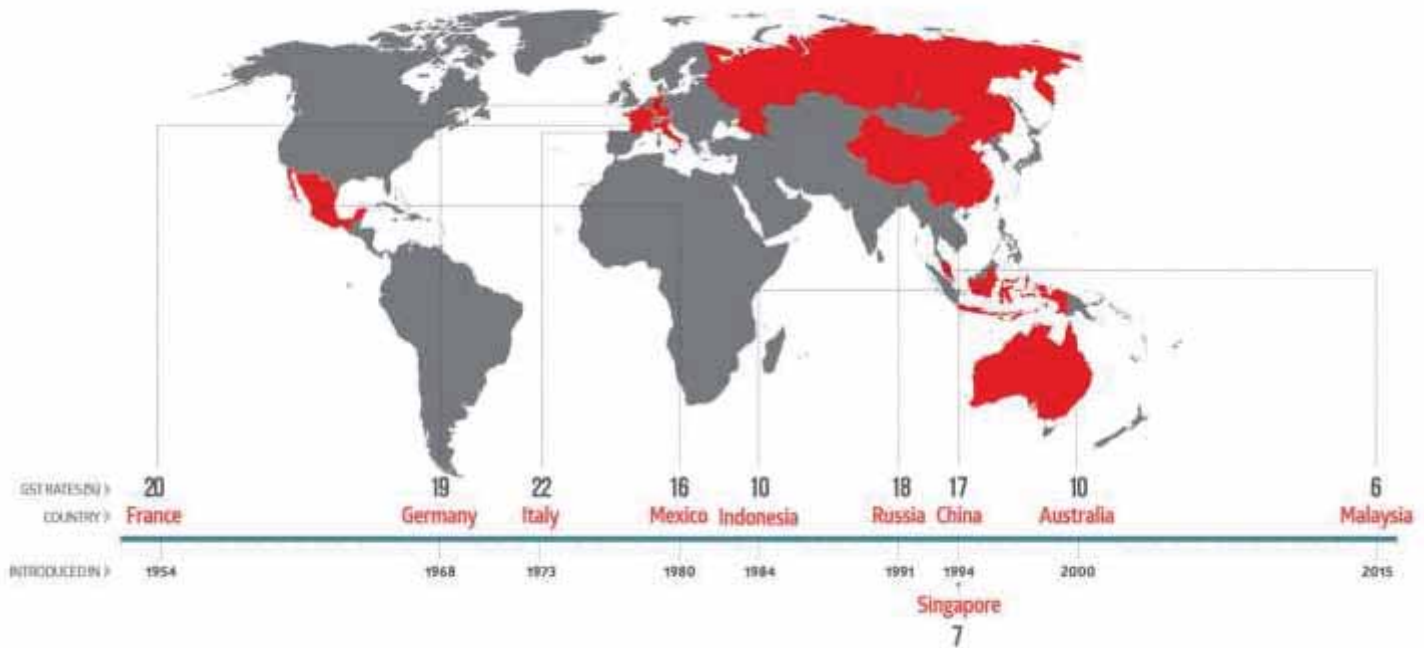
Purchasing sacks, shoes, and hardware online will be getting more costly as the web based business industry comes into a duty net and should pay charge deducted at hotspot for each buy from its dealers.

So web based business organizations which will see contracting of net revenues and increment impose consistence net could slice rebates and complimentary gifts that they offer. ▶

Here are some additionally fascinating realities to look upon:

- Being another duty, it will set aside some time for the general population to comprehend its suggestions.
- It is less demanding said than done. There are constantly a few intricacies appended. It is an utilization based assessment, so if there should be an occurrence of administrations where benefit is given should be resolved.
- If real advantage does not go to buyer and vender builds his overall revenue, the costs of products can likewise observe a rising pattern.
- The presentation of GST 2017 Law would influence the land showcase. This would increment new home purchasing cost by 8% and diminish purchasers by 12%.
- GST is a befuddling term where twofold duty is charged for the sake of a solitary tax collection framework.
- Services will wind up noticeably costly like e.g. telecom, keeping money, and aircraft.
- Being another framework, it will set aside some time for the general population to comprehend its suggestions.
- The presentation of GST in the nation will affect land showcase. This would increment new home purchasing cost by 8% and decrease purchasers' market by 12%.

RESEARCH FEATURE



A Brief Travel History of GST

More than dozens of countries have already levied GST and now it's the time of India. France was the first country to introduce GST in 1954. Since then many countries came up with one nation one tax structure. Russia did it 1991 and China imposed in 1994 and now Saudi Arabia is going to introduce in 2018. There will be more countries to adopt this system in coming time.

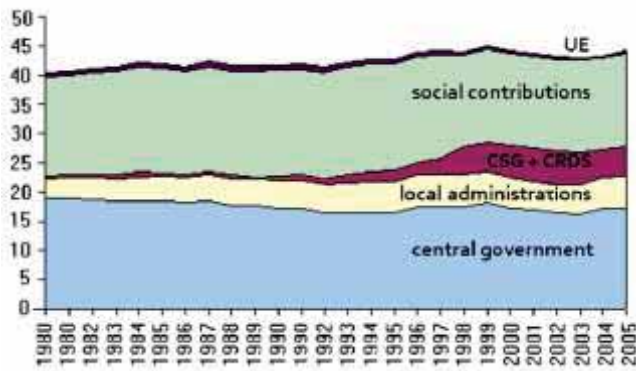
In India, the GST Council has made tax rates around 90 percent of goods and services under the four-slab structure with indispensable of daily use items has been kept in the bracket of 5% i.e. the lowest one. The GST is the national sales tax will be imposed on the use of services and consumption of a good. The GST has been implemented with the view to replace 16 current taxes including seven central taxes like service tax and excise duty and nine state taxes i.e. VAT and entertainment tax, thus making India as one nation with one tax system. Recently, Reserve Bank of India said that GST would be “game changer” and also give the cross-country experience and experimental support on efficiency gains from the VAT. The implementation of the complete indirect tax would assure higher tax buoyancy and progress in government finances over the medium term.

CASE STUDY 1:
France

Goods and Service Tax (GST) in FRANCE

(A) The History:-

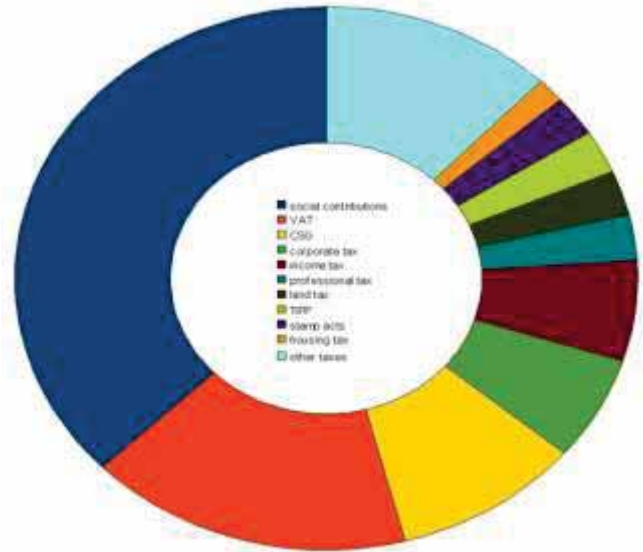
1. Introducing GST in 1954, France became the first ever country to introduce this kind of tax system.
2. GST in France was introduced as a value added tax which was essentially required as there was very high sales taxes and tariffs promoting smuggling and cheating.



Evolution of the taxation structure in France through public administration since 1980

(B) The system:-

1. Following the dual system of GST, it was imposed and is executed under two-fold system; i.e.
 - 1.1 **CGST (including):**
 - 1.1.1 Central excise duty
 - 1.1.2 Service tax
 - 1.1.3 Additional duties of customs
 - 1.2 **SGST (including):**
 - 1.2.1 Value-added tax
 - 1.2.2 Central sales tax
 - 1.2.3 Entertainment tax
 - 1.2.4 Luxury tax
 - 1.2.5 Octroi
 - 1.2.6 Lottery taxes
 - 1.2.7 Electricity duty
 - 1.2.8 State surcharges related to supply of goods and services
 - 1.2.9 Purchase tax
2. Individual end-buyers of products and services can't recoup GST on purchases, yet organizations can recuperate GST (input tax) on the products and services that they purchase



Pictorial representation of taxation structure in France

in order to produce goods or services that will be sold to yet another business in the supply chain or straightforwardly to an end-consumer.

3. Certain exemptions on: –
 - 3.1 Transactions with government officials
 - 3.2 Transactions with diplomatic missions
 - 3.3 Transactions relating to exports
 - 3.4 Goods and services specifically listed are exercised by the government.

CASE STUDY 2:
India

Brief Intro: Goods and Services Tax (GST) introduction will undoubtedly be an essential perfection and the following logical stride towards a broad indirect tax change in India. According to, First Discussion Paper presented by the Empowered Committee of the State Finance Ministers on 10.11.2009, it has been clarified that there would be a "Double GST" in India, i.e. tax collection control lies with both by the Centre and the State to demand the taxes on the Goods and Services.

The scheme was to be executed in India from first July 2017.

Further, Punjab and Haryana were hesitant to give up purchase tax, Maharashtra was unwilling to give up octroi, and all states needed to keep petroleum and liquor out of the ambit of GST. Gujarat and Maharashtra want the extra one per cent levy extended past the proposed two years, and increased to two percent. Punjab needs purchase tax outside GST.

Constitutional Amendment:

While the Centre is engaged to impose tax on goods and services up to the production stage, the States have the power to tax goods sales. The States are not empowered to impose a duty on supply of services while the Centre is not empowered to impose tax on goods sales. Hence, the Constitution does not vest express power either in the Central or State Government to collect a duty on the 'supply of products and services'. In addition, the Constitution does not give power to the States to impose tax on imports. Accordingly, it is necessary to have Constitutional Amendments for empowering the Centre levy on products and States for exact of service expense and tax on imports and other considerable issues.

What is GST?

'GST' – Goods Services Tax

“Goods and Service Tax (GST) is a complete tax impose on **manufacture, sale and consumption of goods and service** at the national level under which no difference is made amongst services and goods for imposing of tax. It will for mostly replace all indirect taxes imposed on products and services by the Central and State governments in India.

GST is a tax imposed on goods and services under which each individual has to pay tax on his output and is permitted for getting input charge credit (ITC) on the tax paid on its inputs (therefore a **tax on value addition only**) and eventually the last purchaser might bear the duty”.

OBJECTIVES OF GST

One of the key goal of Goods & Service Tax (GST) is take out the doubly tax i.e. cascading impacts of taxes on production and distribution cost of goods and Services. The prohibition of cascading impacts i.e. impose on tax till the level of final customers will essentially enhance the competitiveness of unique goods and services in market which prompts useful effect to the Gross domestic product development of the nation. Introduction of the GST with supplant the current numerous tax structures of Center and State charges is attractive as well as important. Coordination of different duties into a GST framework would make it conceivable to give full credit for inputs charges gathered. GST, is a destination-based consumption tax based on VAT principle.

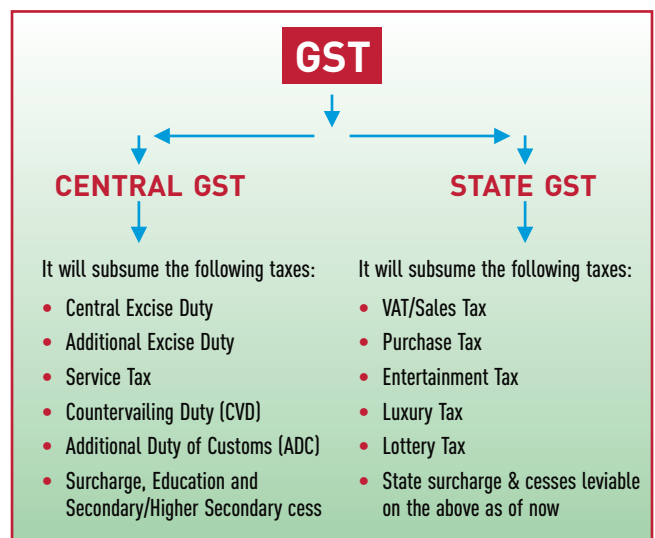
Rate of GST:

There shall be **two-rate structure –a lower rate for necessary products and items of basic needs and a standard rate for goods in general**. There will be a special rate for valuable metals and a list of exempted products. For goods in general, government is considering to peg the rate of GST from 20% to 23% that is well over the global average rate of 16.4% for same taxes, however below the rate of revenue i.e. 27%.



Model of GST with example:

- The GST has two structures- one imposed by the Centre (referred to as CGST or Central GST) and another which is levied by States is called (referred to as SGST or State GST). Rates for both types of GST will be approved properly, reflecting revenue considerations and acceptability.
- **The Central GST and the State GST will applicable to all transaction done on sell and purchase of goods and services except the exempted goods and services.**
- Cross utilization of ITC in case of Inputs and capital goods between the Central GST and the State SGST would not be allowed except in the case of inter-state supply of goods and services, i.e. IGST.
- The Center and the States will have simultaneous control for the complete value chain for all taxpayers on the regards of entrance of goods and services agreed for the States and the Center.



Example: 1 (Comprehensive Comparison)

Comparison between Multiple Indirect tax laws and proposed one law

| Particulars | Without GST (Rs.) | With GST |
|---|-------------------|------------------|
| Manufacture to Wholesaler | | |
| Cost of Production | 5,000.00 | 5,000.00 |
| Add: Profit Margin | 2,000.00 | 2,000.00 |
| Manufacturer Price | 7,000.00 | 7,000.00 |
| Add: Excise Duty @ 12% | 840.00 | - |
| Total Value(a) | 7,840.00 | 7,000.00 |
| Add: VAT @ 12.5% | 980.00 | - |
| Add: CGST @ 12% | - | 840.00 |
| Add: SGST @ 12% | - | 840.00 |
| Invoice Value | 8,820.00 | 8,680.00 |
| Wholesaler to Retailer | | |
| COG to Wholesaler(a) | 7,840.00 | 7,000.00 |
| Add: Profit Margin@10% | 784.00 | 700.00 |
| Total Value(b) | 8,624.00 | 7,700.00 |
| Add: VAT @ 12.5% | 1,078.00 | - |
| Add: CGST @ 12% | - | 924.00 |
| Add: SGST @ 12% | - | 924.00 |
| Invoice Value | 9,702.00 | 9,548.00 |
| Retailer to Consumer: | | |
| COG to Retailer (b) | 8,624.00 | 7,700.00 |
| Add: Profit Margin | 862.40 | 770.00 |
| Total Value(c) | 9,486.40 | 8,470.00 |
| Add: VAT @ 12.5% | 1,185.80 | - |
| Add: CGST @ 12% | - | 1,016.40 |
| Add: SGST @ 12% | - | 1,016.40 |
| Total Price to the Final consumer | 10,672.20 | 10,502.80 |
| Cost saving to consumer | - | 169.40 |
| % Cost Saving | - | 1.59 |
| Notes:- Input tax credit available to wholesaler is Rs.980 and Rs.1,680 in case of without GST and with GST respectively. | | |
| - Similarly Input tax credit available to Retailer is Rs.1,078 and Rs.1,848 in case of without GST and with GST respectively. | | |
| - In case, VAT rate is also considered to be 12%, the saving to consumer would be 1.15%. | | |

IGST Model (Inter-State Transactions of Goods & Services) and Input tax credit (ITC) with example:

- **Current CST (Central state tax**, tax on interstate movement of goods) shall be **suspended**.
- Center would impose **IGST (cumulative rate for CGST and SGST)** on all transactions of inter-State for taxable goods and services with suitable provision for shipment or stock transfer of goods and services.
- The **ITC of SGST, CGST** shall be **permitted** as applicable.
- Since ITC of SGST shall be permitted, the Exporting State will transfer the credit of SGST used in payment of IGST. The Importing dealer will claim credit of IGST while discharging his SGST charge (while selling the goods in state itself) to the Centre. After that, the Centre will transfer the credit of IGST used in payment of SGST to the importing State.
- The pertinent information shall be presented to the **Central Agency** which will work as a clearing house method, confirming the claims and notifying the respective state governments or central government to transfer the funds.
- **Advantage of IGST:**
- No refund can be claimed in exporting State, as ITC is used up while paying the tax.
- Maintenance of incessant ITC chain on inter-State transactions.
- No direct payment of tax or considerable blockage of funds for the inter-State buyer or seller.

Example -2 (Input Tax Credit)

Rama, a registered dealer had input tax credit for CGST and SGST Rs.750/- and Rs.1,050/- respectively in respect of purchase of inputs and capital goods. He manufactured 1500 liters of finished products. 200 liters was normal loss in the process. The final product was sold at uniform price of Rs.10 per liter as follows:-

Goods sold within State – 800 liter.

Finished product sold in inter-State sale – 650 liter.

Goods sent on stock transfer to consignment agents outside the State – 350 liter.

Further, CGST and SGST rate on the finished product of dealer is 5% and 7% respectively. Further IGST rate is 12%. **Calculate tax liability of SGST and CGST to be paid after tax credit.**

- **Biggest tax reform in modern history**
- **Four rates**
- **Monthly returns**
- **Could boost GDP growth by 2%**

Solution:

Output Tax Calculation

| Particulars | Sales Within State | Stock Transfer Outside State | Inter State Sales | Total |
|----------------------------|--------------------|------------------------------|-------------------|---------------|
| Qty. Sold | 800 | 350 | 650 | |
| Price per unit | 10 | 10 | 10 | |
| Value of Goods Sold | 8,000 | 3,500 | 6,500 | 18,000 |
| Tax Amount: | | | | |
| Tax Amount - CGST(5%) | 400 | - | - | 400 |
| Tax Amount - SGST(7%) | 560 | - | - | 560 |
| Tax Amount - IGST(12%) | - | 420 | 780 | 1,200 |

Calculation of Tax Payable

| Particulars | CGST | SGST | IGST | Total |
|------------------------|----------|----------|------------|------------|
| Tax Payable Amount | 400 | 560 | 1200 | |
| Less: Input Tax Credit | | | | |
| CGST | 400 | - | 350 | 750 |
| SGST | - | 560 | 490 | 1050 |
| Balance Payable | - | - | 360 | 360 |

Notes:

- There will be no treatment for normal loss.
- Input tax credit, ITC of CGST and SGST of Rs. 750 and Rs. 1050 are paid on inputs. This input tax credit should first be used for payment of CGST and SGST, respectively, and balance is to be used for payment of IGST. Thus, the balance available for payment of IGST is Rs. 350 of CGST and Rs. 490 of SGST and he is responsible for paying the balance amount of IGST of Rs. 360 by cash ($1200 - 350 - 490 = 360$). Since credit of SGST of Rs.490 has been used for payment of IGST, the State Government will get debit of Rs. 490 from the Central Government.

Example-3 (Import)

Mr. Rama imported goods for Rs. 10,000/- and gained expenses to produce last saleable goods. 10 % BCD was chargeable on imported goods. These manufactured goods were sold within the state at Rs. 45,000 and applicable GST. Rate of CGST and SGST is 5% and 7% respectively. Compute Cost, Sale value and tax payable for the transaction. Solution:

Calculation of Net cost of imported goods

| Particulars | Amount (Rs) |
|--|---------------|
| Cost of Goods imported | 10,000 |
| Add: Basic Customs Duty @ 10% | 1,000 |
| Cost of imported goods (including BCD) | 11,000 |
| Add: CGST on Import @ 5% | 550 |
| Add: SGST on Import @ 7% | 770 |
| Cost of imported goods (including BCD & GST) (Note below) | 12,320 |

Solution: Export Value calculation

| Particulars | Amount (Rs) |
|---|---------------|
| Cost of Imported Goods (from above example) | 50,400 |
| Add: Margin and Modification Amt. | 10,000 |
| Sale Value | 60,400 |
| Add: CGST on Export @ 5% | - |
| Add: SGST on Export @ 7% | - |
| Export Value | 60,400 |

Calculation of Sale value after import

| Particulars | Amount (Rs) |
|--------------------------|---------------|
| Sale Value (before tax) | 45,000 |
| Add: CGST on Import @ 5% | 2,250 |
| Add: SGST on Import @ 7% | 3,150 |
| Sales Value | 50,400 |

Refund Calculation

| Particulars | Amount (Rs) |
|--|-----------------|
| Basic Customs Duty (BCD, from above example) | 1,000.00 |
| Refund Factor | 0.80 |
| Refund amount of BDC | 800.00 |
| Add: CGST (from above example) | 550.00 |
| Add: SGST (from above example) | 770.00 |
| Total Refund amount | 2,120.00 |

Tax Payable Calculation

| Particulars | CGST (Rs.) | SGST (Rs.) |
|------------------------|--------------|--------------|
| Output tax | 2,250 | 3,150 |
| Less: Input tax credit | - | - |
| CGST | 550 | - |
| SGST | - | 770 |
| Net tax payable | 1,700 | 2,380 |

Note: Please note that GST shall be levied including Basic Customs Duty considering.

Example-4 (Export)

Now going with the above example 4, suppose the same goods are exported after 1 year of utilization after addition of margin and modification amounting Rs.10,000/- and utilization factor of 1 year for refund calculation is 0.20. Therefore the refund will be 0.80 of Duty amount. Compute Export Value and Refund Value.

The above example endures two basic Taxation Laws principles i.e. Exports are zero rated and the incidence of tax will trail the destination principle (The taxes will continue to the state where the goods are used, though use factor can be approved by the law)

Indirect taxes that will be included under GST:-

State taxes which will be subsumed in SGST

- VAT/Sales Tax
- Entertainment Tax (unless it is levied by local bodies)
- Luxury Tax
- Taxes on the lottery, betting, and gambling.
- State cess and surcharges to the extent related to supply of goods and services.
- Entry tax not on in lieu of octroi.
- Central Taxes which will be subsumed in CGST
- Central Excise Duty.
- Additional Excise Duty.

- The Excise Duty levied under the medical and Toiletries Preparation Act
- Service Tax.
- Additional Customs Duty, commonly known as countervailing Duty (CVD)
- Special Additional duty of customs (SAD)
- Education Cess
- Surcharges

Taxes that may or may not be subsumed due to no consensus between the Central and State Governments:

- Stamp Duty
- Vehicle Tax
- Electricity Duty
- Other Entry taxes and Octroi
- Entertainment Tax (levied by local bodies)
- Basic customs duty and safeguard duties on import of goods into India

Other Benefits of GST apart from discussed in the first 2-3 paragraph of this article:

- Minimizes transaction costs and unnecessary wastages: A single registration and a single agreement will be sufficient for both SGST and CGST to give government produces effectual IT infrastructure and integration of states in level with the union.
- Removes the multiplicity of taxation: The minimization in the applicable taxation number in a chain of the transaction will help to lessen the paper work and clean up the current clutter that is brought by current indirect taxation laws.
- Tax payers will be focused on their business rather thinking about their taxation which can be processed at later stages. This will act as helping method to business communities in deciding their supply chain, pricing modalities and in the long run, it would help consumers in being that goods are competitive as the price will be no more correspondent to tax components but will be the function of extensive business intelligence and innovation.
- Reduces average tax burdens: - The cost of tax that consumers have to bear will be certain and it is expected that GST would reduce the average tax burdens on the consumers.
- Minimizes the corruption: - As there is a reduction in a number of taxes so the number of visits to multiple departments will also reduce and hence it will help in minimizing corruption.
- In almost all cases, there will uniformity of tax rates across states, except a few products and states.

France was the first country to implement GST to reduce tax-evasion. Since then, more than 140 countries have implemented GST with some countries having Dual-GST, for example Brazil and Canada. India has chosen the Canadian model of dual GST as it has a federal structure where the Centre and states have the powers to levy and collect taxes.



CASE STUDY 3:

Canada

In Canada, the GST is multi-level value added tax introduced in 1991 by the Prime Minister, Brian Mulroney and then finance minister Michael Wilson. It is a unique kind of tax structure across the world. The GST applied was mesmerizing as it replaced hidden 13.5% sales tax on manufacturers.

The reason for the national sales tax was to supplant the 13.5% Manufacturers' Sales Tax (MST) that the central government forced at the wholesale level on manufactured goods. Manufacturers were worried that the tax hurt their global competitiveness. The GST likewise supplanted the Government Federal Telecommunications Tax of 11%.

The goods and services tax is characterized in law at Part IX of the Excise Tax Act. GST is exacted on provisions of goods or services acquired in Canada and incorporate most products, aside from certain politically delicate essentials, for example, groceries, residential rent, and medical services, and services, for example, financial services. Organizations that buy products and services that are consumed, utilized or provided over the span of their "business exercises" can assert "input tax credits" subject to endorsed documentation necessities (i.e., when they transmit to the Canada Revenue Agency the GST they have gathered in any given timeframe, they are permitted to deduct the measure of GST they paid amid that period). This abstains from "cascading" (i.e., the utilization of the GST on a similar good or service a few times as it goes from business to business on its way to the last buyer). Along these lines, the duty is basically borne by the final consumer. ▶

Market Sectors coming under GST effect

The current talk of the town is GST. In general, there are not many people who have a clear understanding of taxations, income slabs coming under this, sales tax and so on. In most of the cases, which are liable to fill the return, they are dependent on their expert accountant, CEO or someone having good knowledge of this. So, when it comes to sales tax, then hardly any of us go through the whole bill. We look out for the gross amount and go with that. In general, if the maximum retail price goes up or down, we understand the impact.

But, actually, the final cost we are paying is impacted by several taxes imposed one after another. State tax, production tax, value added tax and much more comes when the final bill is ready. Being not so technical it becomes tough for the general public to question it in any ways. But, with GST, what could be the change? The One Tax rule would place simple thing as one is buying food, then it comes under a particular slab and so have to pay this much tax at one place. This calculation surely does not need many technicalities.

It seems so simple, in reality, it is not so. The taxation is still the same complicated one, the only difference is the government has taken the part of complications and offered us a simpler form. The government has accessed the whole system and calculated the needful tax over goods and services, finalized the draft, proofread it, think tank has gone through its implication behavior and

market impact, all the other taxes inclusion is performed, then the final percentage is out.

The worrying point is not what the national economy is gaining in this regard, as people do not go with foresight things, they first look out for their daily needs inflation hit. So, the government has surely gone through the impact. There might be some adverse impact or might have some good news for consumers. So, let's access the sectors independently and understand the nuisances involved.

Pharma

Let's start with the pharma section, it is one of the most revenue generating and employment providing sector in India. As if now before GST, there were 8 different types of taxes imposed on pharma products, which causes a cascading effect of multiple-fold of taxes. The business prospects will ease off with one tax pattern. There will be no tax sections to be given at different stages. Apart from this, the whole process will get streamlined, the supply chain will be rationalized, the distribution network will get convenient and strategies will get clear light than ever. Beyond all this competition will get healthy due to seamless taxation, which will further bring equal gameplay for all the pharmaceutical companies. The withdrawal of Central Sales Tax would reduce the transaction cost. Apart from this, it is indicated by the pattern of tax



slab and the other impacts that manufacturing cost will also lower down. So, the bottom line is it will go to make medicines more affordable than the past.

Medical Tourism

India is a way cheaper country in terms of expenditure either for medical expenses, accommodation, fooding and other connected needs. So, from many other nations, people come over to India for their medical needs. In the developed countries, one has to pay a huge bill. Also, the healthcare sector has huge employment and revenue generating part in country's economy. So, the government gives emphasis on its development.

The current GST system is expected to lower down the cost of medical expenses and so, in turn, attracting more medical tourist round the year. It is expected that the revenue will be impacted with a positive effect and not only this, it will increase by manifold. Apart from this, the conventional and nonallopathic means as Ayurveda, yoga,



Ayush, acupuncture also plays an important role in attracting people from the world across. With cut down rates it will see the increase.

FMCG

The FMCG sector includes various sort of goods, ranging from a wide array. Many of these are targeted for the upper class, many for lower class and also there is a huge sum for a middle class. So, this sector needs good assessment as different sections of society is going to get impacted directly by this system. As per the current slab, most mass consumption products are kept under 18% slab, which is lesser than that of previous tax amount charges. The company whose tax bracket has diminished by GST implementation has to pass on the impact to consumers by lowering the rates on goods. So, it is quite good news.

Contrary to this there are certain goods from FMCG sector, where the tax slab has elevated than that of the previous in practice. These include baby food, detergents, paints, shampoo, hair dye etc. the higher rates on these will be passed on to the consumers by manufacturers and this will cause a little stir amidst the users. The premium category item will see the hike in taxation as these are kept on the tax slab of 28%.

Retail Market

The positive impact is expected and mostly everyone agrees with this fact that retail market will be in a win-win situation after GST. The total indirect taxes will be no more liable, input tax credit will be seamless, supply chain efficiency will be enhanced, state boundaries, toll taxes will be no more to

create hassle free trade, and distribution will get increased and so on. Going through point to point will show the beneficiary impact on retail in clear sense.

• Reduced taxes

The previously practiced tax over tax system includes an array of taxes as VAT, CST, Excise duty, service tax on a warehouse, rent, consultation, Octroi as well as entry tax, which sum ups to the average of 30% indirect tax on the goods and services in a retail market. But, by one tax a reduction will be seen, this will lower down the burden.

• Seamless Input tax credit

The input tax credit was available on VAT only as per the old system. The import duty and service tax were excluded in that. But, through GST, the taxation is from producers to a consumer that is starting to finish. So, the cascading tax effect will be avoided and input tax credit will be obtained by the users.

• Increased Supply chain efficiency

Due to the removal of CST, the practice of warehousing will get eliminated. There is no point in renting out the warehouses, operating them in states where trading is involved, going through the peculiarities of state boundaries regulations as well as waiting at check posts in long lasting queues. The efficiency of the supply chain will get benefitted and also the time consumption to trade the goods from one place to another will be also less. The operation of the supply chain was not up to the mark previously and also not in proper alignment. But, now it seems that everything will at a place.

• Tax on gifts and promotional items

For promotional strategy, companies were offering free gifts along with the goods. With older taxation system, these gifts were free of any tax. But, with GST now these will also fall in tax bracket and retailers, manufacturers, a promotional team has to think about their promotional strategy.

• Better Opportunities & Growth of Retail Market

The best thing till date comes out from GST is unifying the market and getting it simpler than usual. The retailers who were avoiding the targeting small marketplaces due to excess complications of trade across the state will now think about doing it. As there is no CST so, they are free to go anywhere to everywhere across the boundaries and search their market. This market expansion will create better opportunities and good growth in the Indian market.

Of course, the industry needs to re-model their structure and flow, but as expected it will go for good.

• Tax on Textile industry

In one go, the textile industry is showing up negative impact of GST, as the natural fibers as wool and cotton are in tax slab. Earlier these were exempted from the same. The tax rate through GST will be higher on textiles now. But, if we see it objectively, then the textile industry will see the reduction in tax. With the regulated system and evolving more taxpayers will definitely help out the textile industry even after higher tax rates under GST.

• Breakage of input credit chain

The unorganized sector is prevailing in Indian retail market, which creates a gap in input tax credit flow. If a registered taxpayer obtains the inputs from unorganized sector then the input credit of tax is not allowed. With GST, the shifting of balance will be towards the organized section and so count every input credit.

• Reduction in manufacturing costs

Due to the removal of entry tax, luxury tax or Octroi would be supportive in cutting the tax amount in the textile industry for manufacturers. In turn, it will prove to be beneficial for users too. ▶

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Goods & Service Tax



Transforming Indian Tax Culture

WHEN ANY OF the new systems is adopted then there are many challenges to face up. From proposing to implementing, lots of points to take care of. The sentiments of people are adjoined with the smaller details to a larger impact. So, every step needs to be taken with care. The most important aspect is to implement things. Proposing, announcing all needs the preparation, research, but implementing needs lots of patience. Patience to wait for the outcome, patiently answer the queries and importantly be ready for the criticism.

- Implementation of One Tax (GST)
- Transformation of Indian TAX System (Different types of Taxes merged in Single Tax)

Implementation of One Tax

Since the formation of new government, the Indian economy has seen many rapid

changes and the steps have proven to be transforming. In the month of November 2016 the government came up with demonetization in midnight and the step turned out to be a major boon for the economy. Similarly, GST was applied in midnight and it would also be a great event for the economy in the long run. The aim behind GST application is to blend all taxes at one place. Like every coin has two sides, GST may also have the same, but the notion of application is completely positive.

Why Implementation of One Tax?

Since GST has been applied, there are numerous questionnaires rounding up in the mind of every Indian. What made this government to bring one taxation system or were previous tax systems not productive as like GST or how it will benefit every Indian and so on.

Questions are imperative, generic and vital as most of us are unaware of one

taxation system. Here are some excerpts which suggest the tax structure has been talking since 1990.

1. AmareshBaghchi Report, 1994 suggested that the application of "Value Added Tax (VAT)" will work as root for execution of Goods and Services Tax in India.
2. AshimDasgupta, 2000 headed committee, which introduced VAT System in 2005, replaced old age tax system in India.
3. Vijay Kelkar Task Force 2004, strongly recommended that the amalgamation of indirect taxes into the form of GST in India.
4. The announcement of GST to be implemented by 1st April 2010 after successfully implementing VAT system in India and ideas of various committees and task forces on GST, the Union Government for the first

time in Union Budget 2006-07 proclaim that the GST would be applicable from 1st April 2010.

There has been several committees and a task force formed for justifying the presence of one tax structure in India, but it lastly approved and implemented on July 1, 2017.

The logic behind the implementation of GST or one tax system is

“In the earlier Central Excise duty of the Government of India and sales tax system of the State Governments, there was an enormous burden of “tax on tax”. The instigation of Central VAT or CENVAT has axed the cascading liability of “tax on tax” to some good extent by offering a mechanism of “set off” for the tax levied on inputs and services up to the leg of production, and has been improving the old age Central excise duty. Likewise, the VAT in the States has lessened the cascading effect by providing set-off for inputs tax and tax paid on all previous purchases. The VAT has been an improvement over earlier sales tax system of States.

To remove the burden of VAT and all other service and goods taxes which were collected separately by the Central Government and State Government, this one tax system has been implemented.

The planning of one tax system in current government was since the formation of Cabinet. As per Arun Jaitley, the Finance Minister of India termed the earlier indirect tax structure in India as fairly complicated and also assured that there will be no cascading effect of the tax on tax. The Finance Minister also said that “the implementation will show no magic in days or months, it's a long-term evaluation and will surely bent down inflation and tax rates at least to a little.

He also answered when asked about “the effect of indirect tax reform on inflation on investors”. He replied Canada, New Zealand and Australia have seen one-time improvement in the rate of inflation after implementation of GST which got normalized in a year.



As the one-tax is new for all, it has become a subject of discussion among all. From a layman to scholars, all are willingly putting their views over GST. Media to finance experts are concluding the reformation in their own way and with a unique perspective. The government is overwhelmed with the enthusiasm of people and taking it as a success to make it a much better economical reformation. We shouldn't forget that GST is not only the task before our government; it's our responsibility as well to prove it a better one.

Transformation of Indian TAX System

The needfulness of Indian tax system reformation has paved the way for GST in India. Now, there will be only one tax in the place of following numerous taxes which were collected by Union Government and State Government separately-

1. Central Excise Duty (including Additional Excise Duty): - The tax collected by Central Excise Duty has been contributing a lot in Indian GDP system. Central Excise Duty is officially obligatory

on goods manufacturing in India and the collection of tax is done by Central Board of Excise and Customs. With a 12.5% tax rate, the input tax was imposed on Jewelers, except the manufacturing of silver ornaments. Being one the largest indirect tax procedure, it used to make inconveniences to the improvement of economy reformation. Now, all manufacturers will have to pay once for their manufactured goods and there will no interruption from either Central Board of Excise and Customs or any State. The new tax system will also remove additional excise duty.

2. Service Tax: – Service tax is a form of tax levied by the government on the service providers which actually is to be borne by users. It is another type of indirect tax, wherein the service providers ask for and collect the tax from consumers or service receivers and then pay to the Government. Presently, the rate of Service tax is 15% of the value of provided services, Education and Secondary Education Cess is 2% of Swachh Bharat cess which is 0.50%. Earlier service tax was collected by

Central and State Government both and it was a huge burden for service receivers or customers. With the implementation of the new tax structure, it has not only been reduced but also collected by only one government and that is Central Government. There will be no intervention of State Government in Service Tax imposition or collection since July 1, 2017.

3. Additional Customs Duty: – Additional customs duty is commonly called Countervailing Duty and it's equivalent to Central Excise Duty which is again imposed on manufacturing. Its calculation is decided on value base of goods plus land charges and basic customs duty forgetting anti-dumping duty and safeguard duty. The manufacturing sector has always been in the top list of Union Government and it was sincere to make some financial reformation to uplift the manufacturing sector of India. With the new tax system, Indian manufacturing will rise and see a slow but constant growth. Now, there will no two similar tax collections for one product as the manufacturer will have to mention the details only one time.

4. Special Additional Duty of Customs: – the Special additional duty of customs was imposed on imported goods. Customs used to collect the tax of 4% on imported goods to any nation outside India. This duty collection was instead of VAT and Sales tax. In this system, the person who imports goods can make a claim for the refund after the sale of those certain goods. Now, the new tax structure will also remove the special additional duty of customs. Although the procedure of Customs duty will remain same but will fall under GST. It will preferably be collected through the new tax slab structure.

5. Central Surcharges and Cess: –Previous governments have collected enormous revenue in the name of additional charges. The surcharge is an example of that and is a charge on tax and as the name suggests it is a surplus charge and basically collected in the name of personal income tax for high-income slabs and also to corporate income tax. Cess is

forced by the central government and is imposed for specific purposes. This additional tax will also be removed with the new tax system.

Following are the duties and taxes, which will merge under GST (at State Level):–

1. At the state level, the various taxes will merge to form single GST. This would come up as a direct tax and be convenient to access.

Value added tax-exempt- This one is popularly known as VAT. It is an indirect tax which gets paid by customers at the distribution point. These customers are end consumers. It is imposed on goods and services which come from domestic level or state level. The implementation of this tax runs at every stage production, distribution to the valuation of the end product. So, it gets layered upon with tax over the tax which we see as value added tax. This from now will get merged in GST.



Central Sales Tax- It originates from the sales point. An indirect tax again actually imposed by the center but is administered by the state government as the sales origin lays there only. The CST is a tax on sales imposed by center paid by consumers but affected by interstate trade. Sounds complicated, yes it is. Why it goes in an indirect way, why state involved if it is Central liable tax? These are the common points related with this. But, now on it has been included in the GST under one taxation system, so now state trade will also get ease up.

Octroi and entry tax

The tax imposed by the state for entry is entry tax. And octroi is regulated by local

authorities as municipal offices of concerned place from where goods need to pass. But, now all these are inclusive in one tax and entry check posts will be ruled off soon.

Tax on purchase

There is a wide array of goods at which tax is imposed by the state. From purchasing the raw material to machinery involved up to the finished good, purchase tax is imposed. These all are under this master tax and no separate taxes over purchase.

Luxury tax

It is a not so common tax and only applicable for luxurious items or on those which are optional to use. One can have a surviving life in devoid of that, then it comes under the coverage of luxury tax. This was the condition before and now it has been incorporated under the one direct tax.

Taxation on betting, lottery, and gambling

It is a form of tax imposed on the source itself. The amount is deducted from the income and directly the amount gets lowered as much as tax liabilities are there. But, this would be also inclusive in GST and need not give separate attention.

Entertainment tax

The tax amount lodged on entertainment as movies will also be taken under the GST.

GST or One Tax System has numerous scopes of improvements in its core. Understanding them gradually will help in restructuring Indian economy and also paving ways for undermining other left taxes. When all taxes will be merged in one tax system including income and others, then the meaning of such reformation will make a proven worth. Right now, there are questions in peoples mind regarding the success of this tax pattern, but one day surely this taxing system will be taking India ahead in the world of powerful global economies. We hope GST would also



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Foresight of Government towards the economic future through GST

GST is a big bang reform. It is the single biggest economic transformation in India since liberalisation in 1991. It promises to forever change the way business will be done in India, leading to a unified Indian market place and a wider tax base.

GST - GOODS AND SERVICES TAX sounds indifferent but interesting too. People who are finding this in accordance for good or who are objectifying it both sections are talking about this. No doubt that it has created a huge buzz not in our country only but also worldwide we became an economically talking point. The time will stage the fact what this is going to bring us either success or failure? But, let's talk about the government perspective.

The very first thing if the government has brought it into practice, and then it's not an overnight decision. The whole process has gone through several days of hard work of the advisory body, finance ministry, think tanks and so on. The think tank has gone through each and every point, all the steps involved, immediate impact, long term goals, an involvement of different sections, working persons, business persons and so on. So, criticizing it is quite an easy job, but before coming to a conclusion, we surely need to know the objectives of our governing body about the huge decision.

One tax one nation-state

The very first point as per their perspective is ruling out stages of taxation pattern to minimize complications as well as bring transparency. There is a big section of country's population who is unaware of what they are paying in their bill. There were so many technicalities which are the inclusive part of our foregone taxation pattern. It's not like the GST is out and out simple to be understood by anyone to everyone. Surely this also needs some time to get easy with people. But, one thing is sure the layers and add on tax via different media has gone away with this. The simple working professional with less technical knowledge, need to only understand the four specified slabs of 5%, 12%, 18%, and 28%. Different slabs are for different categories. In this most of goods and services are covered. Some have got exempted as well as some will get covered soon.

Information regarding the GST applicability

The government has offered necessary information to the people of the country. The finance minister has itself come up and participated in press conference giving answers to several must know facts and other queries too. From the very first day, they are assuring that it is going to bring only good changes and be helpful in the development of the nation. After all, we all are thriving hard to get a better life and our dream has been taken up by our center to make India a better-developed place to live.

Goals to be achieved through GST

As per government these goals would be achieved through GST.

Simplified system

The complete tax for a particular product or service would be in one simple way and there would not be parts of the amount



added on maximum retail price in terms of state tax or any other added value. The complete amount has taken under one score and that one has to pay as per the slabs defined by the government as 5%, 12%, 18% and 28%.

More revenue

With the direct implementation and deduction, the whole system would unify a bigger population under one tax scheme. Doesn't matter where one is buying the goods or service, the tax does not have to undergo different division under state slabs and directly go to a center. From there on the further process would take place. As, GST is production to consumption based tax, so direct impact is expected on the way.

Transparency in Taxation

Right now the general complaints of people are we pay so many taxes in a bill, some we even not aware of and for some very restricted knowledge we have. Also, people do complain about the fact that there are many hidden taxes out there in terms of production costs or others. So, here is the solution out there. Pay one tax and be carefree of any undesired or unknowing tax amounts to be added to your bill.

Ruling out unnecessary tax liabilities

As per state government, there were many taxes, also toll check posts are there, and many more things which create much fuss amongst the people across the nation. But, as there are the normal ways adopted by us if something is going on then go with the flow. But, the government strongly recommends the fact that this is going to wave off any unnecessary tax liabilities and would bring only the calculated mandatory tax amount for each and every service or goods included in the slabs.

Promoting the manufacturing sector

In general, users never get the credit of paying taxes of production, processing and other aspects except than the finished product charges. But, by this one will get the complete credit as all the tax amount is summarized at one point only. This would satisfy a customer and the inclination and reliability towards the product or services cost would enhance. The manufacturing sector would get a better market. Multiple indirect taxations have led to major compliance and administrative expenses, categorization and generally messed up the ease of doing business in this sector. So, by adopting this system, the whole process would get ease off and impact for good.

Boosting export

The adopting of one tax one nation would create a good competition for India in a global export market. This will enhance the export. As, the refund will be processed earlier than ever, as well as the costing is now more sorted out. There will not be internal taxes to make the case more complicated. The inclusive of key Central and State taxes in GST, complete set-off of goods and services and ruling out of Central Sales Tax (CST) would cut the cost of locally manufactured goods and services. This will boost the competitiveness of Indian supplies in the international market and give a boost to Indian exports. The uniformity in tax rates and measures taken up in the country will also seem to be helpful in dropping the compliance cost.

Improving the investment scenario

The stable and transparent tax pattern would encourage foreign investment in India; it has been expected by the government and also has been speculated by different economic experts. Investors can go for ETFs as the EGShares India Consumer ETF (INCO) and also can look for the VanEck Vectors India Small-Cap ETF (SCIF). The small-cap, as well as consumer-related ETFs, are speculated to rise, as the consumer involvement is directly associated with the domestic economy. The overall business response is predicted to get improved in 2017 with the execution of GST. The improved customer confidence is likely to draw more foreign direct venture in India as well as domestic investments too in the capital market.

Creating more job opportunities

The market is looking ahead to a huge boost from the GST scheme and expects over 1,00,000 direct new employment opportunities in specialized areas like data analysis, taxation, and accounting. GST is expected to generate major job options as the businesses will need to hire experts for GST execution and management, its up-gradation and necessary improvisation. The implementation of GST will add to the jobs

in the formal sector. Amongst popular sectors which need recruitment such as automobiles, e-commerce, logistics, and cement. Apart from this, the Government will also need to be trained administrators for understanding and execute the plan of the IT software developed to imply GST in the country.

Cutting down tax evasion

By simple ways of paying up tax along with the MRP, the chances of tax evasion would get minimized automatically. In general, the local manufacturer, transporters and so on avoids showing the real transactions and avoids the actual tax amount. This would get a clear check by GST and evasion will be minimized to a new level by a thorough monitoring.

Pros and cons of GST

It is very early to comment anything related to good or bad right now. As one can only do the speculations. The government is surely only talking about upside behavior of this step, but as like always, it will have its own shortcomings too. Every country has its own economy, behavioral pattern, people opinion, interest, and overall of all these needs and available resources. So, a decision would bring what can only be indicative and that too differ from person to person. But, if we also try to take the speculative path then, in that case, the following could be the outcome. The reality could be of slightly different nature still we can outline the assumptions to be ready for this economic up swinger.

Pros

- More competitive business place
- Unifying tax rates all across the country
- No confusion with tax slabs
- Improved inter-state trade
- No cascading tax over tax system
- Easy process to operate and practice both
- More revenue to the center as well state as expected
- Better foreign investment due to fewer complications
- No administrative charges at state or region level
- Free of different check posts
- Easy regulatory mechanism

Cons

- The speculation is GST would adversely impact the real estate sector in India.
- It is also expected that it is not good for some states.
- The complete tax from manufacturing to processing and delivery all are under one tax, so in direct view, it seems that customer has to bear all and that sound's not much good.
- The state share in the tax will decrease.
- Tax on retail market would get enhanced.
- The tax on services would go up.



“If a business entity is not compliant with GST they will find it difficult to claim input credit, which will bring their margins down. And in case of small traders where margins are already low, input credit matters a lot,”

Implementation

As is totally new for the nation-wide there are so many confusions and queries. But, the government is working hard to make it as easy to understand. It is already implemented. The processes of new revised rates are on way to rule in and at most places already in function. There are several sections where cost cutting could be seen, at some fronts hike is also expected. So, swiftly it has come in a full way and the other peculiarities would also go on ease in some days. The government is confident enough for its successful implementation and smooth run all across the country.

Does GST accelerate the development rate?

A big question on which the whole decision of the government is relying right now is does GST accelerate the development rate? People have been assured of better impact and development acceleration, as well as the strong economy. The improved revenue has been the foresight of this and also the satisfaction from the consumer is expected. The time will only clear these questions, but if we go by our government perspective it is for good, for people of our nation, for strengthening our financial core and for creating a developed nation.

Current role of government on GST

Right now, a government is trying to soothe out the people and convince them to act calm. Also by various media, they are trying to offer as much information as they can. Also, telling them to garner knowledge and don't get deviated by wrong means. Every passing day this issue is getting straightened out and more understood. So, it seems government is getting some success for their efforts. The different tax slabs are mentioned with clarity. On few goods the one tax scheme is causing more uproar but smoothly things will be normal for those soon, this is what we hear from them, isn't it?

What's in the future would get revealed in coming times and the story would get unfolded slowly clearing all doubts. The speculations would get judged by the outcomes, benefits would be cherished by people, cons would get objectified and experts will give their comments for sure. But, what remains the big thing right now is the confidence of our government in this system and expectations of good economic times at various sectors creating a nation which makes us feel proud and satisfied. The perspective of government is clear and out, the nation is swirling up with questions, confusions and slowly government is working towards finding ways to settle everything. ▶

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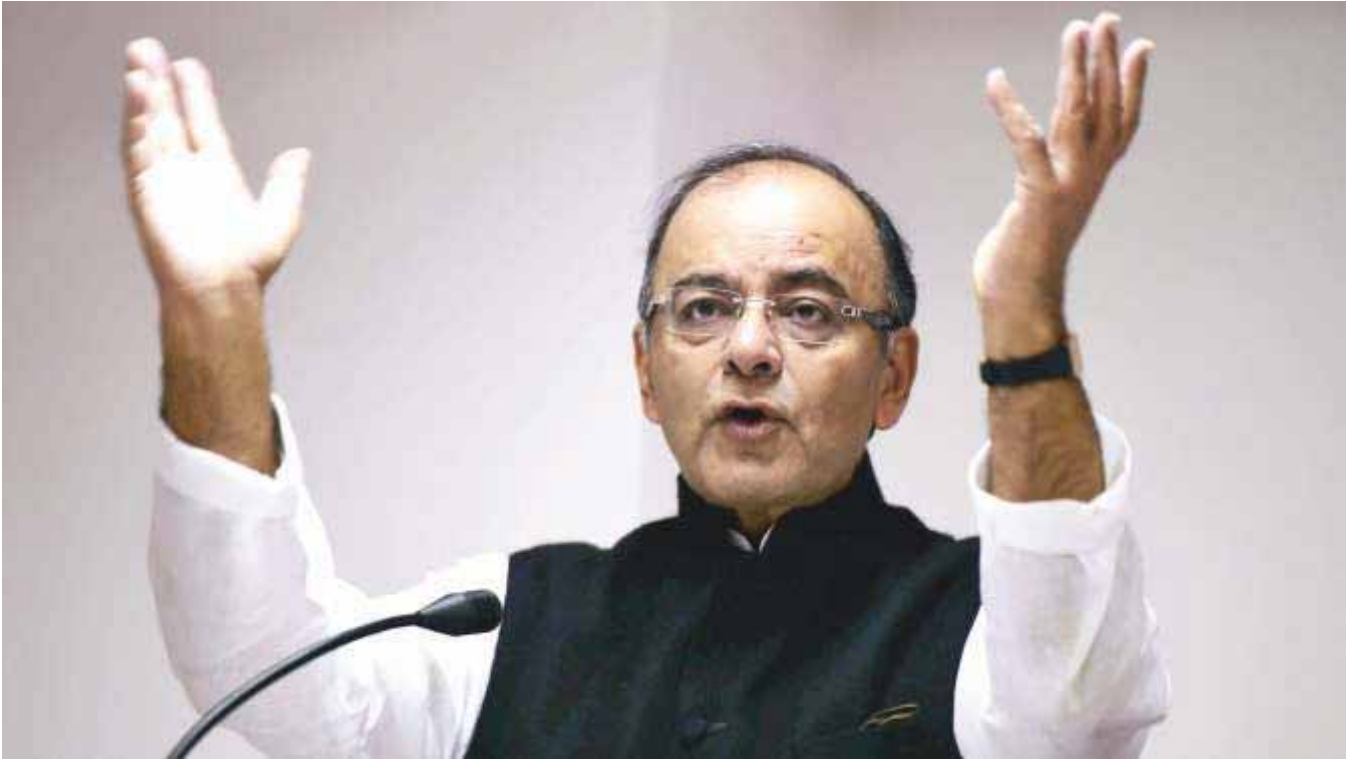
Let's understand GST through expert's point of view



Arun Jaitley
Finance Minister,
Minister of Defence and
Minister of Corporate Affairs

GST has brought a storm and a wave of discussion throughout the nation. Everyone is talking about this, people are concerned, worried and have mixed emotions regarding this. In this situation what could be the calmer? The statements, perception of expert personalities who have understanding for the same, aren't it? So, here we bring you the interview of personalities, who holds a key position in this discussion and can throw a good light on the topic.

The most important interview held till date is of Finance Minister Arun Jaitley, so let's see the key questions and answers from that one first.



Q Are consumers complaining about GST?

'Consumers Not Complaining About GST, Only Some Traders Are: Arun Jaitley'

Jaitley said the consumers are not complaining about Goods and Services Tax (GST) because the government has kept the rates at reasonable levels. "In the country nowhere the consumer is complaining because we have tried to make reasonable the basket of taxation. So why are one or two traders complaining? Traders don't have to pay tax, consumers have to,"

He said nobody can claim that one has the fundamental right of not paying taxes. The society has gotten used to the mindset that not paying taxes is not a wrong thing. "This mindset needs to be changed and a new norm has to be created. If India has to move from developing economy to developed economy then the attitude, mindset of people needs to get changed, it is about time that the mindset also became a mindset of a developed economy."

Q Are State Government supporting GST?

Jaitley said GST is a collective decision of the nation and every state government has supported it. "There is no need to worry, some people are worried and hence they are distancing. This a collective decision of the nation, and I believe this will surely benefit the nation."

Q Does the taxation reform is completely ready for implementation?

"For any economic reform, it is essential that direction of the

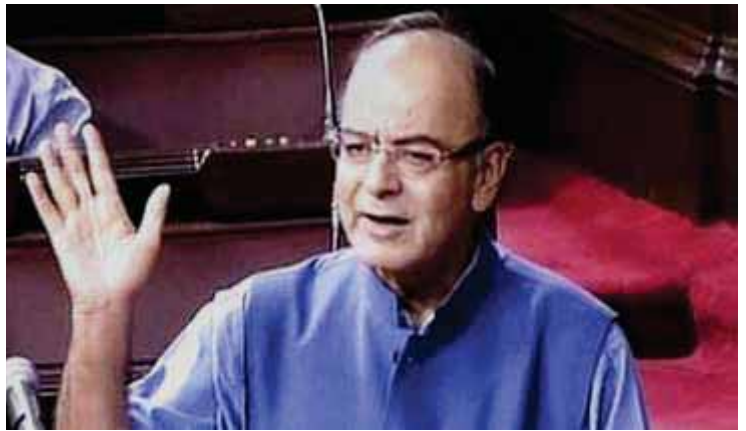
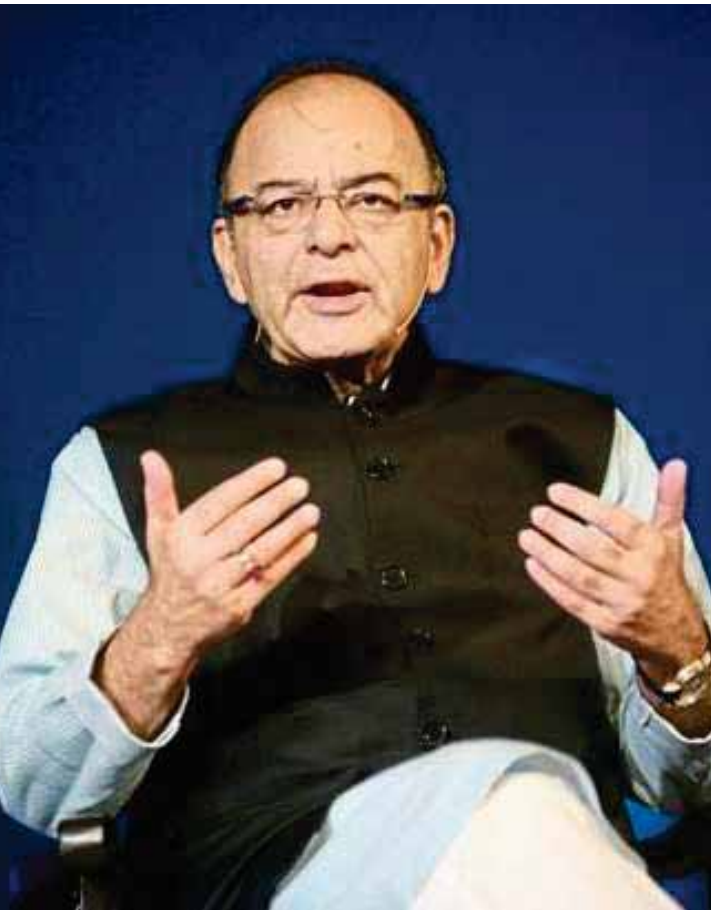
government is right. No half-baked measures can result in reform. A government which blinks is never able to reform," Jaitley said. Whenever there is a change, there are technology based troubles," he said. Thus, an implementation may have few hurdles, but those will be taken care.

Q What does 'One Tax, One Market, One Nation,' actually means for economic growth?

Arun Jaitley said not only will India write a new destiny; the new tax regime would also strengthen federalism. India's GDP will be benefited from GST rollout. The rollout of the GST will ease inflation, make tax avoidance difficult and boost GDP growth. Addressing the midnight launch event of the GST in the Central Hall of Parliament, Mr. Jaitley said the implementation of the landmark unified tax should be seen as the beginning of a new journey that will expand the country's economic horizon.

He further added that 17 transaction taxes in states and center and 23 cesses would be subsumed in GST. An assessee will have to file only one return. "Inflation will come down, tax avoidance will be difficult, India's GDP will be benefited and extra resources will be used for the welfare of poor and weaker section."

In terms of Mr. Jaitley, "The old India was economically fragmented. New India will create one tax, one market, one nation. It will be in India where Centre and states work together towards the common goal of shared prosperity."



Arun Jaitley, Finance Minister,
Minister of Defence and Minister of Corporate Affairs

Q What is your take on opposition reaction over this topic?

Union Finance Minister Arun Jaitley said in answer to the above question that the opposition must now "display broad shoulders and own up to this decision". He called then "symbolic boycotts" and said he hoped "every political party will revisit and reconsider its decision and be a party to the launch of the massive reform."

"The GST Council was a perfect experiment in a federal institution where 31 state governments and the center together took hundreds of decisions and each one of them by consensus. There has never been an exercise of this kind of political consultations and political consensus in bringing the GST.

Those who have been party to the consultation and decision making process must also accept that this is not a decision of the central government but is equally a decision of the 31 states and Union Territories which have been party to this," the minister said.

Q Is agriculture will be kept under GST bracket?

Finance Minister Arun Jaitley has said the government has no plans to tax agricultural income, including that of prosperous farmers, saying a rich farmer is "a very rare institution" and not the

norm. In an interview to news agency PTI, he said the farm sector is in distress and there was no question of taxing agricultural income.

NITI Aayog member Bibek Debroy had late last month stated that farmers should be liable to pay tax on their incomes at par with other citizens after seasonal fluctuations are adjusted. "I have already contradicted that. I have already said that we are not in favor of doing that," he said.

Stating that the agriculture sector is in distress, he said farm holdings are very small in size. "The rich farmer is a very rare institution. It is not the norm. It is only a rare exception and therefore, at a time when you need to support agriculture because of the distress, this is hardly the time to deflect the issue and start taxing agriculture. This is not the time. They are under distress," he said.

The Finance Minister said farmers should be helped and not taxed. "The government is very clear (on that)," he added.

"In any case, the Central government has no power. It is the power of state governments (to tax farm income) and my own view is none of the states are going to do it," he said. ■

Now, let's look out for other prominent personality's point of view.



Kiran Mazumdar Shaw

Q What's your take on GST?

She states that it is great but too complicated.

Biocon chairperson Kiran Mazumdar Shaw has said that even though the GST or Goods and Services Tax was a path-breaking reform, the manner in which it was being launched was cumbersome. "There's no doubt about it that this is the biggest tax reform that we have long been waiting for," "We don't really need to start with the perfect GST rollout, but we could have actually come out with a very simple GST rollout."

"Why have we made it so complicated that we have so many people getting worried about how we are going to roll it out? Why are so many sectors worried about how they are going to deal with the GST rollout? I think it could have been made far simpler".



INTERVIEWS



Yashwant Sinha

Q What's your take on GST?

Yashwant Sinha directly states that 'GST is a Result of Compromise Which isn't Best Solution'. Other points from his answer are briefed as per following points.

- GST is the biggest indirect tax reform
- It has been shaping up for 20 years
- It is the result of a compromise and compromise is not the best solution
- Each state will look at gain and loss so will further lead to litigation
- Should have avoided multiple rates as it will lead to lobbying
- We had all the time in the world to execute it so, could have had better solution
- Tax is just part of larger economic reform, and not the sole reason
- Private sector investment is important, thus need to focus on that too
- Actual growth of 8 percent is required to get rid of poverty and unemployment.



P. Chidambaram

Q You have stated that the bill is imperfect. What are the imperfections?

The bottom line from Chidambaram interview was don't be in rush, Push GST roll out to Oct 1, as most items need to come under 18 per cent modal rate' and make it more practical.

As per him, the first one imperfection is the multiplicity of rates; two, the compliance provisions; three, lack of clarity in some provisions.

The first example is what happens if the turnover goes above Rs 1.5 crore in one year and then falls below Rs 1.5 crore the next year and then after 2-3 years, again goes above Rs 1.5 crore?

The second example of the lack of clarity is how a compoundable offence is also made a non-bailable offence.

"Number four imperfection is the fitment. The whole thing will unravel if the fitments are done unwisely or with greed in your heart. If all the states (in the GST Council) get together and say that we must extract more tax and the entire fitment is skewed in favor of a higher rate, then I think the whole thing will unravel."



Industries to think Out of the Box

An ACE to Indian Economy (GST)

The new tax regime in the name of GST will become a game changer in the near future. It is expected that this would transform the condition and direction of Indian economy completely. For easy understanding, GST is better defined as good and simple tax rather than Goods and Services Tax. Its implementation will completely eliminate the complicated multi-layered tax system. After GST application, only those people will feel scared who are intentionally not paying tax. So, overall the system will give an upper hand to the honest and put the dishonest under IT scanner.

GST - instrument for growth, seamless trade and transparency

The Goods and Service Tax after having shaken the economy, of course positively, will finally end up towards a windfall of economic reformation. Basically, it had never been established with the thought of curing a common cold rather mend the numerous ills which are upsetting the economy. Effectively, the transportation cost will fall and this will eventually result in falling of commodity prices.

Key Features of GST

The commodities have been segregated under 4 slabs, 5%, 12%, 18 % & 28%, as well as keeping some of them exempted.

Will bring down the system of tax on tax. The move would deflect state governments from unpredictably expanding charges.

During multiple tax regime, companies warehousing facilities were being established in the state where the tax was low. But in GST there would be One Nation One Tax, which would result in no segregation of warehousing based on low taxation zone/s.

Earlier the imposition of 2% interstate tax was the indication that production was being kept within the state. But, under the GST, this will be spread throughout the national market which will create opportunities for others.

Transportation cost will decrease due to long queues at state borders and other similar entry points resulting in the reduction of companies operational costs.

It is estimated that companies' savings would increase by up to 40% which they were losing on logistics at various check posts.

GST could moreover help trade by making Indian products priced more aggressively across the globe. Exports will be treated as zero value supplies which would attract no tax. Although exporters can assert input charge credit also.

Input tax credit - while paying tax on output, one can lower the tax, already paid on inputs. This is one of the most prominent features of GST. But this is only possible when the details of supplier matches with the return filed by the supplier. So, to get the benefit, the suppliers should be GST-complaint which would finally result in checking the tax evasion.

On the other hand, GST implementation will also bring some short term challenges. Initially, due to the "Input tax Credit Lockup," the working capital of industries will get disturbed which is expected to be normalized only after the transition is complete.

GDP growth is expected to go up by 1.5 – 2 %.

GST will also convey unorganized advantages by enhanced taxation efficiency which will create the simplicity of doing business as India will become one common market.

A step towards Brighter Economy

The implementation of the Goods and Services Tax will be an extremely significant stride with respect to the indirect tax reforms in India. The merger of multiple taxes into a single GST will make taxation easy for industries. For consumers, it will become a win-win situation as the tax burden will reduce as well as the price of important commodities will go down. Presentation of GST will make Indian commodities more competitive in both markets, domestic and international. To wrap things up, GST, as a result of its transparent characteristic, will be simpler to control. GST execution will strongly hold the promise of economic growth.

One vital after-effect of GST is the transition of an unorganized segment to an organized one. The unorganized sector will come under the tax net and can lose the advantages arising from non-payment of taxes and levies.

GST would lead to developing the states which are less developed. As the transportation cost will get lower, the ultimate beneficiary would be the companies working there and finally, the profit will be added to the Government treasury.

Both the Center and States are of a similar view that there ought to be a Compounding Scheme with the end goal of GST with an upper limit on net yearly turnover and a floor rate regarding annual gross turnover. There will be an intensifying cut-off of Rs. 50 lakh of gross yearly turnover and a story rate of 0.5% over the states.

Centre may also focus on Composition Scheme up to a gross annual turnover limit of Rs. 50 lakh, if edge for enrollment is kept as Rs. 10 lakh. Here, the floor rate of 0.5% is for the SGST alone. The Center may consider leaving the organization of Compounding Scheme, both for CGST and SGST to the states. As specified earlier, this progression will enable little dealers who too

will be presented to SGST and additionally CGST; in the event that the edge would be kept as Rs. 10 lakh.

The taxpayers would have to show and submit periodical returns, in such format that it should be common for both CGST and SGST, as much as possible. Additionally, in the case of inter-state transactions, the taxpayers have to submit the returns to Central IGST administration.

The suggestion to the model regarding a Common Dispute Resolution system will fall in favor of the common man and industrialists widely. All will get benefited because the settlement of cases will be handled by a common scheme.

Since the assessment base must be indistinguishable for the two segments, like CGST and SGST; it is desirable that any differences between a citizen or taxpayer and administration, CGST and SGST, is settled in a uniform way. Probably there would be a set-up of a harmonized system for inspection; audit and dispute settlement will come into effect.

All in all the GST will become the major aspect in generating revenue and contribute to the country's economic growth. Foreign investment and setting up business will become extremely easy due to the uniform tax system.

India's New Tax-Challenges

Without facing difficulties, nothing can be gained and the same is applicable to the GST Implementation. And it will become more problematic when it comes to the taxation system reformation. Undoubtedly, there will be numerous challenges that will come in the way after execution. Let's have a look at a few of them.

Restructuring corporate operations

The GST implementation will constrain many organizations to rebuild their operations.

Organizations will now make the demand to sellers and suppliers to furnish all the monetary transactions as per the law as evading tax will be impossible.

Big organizations remain to profit as they have a consolidated production network and can balance the charges paid on inputs

On the other hand, the smaller entities may have to spend more on restructuring their chain as the impact can be observed in the form of a rise in compliance cost.

Tax reduction benefit should be passed on

While the GST Administration will keep a strict eye on whether organizations are passing on the advantage of tax reduction to customers, specialists doubt that government will succeed in controlling profiteering.

Although the laws made for GST includes strict anti-profiteering measures—the advantages of the tax cut and input credit might be passed on by an equivalent lessening in

costs—such measures are hard to actualize and would be a retrograde stride, like value controls, if executed in hurry.

Inflation stays at lower rate

Experts are assured that the inflation rate will not go up and will stay on lower side. However, expecting that GST has the planned impact of increasing tax compliance, the tax burden would rise significantly. This could lead organizations to pass on the extra expenses incurred due to complying with new taxation system.

In the Consumer Price Index inflation basket, a larger part of services are not accounted for and thus the higher GST rates may not get considered at the retail value movement as measured by the data of government.

Economic growth will not be visible immediately

Experts are of the view that the new tax regime may negatively impact the small businesses and stop the growth of larger organizations during the transition phase. Thus, they are not sure about how it will affect growth in the near future.

While GST is probably not going to be "positive" for financial development temporarily, the change will enhance the simplicity of doing business, it will definitely support the investor sentiment and attract foreign investors in near future but not immediately.

As per GST module, the compliance will increase resulting in increment in the number of annual return filing. Businesses will have to file several returns, expected to be a minimum of 37. The number may increase as per the size of the business.

Clients should stay ensured about the compliance adherence by registered suppliers which will help them in cutting losses of input credit. Thus, the correct data presentation will become essential.

IT Systems Update

For creating GST invoices and extracting required reports, most of the businesses are yet to get the required accounting software and organize the IT systems in line for staying compliant with



the newly proposed tax provisions. The accounting and tax professionals should have worked jointly in order to ensure that their system is compatible with the GST Service Provider.

Indian businesses need to modify the whole IT framework within minimum time period. Now as the GST is effective and is demanding compliance, keeping the system updated has become the most difficult task. Consistent execution will require six million MSMEs ventures to adjust their invoicing approaches for which they don't have satisfactory IT support and frameworks

Immediate requirement of skilled resources

With GST rates and the complexities that have come with it, it has now become a part of our policies and finding skilled staff having updated knowledge regarding GST and the instruments for providing training will not be available so easily. This has put extra work pressure on professionals across the country and created urgency for GST-skilled human resources to ensure smooth implementation.

GST is both good as well as non-motivational at the same time. It may provide the opportunity to learn new things for the professionals but with new challenges. They should have the knowledge or have to acquire the knowledge regarding cloud, big data, business applications, and analytics and so on.

Additional 1% extra demand on GST.

According to Constructional Amendment Bill set in the Lok Sabha, States are permitted to impose an extra 1% non-vatable assessment between state supplies of products for the underlying two years or such other period as the GST committee may suggest. The reason for the extra demand is to repay the States for loss of income while moving to GST. There are two late improvements on this front – first the EC is mulling over to expand the era (of two years) for extra 1%, if two third of the individuals concur so and second mechanically propelled states (like Gujarat and Maharashtra) have requested 2% extra exact rather than 1%.

Without a doubt, extra exact is against the fundamental precept of GST. We know the principal motivation behind GST is to make "India" as one State, where the Inter-state development of products is extremely normal and in that circumstance, extra collect would nullify the very point of GST in the Country. The 'extra' would be inconvenient to the enthusiasm of exchange, industry and purchaser in the Country, as it would bring falling and distortionary impact in the entire chain in the business cycle. The effect of the extra imposition on the estimation of products/benefit on each Inter-state development of merchandise/benefit will be humongous for the Indian Economy.

It can be seen few focus areas said above are connected with each other. Since every one of these focus areas is critical in their specific manner, it must be tended to in totality in next 9-10 months and after that exclusive, aggressive date for usage of GST would be accomplished. Mind you, the clock is ticking... ▶

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All You Need to Know

The GST stands for Goods and Services Tax and is a proposed tax return. This is an indirect tax like the VAT, Service Tax, Entertainment Tax etc. that we have at the moment. The GST would be levied by the state and centre in the form of State GST and Centre GST on the manufacturing, sale and consumption of goods and service across India.

The scheduled launch of GST (goods and services Tax) from 1st of July 2017 has now become effective throughout all Indian states. The spectacular move of the government to make “one India one Tax” is now live. The revolutionary step has been initiated to ease the India Taxation system. Now, instead of dealing with various taxes in different states, the businesses have to implement only one tax in their invoices. Let's discuss in details that what we all need to Know.

What is GST?

The Law made for GST introduction in India is a comprehensive, multi-layered and destination-based taxation system that will be imposed on each value addition. For better understanding, let's define them separately:

Multi-layered

There will be several steps involved in a manufacturing process. The whole starts from purchasing raw materials and ends at final sale. So, the beginning is the raw

material purchase. Secondly, the production then warehousing. Later the finished product goes to the retailer and then finally to the consumer. This is the complete product cycle.

The pictorial presentation of this process would be drawn as:



Before briefing the multi-stage taxation at every step, first have a look on value addition:

Assume the production of a plastic drum:



Here at each step there will be a value addition. Like conversion of raw material into finished products adds value then after branding again there will be a value addition and then retailer adds their

margin which will be the final value of a product.

If we compare this value addition with earlier tax implications, then the picture would be like this (which is complicated):



Here you can see that at every step, there is a tax which ultimately leads to making the items more and more expensive.

As we all are aware that Indian taxation system has two parts- direct tax such as income tax which should be paid by the first person and the indirect tax which requires being collected from the purchaser. In the case of indirect taxation, the tax liability will be passed on to others. This implies when the retailer must pay VAT on his deal, he can pass on the obligation to the client. In this way, as a result, the client pays the cost of goods and also the VAT on it so the retailer can pay the VAT to the government. It says that the client must pay not only the cost of the item, rather pays the tax liability too which makes the item expensive for him.

The whole scenario happens because the retailer has already paid the tax to wholesaler while making the purchase. And the wholesaler paid the earlier. So, to compensate for the tax paid, he passes this liability to the customer. This was the only way where the shopkeeper could have recovered the sum he spends on tax. Therefore he was not left with any choice rather passing this on to the customer.

While in new GST regime, there is an Input Tax Credit system which allows sellers or to claim the paid tax and this way the end consumer liability has been decreased.

Now, about the Destination-Based term

Since the GST is the destination-based

taxation system, the revenue will be generated at the final point of sale and not earlier. For manufacturers, there will be an input tax credit which will offset the loss due to the taxes paid already. This way the end consumer will get the benefit as the tax levied will be less.

Benefits of GST

For Manufacturing and Businesses:

Better compliance adherence: As the invoices would have to be generated electronically, hence monitoring these transactions will be easy. All the tax payers' data will be available online, thus making the compliance easy and transparent.

Uniform tax structure: The new tax regime will ensure rates and structures across the country would be same, therefore the certainty will increase and ultimately ease the process of doing business. In simple words, GST would create a seamless business structure irrespective of the place chosen.

Minimization of cascading: A system of consistent tax credits throughout the chain and across the state boundaries would make sure that there is negligible cascading of taxes. This will scale back the hidden prices of doing business.

Enhanced competitiveness: Transaction cost reductions for doing business would ultimately lead to competitiveness enhancement for the industries.

Support to manufacturers and exporters:

The merger of major Central and State

taxes in GST, extensive set-off of input goods and services and elimination of Central Sales Tax (CST) would result in the reduction of locally manufactured goods and local services. This will uphold the intensity of Indian products and services in the global market and offer the boost to exports. The consistency in imposed tax rates and methodology throughout the country will likewise be helpful in compliance cost reduction.

For Government Authorities

Easy and simple to monitor:

GST introduction eradicated the multiple tax system at both the center and State levels. With the robust IT back up, the monitoring GST would be easier. Now rather than administering several taxes, the authorities need to keep a check on single taxation system.

Better control:

GST will help in higher tax compliance owing to a sturdy IT infrastructure. Owing to the seamless transfer of input diminution from one stage to other within the chain valuable addition, there is an associate in-built technique within the GST module that may incentivize tax compliance by traders.

Effective in generating higher revenue:

Since the tax evasion will become impossible in GST system, revenue generation will increase. Also, the tax revenue collection cost is expected to decrease will lead to higher revenue efficiency.

Benefits to customer

Single taxation for goods and services:

Earlier, the multiple Centre and State tax were being levied without complete or no input credits at all stages of value addition which was ultimately increasing the cost to the customer. But under GST, there would a single uniform tax is applicable across the country. Therefore,



A Major Step towards corruption free India

the manufacturers and consumers required to pay one-time tax leading to the transparency of taxes.

Relief from tax burden: Because of the potential gains and leakages prevention, the tax burden on most items will turn down, which can be passed to the customers in terms of lesser payments.

GST - A Major Step towards corruption free India

The newly imposed Goods and Services Tax is not only the reform of indirect tax regime but far more than that. The whole process involves the use of digital payment system, thus will be the major hindrance for stocking up any black money. For filing the GST returns, the PAN and Aadhar have become mandatory, which ultimately gives the IT Department for keeping a check on all transactions.

Transparent single taxation

Under multiple tax system, it would be easier to evade tax as the administration of different taxes was under control of different authorities. Thus, it was difficult

to control the tax evasion. This results in increasing corruption, black money and was invested otherwise. This unlawful process makes the common man powerless.

Rather the GST- "one India one tax" will provide the better way of surveillance to the authorities hence prove helpful for making corruption free India.

Integration of Multiple Tax into Single System

The GST would incorporate all the earlier imposed taxes and will also get blended with the IT reporting. The tracking of material has been proposed in this new system. It will show the transparency whether the material is being procured locally or is imported from overseas. Thus, each item after manufacturing will become the bill of material. This will result in establishing transparent system.

After the establishment of GST, the individuals or organizations evading taxes would be forced to declare their financial gain and can never run away from paying tax. As a result, the generation of black money would go down. This will help in increasing the income tax filing.

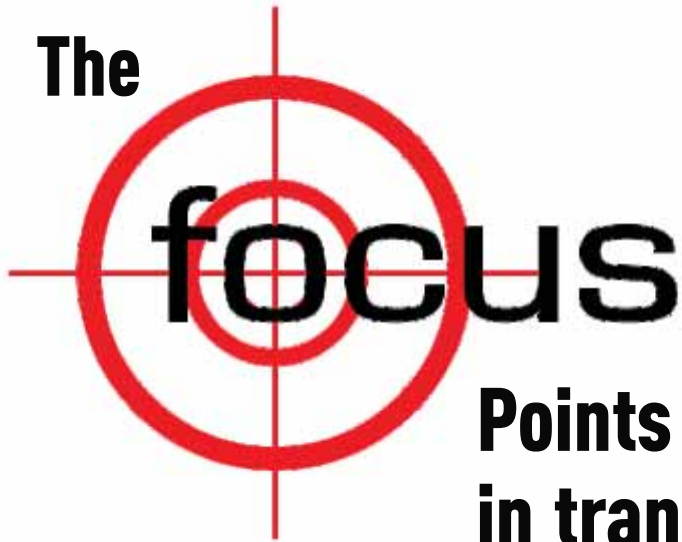
And it'd replicate in your GDP. If the illegal income goes down, the approach of influencing policies through lobbying would conjointly decrease dramatically. In case you have black money and would try to pay the bribe or donation through cheque, no one would accept that. And the visible difference can be seen within a year or two that everyone will be seen paying tax and help the country in generating revenue.

Now under GST, the tax paid by the consumer will be given to the state where the consumer resides. As a result, now many states will have more funds for development. So it is addressing the inequalities of the distribution of income.

GST and Digitization

The government is also striking to make all the payment cashless which is digital mode. This will bring all the cash flow under tax scanner and limit the black money stocking. Currently, the use of ERP based systems for financial transactions is not quite common but with the implementation of digitization, most of the taxpayers will become e-disconnected, especially while filing the GST return. ▶

The



Points of GST implication in transforming India

When a government takes such a bold decision, there is a lot at stake. The very first thing is the dissatisfaction of people, as it directly cost them valuable votes. So, one has to first understand that it is not only a whirling situation for the people but also the governing body is much worried about its success.

Multi-tiered system

| Tax rate | Indicative items |
|---------------|--|
| 0% | 50% of the consumer price basket, including foodgrains  |
| 5% | Mass consumption items like spices and mustard oil  |
| 12% | Processed foods  |
| 18% | Soaps, oil, toothpaste, refrigerator, smartphones  |
| 28% | White goods, cars  |
| 28% plus cess | Luxury cars, pan masala, tobacco, aerated drinks  |

GST, the biggest reform in India's indirect tax structure since the economy began to be opened up 25 years ago, at last looks set to become reality.



Role of GST in Transforming India

Considering the bigger picture GST has been taken up with the aim of transforming India for its betterment. How will it transform? This is the question! Right now as per expectations and speculations there would be changes at various fronts. Tackling each and every issue one by one would give us a clearer picture in the days to come.

• Easy system to handle and implement

One would see the one tax at one product or service, without any tax over tax. This will avoid the situation of the customer feeling overburdened with the taxation. The easy process of tax liabilities, as well as payment and revenue generating, would bring the confidence of customers. Making India a transformed one with respect to development would get boost up from this. The defined five slabs would easily be understood for different products and services category. And now general people can also access their tax liabilities while eating dinner in a restaurant, or purchasing any item.

• More revenue generation with less effort

The best part is revenue generation would get enhanced with the implementation of GST. The goods and services tax simply means giving tax at one point waving the other several points as

like state tax, product tax, value added tax and so on. With the direct taxation system, a government would analyze the total sale up and the complete revenue. The assessment would be direct without getting into complications of indulging into stages of the taxation system.

• Avoiding the detailing of the taxes through tax over tax system

While filling back the income tax by the traders obtained through tax, there were so many slabs. These slabs were operating at different stages of preparation of finished goods, which are indicated on the product package, included in the rate to the customer. Thereby if someone needed to understand the system it seemed quite difficult thing to do the same. But, now as detailing has been removed and the single tax is applicable so, if someone wants to know, then the trader will explain in simple ways. The product or service falls in particular category of the slab as 5%, 12%, 18% and 28%, so the one tax asked to pay is this. This will further hold the customer confidence in the buying and sale will see a definite hike.

• Reducing the tax evasion possibilities

While selling any items or services, the local merchandisers, retail shopkeepers, wholesale market persons, small scale to

mid-level and even bigger business persons cheat with the taxation system. They don't submit the actual rates of goods and services sold. They show the manipulated bills and avoid paying the actual amount. This offers a big loss to our nation's economy. It doesn't end up here; the whole calculation gets tossed off. After the complete economic cycle, the expected revenue sees a big setback. So, by having this of one nation one tax, cheating with the tax system would not be that easier as always.

As when there would be better revenue, the economic strength would be raised. The financial scenario of our country will change and would bring a chance to look up at growth. The indication of enhanced GDP is also hinting for the betterment. There are many sectors which need immediate attention but has been avoided as firstly it requires good investment, as well as more prior work needs to be done. But, by having a good pay back tax, these ignored matters need to be looked into and can be worked out. Actually, citizens of the country are also in wait of that.

New Possibilities with implementation of GST

- The most important thing is simplifying the taxation pattern.
- Other things include as discussed above as strong revenue and so on.
- Impact on job sector

It is a very important aspect which finds out the creation of job opportunities or evolving the already present openings for betterment. In India, job sector is one of the most sensitive sectors. There is so much competition for the job that people are getting hopeless after the long search. The job possibilities are quite lower than that of the number of competitors. So, any chance of job openings is readily entertained by people.

This whole system will create job opportunities. Apart from jobs, training would also get enhanced. The implementation and troubleshooting of this system need a good technically sound team to take care of. If we talk about government section, then government officials need to get hired to manage this system. Accessing the daily updates, solving the questions, and technically designing it to more perfection, removing the shortcomings and so on. Training to the officials needs to be offered to for a better understanding of the job.

If we go for a private sector, then in IT section, there would be good openings. As to run the GST software not to be understood by all, and which is huge, techno experts should be hired. For different other sections too, a professional expert is needed to guide in a right direction.

Impact of One Nation One Tax (GST) on Inflation

• Control inflation rates

The inflation rates are high, and especially in metro cities. While after the One Nation One Tax it will bring up in control

as expected for now. When there is a tax upon tax system working on then for the same thing one has to pay tax at different stages. The more not so happening point is all tax amounts are not billed on the receipt. So, the complete amount is mentioned under one tax one nation is the amount one needs to pay. So, the calculated tax would be at one point and that clearly billed on receipt.

• Reduced cost of many services and goods

There would be many things which will get cheaper, but there are again few things which are expected to get expensive. So, inflation is surely going to get impacted and now we need to wait from where and to what the impact would be seen. All these are presumptions, so commenting and saying anything on assurance basis is difficult. For now, the rates on services would determine whether it is going to hit the market hard or prove to be generous. One thing is for sure that it is not going to be uniform for all sections. Few things must see an adverse impact, few will get positive enlightenment and some will remain unchanged. So, let's see where the GST is going to drive the economy.

• In make- A stronger and sustainable economy

Saying one nation one tax would help to build a stronger economy as well as criticizing the same does not require much effort. But, for understanding, this individual surely needs good effort. As it is new, have unseen impact points and moreover, a long process to address anything regarding this would be too soon. As per studies, expert comments and ideas, this is going to build a better economy than that of the existing one.

Maybe the confusion about its functioning, regulations, and doubt on success is prevailing people's mind in the current scenario. But, we all have to rely on the fact that government has already gone through the points, peculiarities, pros and cons, implementation issues, driving needs, future foresight and so on. The think tank of experts behind its designing, defining and implement must have gone through all checkpoints. The shortcomings, queries related with and good immediate impact, all in all. So, they must be ready with answers and above all to fight back, to stop and firstly to prevent inflation to hit the market. Necessary measures may be already prepared with them and calculations are performed in advance.

Apart from so many direct and immediate impact we all are foreseeing, there are many indirect impacts which will come sooner or later. These will be surely again discussed by several means and the consumer behavior will automatically speak out for the market status. This is one condition where the success or failure would be readily known as market evolution will tell its story without any polishing or fabrication.

So, for the current situation, it is better to be calm and composed and wait for the results. It surely will take some time and gradually the scenario will be clear. Till that time, one important thing to do, collect as much information, follow the government directives and go with the flow. ■

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Differing Opinion on **ONE TAX ONE NATION**



To maximise **ECONOMIC GAIN**
& minimise **COMPLIANCE PAIN**

THE MOTIVE OF GST may be lucrative and advantageous but right now it also seems to be complex. Tax laws are required to get simpler rather than giving it a complex structure. The move hailed as one tax one nation has become three taxes, at five different tax rate slabs asking for multiple registrations and even more returns to be filed.

Moreover, the government needs to educate public including non-affected and affected public about the use, advantages and disadvantages of GST. A strong step towards advertisement of Goods and Services Tax is extensively needed to make it most prolific in current as well as future conditions. IT can play a major role in this segment as today everything can be accessed online. The government needs to build a website regarding comprehensive information of the new tax structure of India. Apart from online assistance, offline media can also play a vital in promoting this essential education through newspapers, advertisements, GST centres and other means.

The great value of GST is input tax credit throughout all states and across the supply chain. In the meantime, this could have been accomplished by other means-

- Cenvattax of central duties through the supply chain could be attained by central excise registration process of every dealer and taking an invoice of every dealer as a Cenvatable document.
- The issue of inter-state credit can be resolved by eliminating CST and reimbursing the states for a five-year period, which is now done in GSTas states have surrendered most of their tax power in GST, which looks to challenge the federal system of India. The professionals for GST will have to find instruments other than tax exemptions to incentivize or attract industry. Besides this, there is still some ambiguity if some states turn non-cooperative.

GST will influence Manufacturers, Retailers, Traders, Dealers, and Consumers at one time. All of them will be revived in differing ways aiming for more constructive results.

If we follow the examples of other GST imposed nations like Australia, Canada, and New Zealand, the new tax structure will be constructive for Indian manufacturing industry.

How will the world see Indian GST?

It is an established fact that India is one of the strongest economies in Asia as well as in the world. So, immediate neighbours like China and Pakistan to America and European nations are looking with their eyes wide open. As India has most competition from China in an Asian market, the neighbouring country will keenly view all news going around India.

GST is a vast topic and it can't be explained or understood in a day. We need to proffer some time to make it more understandable and simple. There will be a day when one tax one state will not be new to anyone as well there will be no confusion in understanding or practicing it.

GST a face for new economy-

This idea is actually promoted by the government amidst the users through their press releases, interviews, and statements. How will a new economy be built with GST and does it work in accordance for good or bad? The criteria to criticize the new taxation system and the notions based on which it is appreciated, all are under test. The real judge will be the outcome of people's reaction.

The general public doesn't know the technicalities, but they conveniently understand the gradual as well as an immediate impact on their daily lives. Apart from the dissatisfaction proffered by the public, the very easy way to understand the current nerve is by simply looking out for a market trend. The demand and supply difference will tell the whole story in the easiest way.

- If demand is enhanced and supply is paced up then surely impact is positive in terms of GST effect.
- If demand gets lowered even after the proper supply, then impact surely tells the adverse story.
- The behavioural pattern of the market gets you the actual picture without any adulteration.
- The opinion amongst several groups, between individual, different class of various traders could be indifferent from each other. So, unifying everyone's thought in one notion would be not right. The different sectors will behave distinctly from each other.

GST in promoting India

There is no way to do magic overnight, so if people are asking for immediate effect, then it's meaningless. Instantaneously, one can only observe the price changes for different goods and services. The major impact of revenue generation, export promotion, internal market strengthening, etc is a long term impact. With gradual effort and time, behavioural honest interest is the factor which will set its success path.

Of course, we all aspire to have a life where the expenses should be in control, life style should be good and for those days to come, effective ways needs to be adopted. GST is one big step in that course; and am confident it has better days in store for us.

Key factors in effective GST in Indian market

- One tax liability- burden seems to be simplified with a one turn deduction in spite of a multi-layered tax system. Cascading effect of tax is no more relieving the consumers.
- State check posts will be removed- The long queues waiting for toll check clearance will be no more in practice. The time consumption for transportation of goods will be automatically less and that will prove to be beneficial.



- Black money circulation would be in check- The tax evasion and depositing un-taxable amount will come under check. Now, manipulating bills will not be practiced as the total tax will be in form of one tax.
- The market will show positive sentiment - Due to the easy handling of money confidence of investors will increase.
- Return policies will get smoother- In a case of returning any purchased item, the return will be quick, and refund processing will be fast because of simple. So, satisfied customers will be more.

Cost cutting is expected on several merchandise and services

In one go and in the first phase, things are looking as if it is heading for good. There are many adverse effects also expected like a hike in the cost of many goods. Another aspect is an effect of this system on tax revenue for the state. It is not going to be in loss.

The opinion of State Government

The state government has to look after many things by way of implementation of GST, as it has many layers of understanding associated with it. How will the one tax offer revenue to state governance and if it will be in profit margin or not? How the production and sales will get impacted? What will be the export industry outcome? There are numerous things to take care of and analyse. May be after the outcome, there is a scope of amendment or it might happen that GST proves to be desirable. From state government officials only the speculative statements are out. They are showing hope but are also alert for any sort of economic situation. But, most likely no one is thinking of an economic setback.

The opinion of consumers

The current situation is that users are not very clear about the sort of changes GST will bring as well as its effect on their daily lives. When all the price ranges will be out on different merchandise as well as services, then for them scenario will get clearer. Paying one tax surely brings the thought of simpler system, but the common man is more concerned about inflation. So, for consumers, the real player is a hike in rates of goods and services. Let's be patient and assessthe outcome on the way through GST implementation?

The opinion of centre

As per theCentre, it's a win-win situation for all, ranging from state, consumers, producers as well as government. The revenue generation will enhance which will lead in strong economy and development will pick up pace. On the other hand, transparency is expected, black money will come under strict check, the export business is protected and even better still, the Indian market will see healthy competition resulting in cost cutting, and so on.

Right now the only thing one can do is be aware of the system, happenings and changes coming through GST. End Users need to take care of what they are paying off for their purchases, the GST slabs, the undertaken goods and services, and plan their expenditure in that way. A smart, well informed consumer is the need of the time. Being a part of something constructive is always desirable and advisable. Now, everything depends on how it will unfold and create its niche in our running economy. But, making an opinion and studying the matter, being informed, going through expert statements, interviews, government point of view, all are necessary to be aware of its absolute and immediate effect as well as the long lasting outcomes. ■

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Director
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One of the greatest financial moves by the centre



ONE TAX-ONE NATION

GST is implied to get the 'one nation one tax' framework, however its impact on different ventures will be somewhat unique. The principal level of separation will come in contingent upon whether the business manages producing, dispersing and retailing or is giving an administration. The Goods and Service Tax or GST is one of the greatest financial changes in India since Independence. All organizations, little or huge, will be affected by this new aberrant assessment administration.

The Goods and Service Tax (GST) is an aberrant assessment pertinent all through India which supplanted various falling charges exacted by the central and state governments.

Under GST, products and enterprises are burdened at the accompanying rates, 0%, 5%, 12% and 18%.

There is an uncommon rate of 0.25% on harsh valuable 3% on gold.

The different rates over 28% GST applies on couple of things like circulated air through beverages and tobacco items.

What are the advantages of GST?

- 1) Evacuating falling duty impact
- 2) Higher edge for enlistment
- 3) Organization plot for independent companies
- 4) Less difficult online methodology under GST
- 5) Lesser number of compliances
- 6) Expanded productivity in coordination

How it impacts the Economy?

While the lower Goods and Services Tax (GST) rates may prompt a decrease in swelling, financial development may not enhance essentially despite the fact that it will profit the two India Inc and the legislature in the medium term.

Most business analysts estimate expansion to descend as GST rates for most products have been settled at a lower rate.

The new assessment administration will drive many organizations to rebuild their operations.

Little firms may wind up spending more as consistence cost will rise.

What is the principle part of GST?

There is most likely GST is gone for expanding the citizen base by bringing SMEs and the sloppy part under its domain. This will make the Indian market more focused than earlier and make a level playing field between substantial and little undertakings. Further, Indian organizations will have the capacity to better contend with remote nations, for example, China, Philippines, and Bangladesh.

All won't be smooth cruising. An arrangement change of such a colossal nature is certain to be confronted with getting teeth inconveniences. Specialists have additionally distinguished a portion of the impediments of GST usage which could be a reason for stress for a few businesses.

Under the present administration, the administration assess paid on input administrations can't be set off against yield

VAT. Under GST, the info impose credit can be profited easily over the range of products and ventures, in this way decreasing the taxation rate on the end client and evacuating falling impact.

GST will be demanded on the two products and enterprises and will subsume and supplant the current aberrant duties, for example, extract, VAT, and administration assess.

Experts say probably expansion will stay low as GST rates on fundamental merchandise, for example, nourishment grain, family unit shopper things and basic administrations have been either absolved or kept lower.

While GST is probably not going to be a "positive" for monetary development for the time being, the change will enhance the simplicity of working together, support financial specialist assessment and bait more remote interest in coming years. ▶

Will GST Help Consumers?

The Goods and Service Tax is being celebrated as an arrangement of tax collection by which economy will take an upward swing and further it will facilitate the exchange and industry as for the backhanded expense arrangement of the nation. GST roundabout assessment must be paid by the exchange and industry and the various aberrant duties will be subsumed in GST.



The domain of executed GST, Consumers won't be subjected to the weight of twofold tax collection; which imply that all charges will be demanded at the seasons of procurement will incorporate both the Central government's expenses and additionally the State government's assessments. The move would hinder state governments from unpredictably expanding charges.

Today because of numerous aberrant charges being exacted by the Center and State, with inadequate or no information impose credits accessible at dynamic phases of significant worth expansion, the cost of most Goods and enterprises in the nation are loaded down with many shrouded charges.

Under GST, there would be just a single assessment from the producer to the shopper, prompting straightforwardness of duties paid to the last Consumers. Advance there will be help in general taxation rate. This is on account of under the GST administration; the whole inventory network will be productive prompting additions and aversion of spillages.

For Consumers, GST will help acquire the accompanying benefits-

1. Uniformity in Computing Taxes for Goods and Service-

GST will prompt the end of numerous extract, CST, VAT, benefit charge estimations.

2. Uniform Tax Regime-

For the two merchandise and enterprises and less perplexity in figuring out what constitutes a decent or

what is an administration.

3. Elimination of Double Taxation-

Twofold tax assessment implies the shopper pays charge on a thing, on which as of now government has gathered duty from the maker under some other head.

4. More Transparent Pricing-

Right now shrouded charges really push up the assessments on a greater part of merchandise to anyplace in the 27% to 32% territory.

The outline of GST itself will prompt generous advantages collecting to end **Consumers**.

GST is a solitary duty on the supply of products and enterprises, ideal from the maker to the **Consumer**.

Henceforth, GST model would encourage consistent credit crosswise over supply chains, with charge set offs accessible over the creation esteem chain, both for merchandise and ventures. This will bring about decrease of falling impact of expenses, thusly cutting down the general cost of provisions.

Presently, there are differential rates of VAT for similar merchandise in various States with advance fragmentize of VAT rates and require of passage impose in specific states. This has in the past brought about grouping debate and section imposed suits. Notwithstanding, with annulment of section assess in GST and given that GST rates at both the Central and State level are required to be uniform and blended, the same is probably going to cut down the debate.

This will bring about the general taxation rate on most wares to descend, which will profit purchasers.

Nonetheless, an urgent viewpoint in deciding the effect on the last cost of merchandise and enterprises is the GST rate. The sign is that most products and enterprises will be at burdened at standard rate going from 17% to 19%. ▀

Last But Not The Least

GST HAS UNDOUBTEDLY produced heat across India and the world. The subject has been discussed more than anything else. It would definitely bring good news for some sectors, but some of them need to worry a little. In the meantime, the practice will facilitate and boost Indian economy with a positive hope. The vast topic has been covered extensively in these contents. Here are excerpts from the articles.

Points to Note

■ GST in India is Goods and Services Tax, which is a goal constructed tax and imposed in the order of the utilization of products and ventures in an organized manner. The assessment will be gathered at all stages ideal from makeup to conclusive utilization with credit of expenses paid at past stages should be accessible as a set-off. To put it clearly, just esteem expansion will be ruled out and its weight will be borne by the last buyer. The Goods and Services Tax (GST) is an esteem included expense that will supplant all the roundabout duties collected on merchandise and enterprises by the government both center and state.

■ While the lower Goods and Services Tax (GST) rates may prompt a decrease in swelling, financial development may not enhance essentially despite the fact that it will profit the two, India Inc and the Legislature in the medium term. Most business analysts estimate expansion to descend as GST rates for most products have been settled at a lower rate. The new assessment administration will drive many organizations to rebuild their operations. Smaller firms may wind up spending more as consistence cost will rise.

■ A few items which were comprehended to be at a bargain had the typical cost set apart on them. Different types of deceiving ads incorporate deal costs of electronic products which frequently do exclude fundamental frills like ropes and so on. One basic deluding commercial is when general stores have deals on specific things, however then the deal costs are just at "chosen stores". In one case, a noteworthy grocery store had a daily paper commercial where it was expressed that the deal costs were just in their chosen branches, yet the names of these branches were not uncovered.

■ Presently, there were differential rates of VAT for similar merchandise in various States with advance fragmentize of VAT rates and require of passage impose in specific states. This has in the past brought about grouping debate and section imposed suits. Notwithstanding, with annulment of section assess in GST and given that GST rates at both the Central and State level are required to be uniform and blended, the same is probably going to cut down the debate.

■ Right now, the government is trying to soothe the people and convince them to act calm. Also by various media, they are trying to offer as much information as they can. Also, telling them to garner knowledge and not to get deviated by wrong means. Every passing day this issue is getting straightened out and more understood. So, it seems government is getting some success for their efforts. The different tax slabs are mentioned with clarity. On few goods the one tax scheme is causing more uproar but smoothly things will be normal for those soon, this is what we hear from them, isn't it?

■ The planning of one tax system in current government was since the formation of Cabinet. As per ArunJaitley, the Finance Minister of India termed the earlier indirect tax structure in India as fairly complicated and also assured that there will be no cascading effect of tax on tax. The Finance Minister also said that "the implementation will show no magic in days or months, it's a long-term evaluation and will be surely down inflation and tax rates at least to a little. He also answered when asked about "the effect of indirect tax reform on inflation on investors". He replied Canada, New Zealand and Australia have seen one-time improvement in the rate of inflation after implementation of GST which got normalized in a year.

■ This whole system will create job opportunities. Apart from jobs, training would also get enhanced. The implementation and troubleshooting of this system need a good technically sound team to take care of. If we talk about government section, then government officials need to get hired to manage this system. Accessing the daily updates, solving the questions, and technically designing it to more perfection, removing the shortcomings and so on. Training to the officials needs to be offered to for a better understanding of the job.

■ The tax burden on producers will get down and so the investment from their end will increase, this will ultimately lead to better production. The overburdened taxation system causes hassle for producers to go for their optimum capacity. After GST the tax credit will go to a manufacturer and be very supportive for better growth.

■ The worrying point is not what the national economy is gaining in this regard, as people do not go with foresight of things, they first look out for their daily needs and if inflation is hit. So, the government has surely gone through the impact. There might be some adverse impact or might have some good news for consumers. So, let's access the sectors independently and understand the nuisances involved.

■ Moreover, the government needs to educate public including non-affected and affected public about the use, advantages and disadvantages of GST. A strong step towards advertisement of Goods and Services is extensively needed to make it most prolific in current as well as future conditions. IT can play a major role in this segment as today everything can be accessed online. The government needs to build a website regarding comprehensive information of the new tax structure of India. Apart from online assistance, offline media can also play a vital role in promoting essential education through newspapers, advertisements, GST centres and other means.

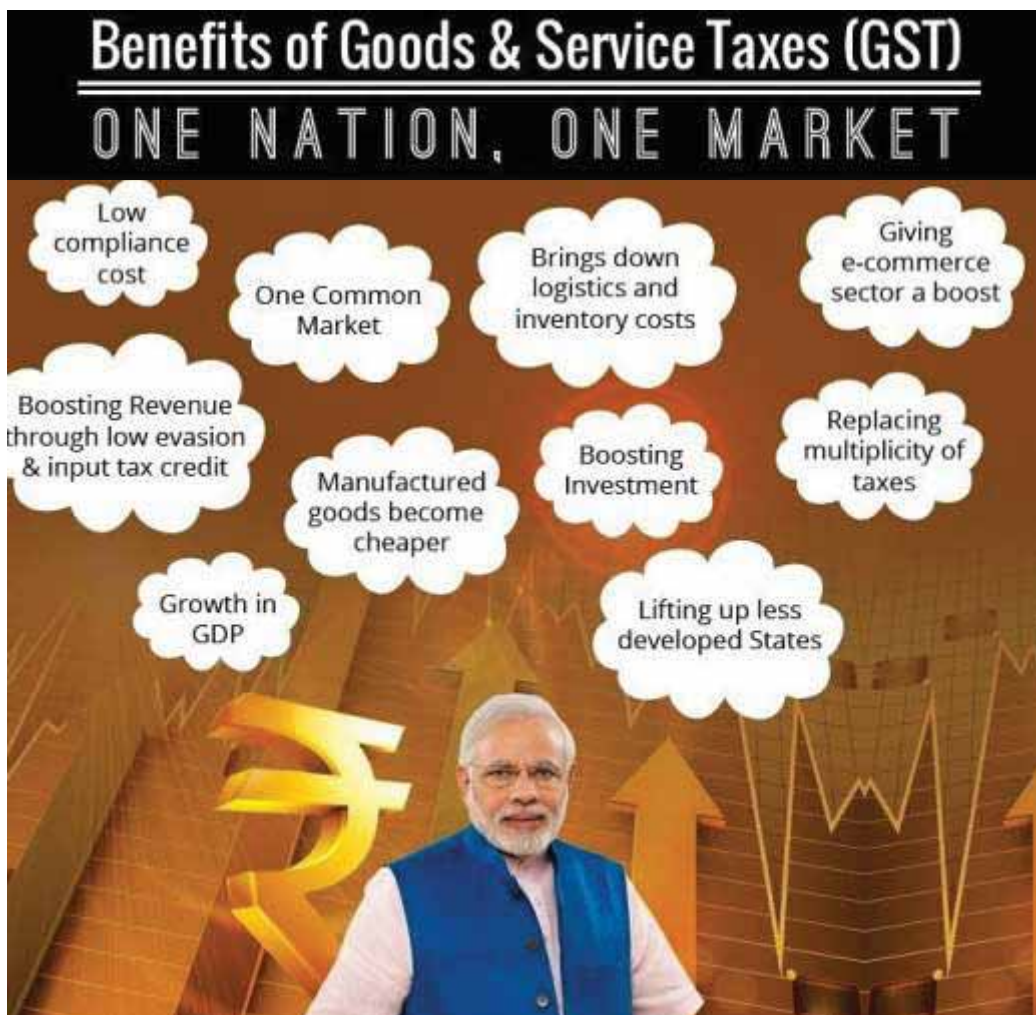
■ The government is also striving to make all the payments cashless which is in digital mode. This will bring all the cash flow under the tax scanner and limit the black money. Currently, the use of ERP based systems for financial transactions is not quite common but with the implementation of digitization, most of the taxpayers will become e-disconnected, especially while filing the GST return. ▀

Rejuvenating and refreshing Indian Market through GST



POOJA
KHAITAN

Removing the number of indirect taxes such as Value Added Tax, CST, Service Tax, CAD, SAD, and Excise and imposing one direct tax, will prove to be the big step.



INDIAN MARKET IS one of the largest markets for domestic as well as an international business prospect. The consumers and the production both are in abundant. Moreover to this, the sectional division of society in terms of finance, culture, state brings so much diversity that the user requirements shows a variety of products and services inclusion. This enables the business people to bring variants of ideas and processes, many coming from ages and also evolving newer thoughts hitting the market. Also, Indian market evolving from a developing status to developed status taking inspiration from developed countries and adopting their brighter aspects makes us more competitive.

Now the significant question arises what GST is going to bring for us? Being a part of the progressive market or adversely affect the same. The concern is high, as it is one of its kind decisions taken in this large economy. People have gone wary and above all of this, the process is technical. It surely needs to have a good understanding and importantly patience to understand it. The government is assuring that it is going to stimulate the Indian market in a positive way. The several processes are going to be simpler and that will rejuvenate it in a fresh light. Here, in this discussion, we will try to find out, draw the scenarios as the possible impact of Goods and Services Taxation.

No worries of hidden tax

People who fear to invest in Indian market because of so many imposed taxes, few of which even not mentioned on the bills, will get relieved. There will be clear Billings in which one tax would be there inclusive of all as per the taxation slabs window. So, once one will plan for investment, the costing, profit, and recovery would be far easier to access. No such worries of being burdened with amount coming in form of tax at last stage of billing or payment. This surely is going to help the market flourish to newer space and reach. Removing the number of indirect taxes such as Value Added Tax, CST, Service Tax, CAD, SAD, and Excise and imposing one direct tax, will prove to be the big step.

Export would get easier and quicker

With one tax one nation, the best thing is one doesn't have to be payee at different stages of the export system. All the charges will be at one point and so the processing would also get convenient. The tax amount would be clear for business persons in an export industry working at any stage of the process. The regulatory body is working towards detailing the key points involved in this. The tax compliance is now easy with GST and a simpler tax policy is ready for users compared to multiple tax structure.

Rates on Goods and Services will cut down

It is expected that many sectors will see the cut down in the cost of products and services. From raw materials to manufacturing and production all will see the change. May be slight changes at the initial stage but with due time the complete situation will get

clear. People are in wait of good days and through GST government is assuring for the same.

Uniformity in rates refreshes the market nationwide

After unifying the rates under one tax scheme, different charges for the same product in a different state will not be practiced anymore. This will help in unifying the rates and bring a positive change. Maybe at some places, the rate will see bit inflation, but there are speculations that many products will get lowered rates than a current one. People will not have to burden their luggage with cheap items of a specific state. The one tax will sum up to one point and would be easier for assessment too. Removal of cascading effect of taxes means not anymore have to pay tax on tax. Lower the excessive load on the common man and so public will have to expend less amount for the same products that were costly before.

Enhanced production

The tax burden on producers will get down and so the investment from their end will increase, this will ultimately lead to better production. The overburdened taxation system causes hassle for producers to go for the optimum capacity of theirs. After GST the tax credit will go to a manufacturer and be very supportive for better growth.

Elimination of road block

Due to the presence of toll plaza, check posts, much time gets wasted in the same. Especially for unpreserved items, perishable products, the preservation means through transportation needs a lot of focus. But, now due to less wastage of time during product transfer, the stock, warehousing cost, as well as preservation cost, will get minimized. This will effectively lower down the cost of products.

Demand and consumption of goods would get increased

As the rate will cut down, people will go for the things, which they were avoiding to buy earlier. The market will get more response from the users. The increasing demand will create the need for more production. The flow rate of goods from manufacturing unit to users hand will see a good boost. Strengthened market and the up going economy would be a possible result of GST.

Check on black money accumulation

The traders and business persons having small to large scale will come under mandatory check. Previously they form the manipulated bills and from there do the tax evasion. But, by the regulation of GST, it will keep under check.

If we go as per the indicative facts and speculations, it seems strongly that it will boost the Indian economy in the very long run. With the implementation, already the results have been discussed at wider platform; people are showing interest to this. The assessment is also in parallel run. Now, time will tell only how much and by what means the Indian market will get refreshed, regenerated or rejuvenated and that too by what time. ▶



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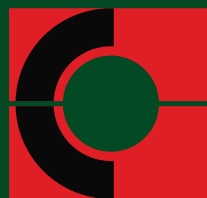
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