GST and its effect on common man in India
Dr. Arun Tiwari
Associate Professor, BRD BD PG College, Ashram Barhaz, Deoria

Goods and Services Tax (GST) is another suspense thriller movie that would be released on 1 July, 2017 in India. While Govt. of India is trying to make this effective from 1 July, neither Govt, nor business men nor common man are ready to implement these changes in the system. What is Goods and Services Tax (GST) all about? How does GST affect common man? How does GST Tax Rate List look like? Why they are several criticisms about immediate implementation of GST? Let me try to provide some insights in this article about GST and would explain this in simple terms to you.

GST would have impact on the household items which you buy, hence this would impact your pocket. Also if you are investor in stock markets, some of the companies would loose and some companies would benefit. It is an opportunity for you to grab the stocks that would get benefitted with GST implementation in India.

What is Goods and Services Tax (GST) In India?
Goods and Services tax is an indirect tax that is applicable throughout India and is replacing different taxes levied by the state and central government. This tax system would amalgamate several central and state taxes into a single tax and eradicate double taxation. It would enable the goods to move from state to another without any stoppage at state borders for payment of state tax and also reduce the paper work to the large extent. GST is expected to be applicable from 1st July 2017. The various indirect taxes like entertainment tax, central excise duty, service tax, octroi, value added tax (VAT), central sales tax (CST), etc. would be replaced by the single tax system-GST. Every business has to file 3 returns per month, i.e. 36 returns and one annual return that means 37 returns in a year if you are dealing in a single state. This number would increase accordingly if you were trading in more than one state.

The businessmen and companies will have to change their accounting system, which may involve one-time investment costs. Some products that are kept under the lower brackets will be benefitted while some will suffer a lot due to their placement in higher brackets. The prices of those items will increase tremendously.

What are various GST tax rates applicable?
The government announced that GST would be applicable in four taxes rates – 5%, 12%, 18%, and 28%. Few items have been kept out of GST. The states are interested in keeping few things out of the field of GST which are sensitive to their states like UP wants puja material out of tax net while few want cotton and silk yarn out. All the Goods and Services would be charged with
any of the mentioned rates as decided by the GST council. Nearly 81% of items have been kept under 18% tax slab and only 19% of the goods will be taxed above 18%.

**What are the benefits of GST in India?**

1) The tax structure will be made lean and simple.
2) The entire Indian market will be under single umbrella about taxation.
3) It can bring more transparency and good compliance.
4) Number of departments (tax departments) will reduce which in turn may lead to less corruption.
5) More business entities will come under the tax system which would lead to more revenue tax collections.
6) Companies under unorganized sector will come under tax regime.

**What are the GST rates for the household expenses?**

Now, let us categorize all household expenses into 5 buckets i.e. Food, Entertainment, Personal Care, Transportation and communication services.

1. Food items – Earlier tax 12.5% – New Tax under GST – 5% – Positive news
3. Transportation – Earlier tax 15% – New Tax under GST – 18% – Negative news
5. Communication (mobile and Internet services) – Earlier taxes 15% – New Tax under GST – 18% – Negative news

**How does GST Rates look for high consuming products for a common man?**

The following are the rates of few items that are of use for a common man. Sugar, tea, coffee (not instant) and edible oil to fall under 5% slab Cereals and milk have been exempted from GST. Capital and intermediate goods would be taxed at 18%, which is expected to be a good boon for the industrial growth. Coal is kept in 5% tax slab which is currently 11.69%. Toothpaste, hair oil and soaps will be taxed at 18% instead of 28% current rate. Common man items have been kept under 12% and 18% slab. Indian sweets and mithai in 5% slab. All raw food items including food grains are exempted from GST. Processed food of daily needs to be in 5% slab.

The items that are exempted from GST / Zero GST tax are like Jute, fresh meat, fish chicken, eggs, milk, butter milk, curd, natural honey, fresh fruits and vegetables, flour, besan, bread, prasad, salt, bindi, Sindoor, stamps, judicial papers, printed books, newspapers, bangles, handloom, Bones and horn cores, bone grist, bone meal, etc.; hoof meal, horn meal, Cereal grains hulled, Palmyra jaggery, Salt – all types, Kajal, Children's' picture, drawing or colouring books, Human hair Items that have 5% GST are fish fillet, Apparel below Rs 1000, packaged
food items, foot wear below Rs 500, cream, skimmed milk powder, branded paneer, frozen vegetables, coffee, tea, spices, pizza bread, rusk, kerosene, coal, medicines, Cashew nut, Ice and snow, Bio gas, Insulin, Agarbatti, Kites, Postage or revenue stamps, stamp-post marks, first-day covers. Railways, Air transport, small restaurants also will be under the 5% category because their main input is petroleum, which is outside GST ambit.