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A Study on Impact of GST on Electronic Goods in India

P. VISHAL¹ AND M. DINESH²

ABSTRACT

GST stands for Goods and Services Tax, which is a value-added tax that was introduced in India on July 1, 2017. GST is a comprehensive indirect tax levied on the supply of goods and services across the country. It replaced multiple indirect taxes like Excise Duty, Service Tax, VAT, and others, that were levied by both the Central and State Governments. Objective of the study is to analyse the impact of GST on electronic goods. For the purpose of this research, a descriptive method was followed and the data was collected through personal survey analysis. The SPSS software by IBM was used to calculate the descriptive statistics. The sample size was 218. Dependent variables increase in cost of products post GST, most striking features of GST and exemption of GST for alcohol and Independent variables are Gender, Marital Status, Educational Qualification, and graphical representations such as graphs were used. The findings are that the GST has a positive impact on the market of electronic goods as it has a less complicated process than that of previous tax systems. This encourages the small scale business to enter into the market. Introduction of this idea of one nation and one tax which reduces a lot of complications in payment of taxes. So it is suggested to find the flaws in improving the present tax system for the development of the economy.

Keywords: *GST, One Nation One Tax, Electronic Goods, Taxation, Price of Goods.*

I. INTRODUCTION

The Goods and Services Tax (GST) is a comprehensive tax system that was introduced in India on July 1, 2017. The introduction of GST has had a significant impact on the Indian economy, including the electronic media industry. Before GST, there were multiple indirect taxes such as value-added tax (VAT), excise duty, and service tax that were levied on goods and services. With the implementation of GST, these taxes were replaced by a single tax, making the taxation process simpler and more transparent. The impact of GST on the electronic media industry has been both positive and negative. On the positive side, GST has led to a reduction in tax rates for

¹ Author is a student at Saveetha School of Law, Saveetha Institute of Medical and Technical Sciences, Chennai, India.

² Author is an Assistant Professor at Saveetha School of Law, Saveetha Institute of Medical and Technical Sciences, Chennai, India.

certain goods and services used by the electronic media industry, such as studio equipment and rental services. This has resulted in lower costs for media companies, which has helped them to invest more in content production and quality.

The Indian government has taken several initiatives to minimize the impact of GST on the electronics industry in India. Some of these initiatives are: 1) Reduction in GST rates: The government has reduced the GST rates on certain electronic goods, such as television sets, monitors, and power banks. This has made these goods more affordable for consumers and has boosted the demand for these products. 2) Refund of input tax credit: The government has made provisions for the refund of input tax credit (ITC) on goods and services used in the production of electronic goods. 3) Simplified tax compliance: The government has introduced a simplified tax compliance system under GST, which has reduced the compliance burden on electronic manufacturers. Overall, these government initiatives have helped in minimizing the impact of GST on the electronics industry in India and have encouraged its growth and development.

Several factors can affect the impact of GST on the electronics industry in India. Some of these factors such as the GST tax rates can have a significant impact on the electronics industry. A high GST rate can lead to an increase in the price of electronic goods, which can reduce the demand for these products. The availability and amount of ITC can also affect the impact of GST on the electronics industry. ITC is the credit that businesses receive for the GST paid on their purchases. GST compliance costs can also impact the electronics industry. Compliance costs refer to the expenses incurred in complying with the GST regulations, such as filing returns, maintaining records, and undergoing audits. Higher compliance costs can increase the cost of production and reduce the profitability of businesses.

Some of the current trends in GST affecting the electronics industry in India are Increased compliance: The government has recently introduced measures to increase compliance with GST regulations, including the implementation of the e-invoicing system, the mandatory requirement for e-way bills, and the GST audit requirement for certain businesses, Changes in GST rates: The GST Council has periodically revised the GST rates for various goods and services, including those related to the electronics industry. Recently, the GST rates on mobile phones and specific parts of televisions were revised, leading to an increase in prices for consumers and Digitization of processes: The government has been promoting digitization of processes under GST to improve efficiency and reduce compliance costs for businesses. Initiatives like the GSTN portal, e-invoicing, and e-way bills have been introduced to make the GST regime more digital and streamlined.

The impact of GST on electronic media in India and other countries can vary depending on the specific tax policies, industry structures, and economic conditions in each country. In India, the introduction of GST has had a mixed impact on the electronic media industry. While the reduction in tax rates for certain goods and services has resulted in lower costs for media companies, the increase in tax rates on advertising services has made advertising more expensive, which has affected the revenue of media companies. However, the simplified tax compliance system under GST has reduced the compliance burden on media companies. **Aim** of the study is to analyse the impact of GST on electronic goods.

(A) Objectives:

- To find out the positive and negative impact of GST on electronics goods.
- To assess the level of satisfaction of implementing GST in electronics goods.
- To analyze the impact of changes in the tax rates in electronic goods.

(B) Review of literature:

Kuldeep Dhar et al. (2021) Findings reveal the empirical significant impact of inbound logistics, supply chain operations and outbound logistics on productivity with the GST scenario. In addition, results also established the moderating role of the GST environment on all these direct relationships. This study enriches the knowledge of supply chain operations with the arousal of the new tax system GST in India. This research helps managers to understand this new tax system in a better way so that they can adopt this system for enhancing their business performance.

Dr. V. Chitra (2020) The present study aims to analyse the relationship between income and spending behaviour and to measure the impact of GST on spending behaviour. The researcher has used Factor Analysis and ANOVA to test the hypotheses. The result showed that there is strong relationship between income and Electronic and Sport Equipments and no relationship between income and Wheat, rice, clothing, hair oil, soap, tooth paste, cosmetics, dry fruits, tobacco, fast food, internet connection, newspapers and magazines, fruits and vegetables, entertainment, vehicle maintenance and foot wares. The study also found that the impact of GST is more on essential items than comfort and superfluous items.

Sanjeeb Kumar Dey et al. (2020) The purpose of their research is to investigate the influence of the goods and services tax on consumer perception in the state of Odisha. They found that the customers are the primary stakeholders in these reforms, and the success of these new tax laws is dependent on their acceptance, among others, also they found that more than 95% of

customers know something about GST, and customers' education, profession, and location all have a significant influence in determining their impression of pricing, expenditures, and consumptions following the adoption of GST.

S. K. Singh et al. (2017) Their research focuses especially on the impact of GST on stock indices. Before and after the adoption of GST, various stock indexes data from the BSE and NSE were collected. The Paired T test was used, and it was discovered that there is a significant difference between pre and post GST installation.

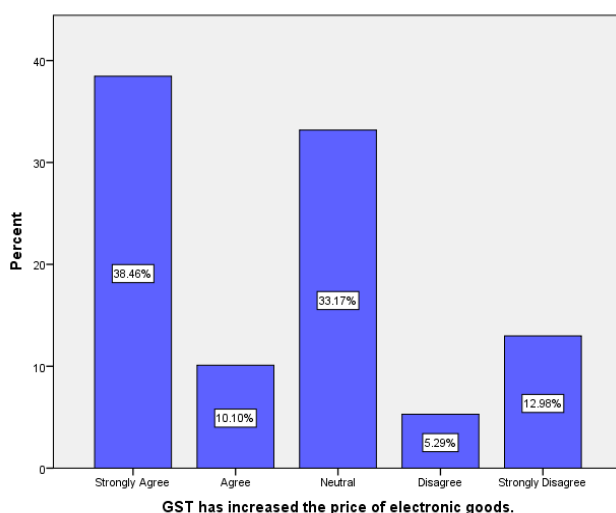
Abdul Matheen et al. (2017) In their paper an attempt has been made to see the benefits of GST & its current status in India. Paper gives knowledge about GST and a flawless implementation would trigger an increase in the government revenue and a surge in the Indian economy. Present Indian tax system is very complex as it includes cascading effects of tax. GST, being one single indirect tax scheme for the entire nation will attempt to make India a united common market. India needs a strong and defined system of GST to overcome the shortcomings of VAT.

(C) Methodology:

For the purpose of this research, a descriptive method was followed and the data was collected through personal survey analysis. The SPSS software by IBM was used to calculate the descriptive statistics. The sample size was 218. Dependent variables increase in cost of products post GST, most striking features of GST and exemption of GST for alcohol and Independent variables are Gender, Marital Status, Educational Qualification, Various tools like ANOVA, Chi Square, and sample t tests were used.

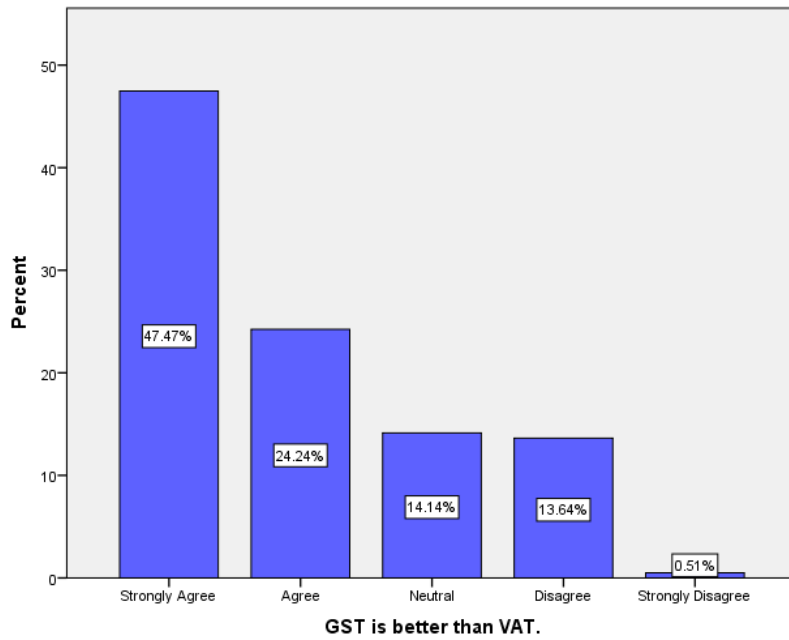
II. ANALYSIS

Figure: 1



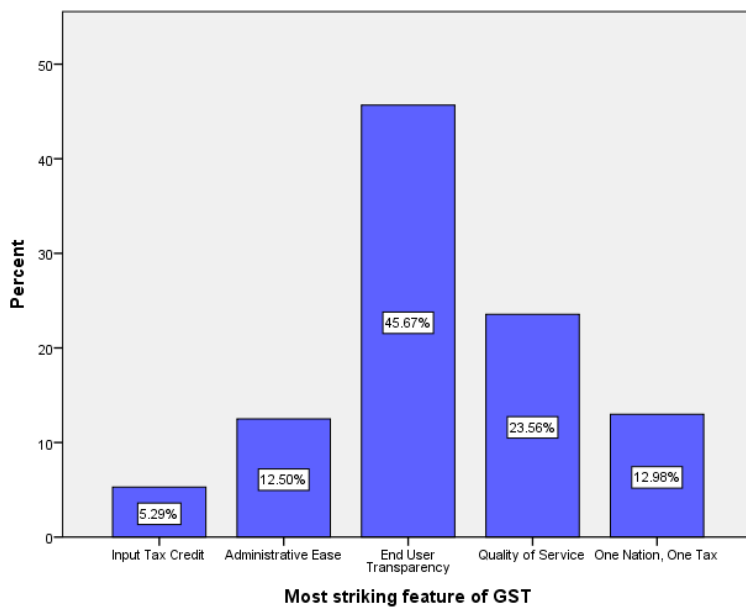
Legend: The figure 1 bar graph shows the percentage analysis of views of the sample population on whether GST has increased the price of electronic goods.

Figure: 2



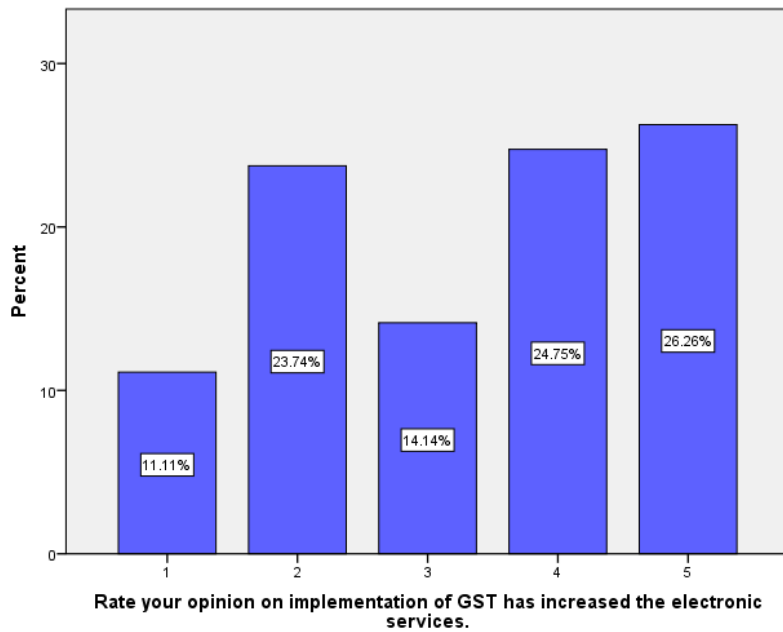
Legend:The figure 2 bar graph shows the percentage analysis of views of the sample population on whether GST is better than VAT.

Figure: 3



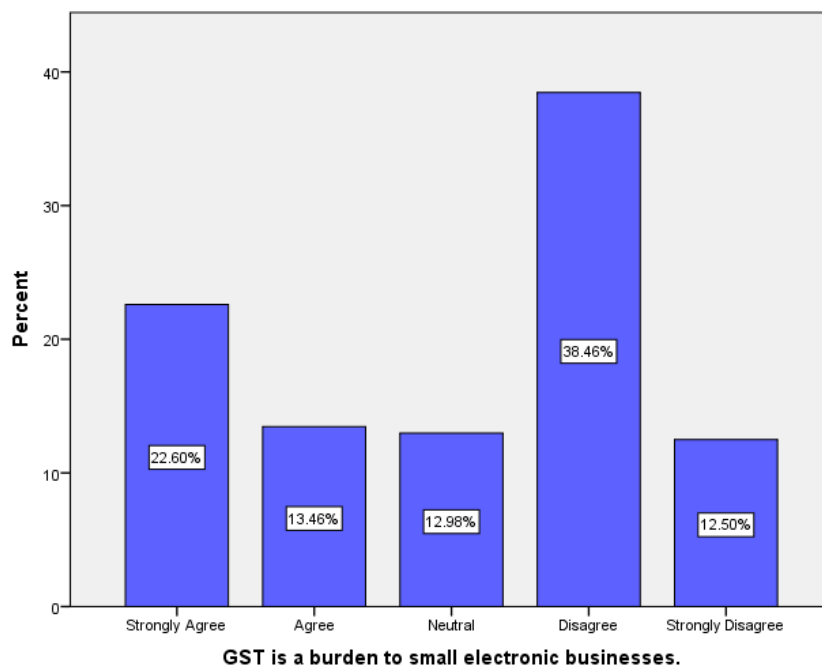
Legend: The figure 3 bar graph shows the percentage analysis of views of the sample population on the most striking feature of GST.

Figure: 4



Legend: The figure 4 bar graph shows the percentage analysis of rating of the sample population on whether GST has increased the price of electronic goods.

Figure: 5



Legend: The figure 5 bar graph shows the percentage analysis of views of the sample population on whether GST is a burden to small electronic businesses.

III. RESULT

From **figure 1** it can be seen that most of the respondents have agreed that GST has increased the price of electronic goods. From the **figure 2** it can be seen that most of the respondents have agreed that GST is better than VAT. From **figure 3** it is seen that most of the respondents have opted 'End user transparency' as a striking feature of GST. From **figure 4** it can be seen that most of the respondents in the scale of 1-10, where 1 being low and 5 being high have opted 5. From **figure 5** it is seen that most of the respondents disagreed on whether GST is a burden to small electronic businesses.

IV. DISCUSSION

From **figure 1** it was seen that most of the respondents have agreed that GST has increased the price of electronic goods. This might be because the rate for each household electronic appliance like the dishwasher, AC, etc is fixed at the rate of 28% under GST. It has increased the tax burden by 2-3% under GST which is passed on to the final consumer. From **figure 2** it is seen that most of the respondents have agreed that GST is better than VAT, this might be because this new tax system has reduced a lot of complications and made it easier to pay tax for the taxpayers and also input tax credit was introduced which was absent in earlier tax methods. From **figure 3** it is seen that most of the respondents have opted 'End user transparency' as a striking feature of GST. This might be because GST is less complicated and it makes the end user aware of the system and the rate of paying the taxes. From **figure 4** it is seen that most of the respondents have rated 4 and 5 this might be because the respondents might have compared inflation or price rise with the implementation of GST. From **figure 5** it is seen that most of the respondents disagreed on whether GST is a burden to small electronic businesses. This might be because the GST has replaced several taxes such as the Octroi, CST and several other major taxes in different states, and the tax on moving goods and services between states has been cut significantly. Because taxes have gone down, logistics costs for startups have also gone down, making it easier for them to ship products across state lines.

V. LIMITATION

One of the major limitations of the study is the size of the sample frame. Since the sample frame is restricted to a small area, it is difficult to extrapolate it to a larger population. Another limitation is the sample size of 218 which cannot be used to assume the opinion of the entire population in a particular country, state or city. The physical factors have a larger impact, thus, limiting the study.

VI. SUGGESTION

From the analysis it was found that the impact of GST on electronic goods has a positive side though there are few percentage of change in increase of taxes on those goods. Also it was seen that GST has a more positive impact replacing several taxes and introducing the idea of one nation and one tax which reduces a lot of complications in payment of taxes. So it is suggested to find the flaws in improving the present tax system for the development of the economy.

VII. CONCLUSION

The Kelkar Task Force on Indirect Taxes originally recommended a nationwide GST in India in 2000. The goal was to replace the current complex and fragmented tax structure with a unified system that would ease compliance, reduce tax cascading, and encourage economic integration. The Empowered Committee of State Finance Ministers developed a design and road plan, and the First Discussion Paper was published in 2009. The Constitution Amendment Bill was submitted in 2011, however it was met with opposition over compensation to states and other issues. The introduction of GST has had a significant impact on the Indian economy, including the electronic media industry. The major objective of the paper is to analyse the impact of GST on electronic media. The findings are that the GST has a positive impact on the market of electronic goods as it has a less complicated process than that of previous tax systems. This encourages the small scale business to enter into the market. Introduction of this idea of one nation and one tax which reduces a lot of complications in payment of taxes. So it is suggested to find the flaws in improving the present tax system for the development of the economy.

VIII. REFERENCES

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