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Impact of Goods and Services Tax Laws on Businesses and Consumers in India

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ABSTRACT

In the following paper, a study with regard to the implementation and framework of the Goods and Service Tax (GST) Laws is presented. GST was enacted following the 101st Constitutional (Amendment) Act 2016.It describes how the GST abolished multiplicity of Indirect taxes in India and helped overcome economic confusion caused by the complex tax structure, hence creating a simplified and unified tax system in India. This study aims to figure out how the advent of the GST has affected some businesses positively while others negatively and it also gives an insight on GST from consumer's perspective since they are equally affected by the introduction of GST. This is a conceptual research paper since it studies the concept and framework of GST based on past literature, books, journal, research papers and articles etc. The study is based on secondary sources of data or information. Relevant websites, Govt. Publications and research papers have been referred to carry out the study effectively. Also, eventually this study also helps in understanding how the overall evolution of numerous taxes being subsumed into GST by the GST Council is crucial in determining how it affected the Indian Economy and further created the socio-political disruption in India.

Keywords: *GST (Goods and services tax), VAT, tax, impact of GST*

I. INTRODUCTION

Goods and Service Tax (GST) which is a comprehensive tax on supply of goods or services or both, was implemented from 1st July, 2017. Further from 8th July, 2017 the applicability of GST was extended to the State of Jammu & Kashmir also. The implementation of GST besides being the biggest tax reform in the Indian history is also regarded as a business reform. India implemented the dual GST regime wherein all the transactions of goods and services made for a consideration attracts two levies i.e CGST and SGST.

Article 246A of the Indian Constitution Provides simultaneous powers to both Central and State governments to levy the goods and services tax on intra state supply whereas the Parliament alone shall have exclusive power to make laws with respect to levy of goods and services tax

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on interstate supply. Article 366(12A) of the 122^{nd} Constitutional Amendment Bill, 2014 defines the Goods and Services Tax as, “any tax on supply of goods or services or both, except taxes on supply of the alcoholic liquor of human consumption”. Thus, GST is a tax on goods and services with value addition at each stage having comprehensive and continuous chain of set of benefits from the producer’s / service provider’s point up to the retailer’s level where only the final consumer should bear the tax.

In terms of Section 2 (52) of the CGST Act “Goods” means every kind of movable property other than money and securities but includes actionable claims, growing crops, grass and other things attached thereto or forming part of land which are agreed to be severed before supply or under a contract of supply. Whereas in terms of Section 2 (102) of the CGST Act “Services” means anything other than goods, money and securities but includes activity relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged.

According to the GST rules, the supplier often collects tax from the recipient (the buyer, customer, or both) and pays it to the government; nevertheless, the end user or consumer is ultimately responsible for paying the GST. This process is known as forward charging. Reverse charge, also known as the reverse charge mechanism (RCM), is a method whereby the recipient of goods or services, or both, is required by law to pay GST directly to the government rather than through the supplier in a few instances due to administrative challenges. Although the recipient will be able to claim an input tax credit (ITC) on this tax payment, reverse charge, or RCM, places the onus of paying GST directly to the government on the recipient even if the supplier was already paying the tax. One of main concept, rather a benefit to individuals engaged in supply of goods and services was Input Tax Credit (ITC) that was introduced under GST Regime. With an input credit, you can deduct the tax you have already paid on inputs when paying output taxes. A registered person's input tax credit with regard to GST is the amount of the CGST, SGST/UTGST, or IGST charged on any supplies of goods, services, or both that are made to him. It comprises the tax due under the reverse charge method as well as the IGST imposed on imports. You can claim ITC for the tax you paid on your purchases if you are a registered GST operator, manufacturer, supplier, agent, aggregator, or any of the aforementioned individuals.

II. Background

The origin of GST in India could be traced back to 17 July, 2000, when the Government of

India set up the Empowered Committee of State Finance Ministers with the Hon'ble State Finance Ministers of West Bengal, Karnataka, Madhya Pradesh, Maharashtra, Punjab, Uttar Pradesh, Gujarat, Delhi and Meghalaya as members with an aim to monitor the implementation of uniform floor rates of sales tax by States and Union Territories and bring reforms in the Central Sales Tax system existing in the country.

In 2004, Vijay Kelkar, then advisor to the Finance Ministry, recommended GST to replace the existing tax regime. Then the Union Government for the first time in Union Budget 2006-07 announced that the GST would be applicable from 1st April, 2010 and the announcement came after the Government of India had issued the first discussion paper in November, 2009. The Constitution (One Hundred and Fifteenth Amendment) Bill, 2011was introduced in Lok Sabha to give concurrent taxing powers to the Union and States. It also suggested the creation of the GST Council and a GST Dispute Settlement Authority. The Bill was lapsed in 2014 and was replaced with the Constitution (122nd Amendment) Bill, 2014. The Bill was passed in Lok Sabha and Rajya Sabha on 6th May, 2015 and on 3rd August, 2016 respectively. Later, the final step to the Constitutional (122nd Amendment) Bill, 2014 becoming an Act was taken when the Hon'ble President of India gave his final assent on September 8, 2016.

In March 2017, GST Council finalized the GST Rules and GST Rates. In the month of April, four GST related Bills became Act following Presidents assent in Parliament, which are as follows:

- Central Goods and Service Tax Bill, 2017
- Integrated Goods and Service Tax Bill, 2017
- Union Territory Goods and Service Tax Bill, 2017
- GST (Compensation to States) Bill, 2017

In May 2017, GST Council recommended all the rules and eventually, GST came into force on July 1, 2017 through the 101st Constitutional Amendment which empowered both, the States and Centre to levy this tax.

III. KEY FEATURES OF THE GST MODEL

The GST (goods and services tax) consists of two components- one levied by the central government and the other levied by the state government as India comprises of federal structure of the country. The dual GST (goods and services tax) model would be implemented through multiple statutes CGST for central government SGST for state government also when there is any transaction between two different states or country it will be IGST. The basic features of

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law such as chargeability, definition of taxable event and taxable person, composition of tax levy including valuation process, time of supply provisions, classification of goods or services etc., would be uniform across these statues whereas in case of Interstate supply the central government will be the nodal agency to collect and appropriate between the state portion of IGST i.e. SGST based on destination/consumption of taxable supplies.

	SUBSUMED	NOT SUBSUMED
STATE TAXES	Purchase Tax, Entry Tax, Entertainment Tax, Octroi, Sales tax, Local Body Tax, Value Added Tax, Luxury Tax.	State Excise Duty, Stamp duty, Profession Tax, Motor Vehicle Tax, Electricity Duty and others.
CENTRAL TAXES	Central Excise duty, Central Sales Tax, Additional Custom Duties, Excise on Medicinal and Toiletries Preparation Act, Additional Customs Duty (CVD), Special Additional Duty, Surcharge and Cesses	Customs Duty.

Table 1.1

IV. Impact of GST (Goods and Services Tax) on Various Sectors

Following are the Areas where GST has created great impact as it contributes to major economy growth of our country.

MSME

The three levels of these firms—micro, small, and medium—are to be integrated, and it tries to identify medium in accordance with the Micro, Small & Medium Enterprises Development (MSMED) Act of 2006, there are definitions for these businesses. These businesses are divided into two classes viz. Manufacturing businesses and Service businesses. For taxpayers, the GST Composition Scheme is an easy-to-understand programme. Small taxpayers have the option to pay GST at a fixed rate of turnover and do away with laborious GST requirements. Any taxpayer who has a CBIC-notified turnover of less than Rs.1.5 Crore (₹ 75 Lakh for Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura and Uttarakhand) may choose to participate in this scheme. Individual manufacturers such as ice cream, pan masala and tobacco involved in interstate supply; casual or non-resident taxable persons; and businesses that supply items via an e-commerce operator are not permitted to choose the composition scheme. It appears cruel to individuals who provide services or make any other supply of products that are not subject to tax under the Act, or who make any interstate supply, that there is no composition plan available to them. [3]

The government recognizes the enormous contribution made by the MSME sector and is taking a number of measures to support their growth. The same has provided reassurance for a number of MSME-related compliances under the GST regime. For example, the first exemption threshold of Rs.20 lakhs has been raised to Rs.40 lakhs for commodities. For the composition program, the annual cap has been raised to Rs. 50 lakhs for services and Rs. 1.5 crore for goods. The services could be rendered by those who deal with the composition.The goal of GST is to expand the number of taxpayers, primarily MSME taxpayers, and this could burden them with compliance-related costs. However, over time, GST would increase the competitiveness of those same MSMEs by bringing them and big businesses into balance. The ability to compete with foreign competitors with low-cost manufacturing hubs such as Bangladesh, China, and the Philippines would be granted to MSMEs.

FAST MOVING CONSUMER GOODS (FMCG)

India had the most complicated indirect taxation system in the world, which had been criticized as a cascading and unfair tax structure that had a negative impact on economic growth and productivity. Due to the fact that VAT was imposed at the state level, while excise charges, service taxes, and other State taxes, such as octroi and entry fees, vary from State to State, the FMCG industry faces a number of significant challenges. The variation in tax rates, in addition to these many taxes, represented the sector's true complexity. The VAT rates were anywhere between 4% to 15%, and the excise duty rate were from 4% to 14%. Furthermore, the VAT rates were inconsistent. As a result, prices for products varied between States. The FMCG industry is also heavily reliant on other important industries like manufacturing and agriculture. Mass media, the packaging industry and transportation and logistics. Therefore, this sector is impacted by all of these sectors' problems. In India, GST on food items ranges from 5% to 18%, depending on many aspects like the type of establishment and the location of food service providers or restaurants. Regarding food GST rate items, such as fruits, vegetables, meat, etc., most fresh and frozen goods are exempt from GST, meaning that there is no GST to pay. The only food that is subject to GST rates are packaged foods in containers with a trademark or brand name. Food products are currently subject to a GST rate of no more than 18%, and none

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[3] *GST MSME Sector*, GST COUNCIL, https://gstcouncil.gov.in/sites/default/files/msme/GST MSME_Booklet_01072019.pdf | Date Accessed: 21/10/2023 , last visited: 2/12/2023

of them are currently included in the highest tax level of 28%. As a result, no significant price changes related to the introduction of GST on food goods have been documented. [4]

TELECOMMUNICATION SECTOR

With a GDP contribution of 6.5%, the telecom industry in India is a significant one for the country's economy. Significant disruptions have occurred since the introduction of the GST in 2017. Prior to the GST, telecom operators had to pay 15% service tax; that amount has since gone up to 18%. Operators' problems have been made worse by new compliances in addition to the tax load In addition to a regular tax rate, they also have to pay GST. These consist of spectrum consumption, spectrum fees, and license fees when comb operators pay taxes equal to about 30% of their income. Telecom companies have asked for these fees to be tax-exempt.

There are only 22 telecom circles in India, despite the country having 28 states and eight union territories, which makes things complicated. Many circles encompass multiple states and territories inside the union. Three states are covered by the Delhi circle, which consists of Delhi, Ghaziabad, Faridabad, Noida, and Gurgaon. At the now, the central government receives service tax collected from the Delhi circle directly. However, because the GST consists of two parts—the CGST (central GST) and the SGST (state GST)—the central and state governments will split the money they receive from service providers. It will result in more paperwork and hence create more complications for the persons engaged in MSME sector.[5]

ALCOHOLIC LIQUOR INDUSTRY

The GST council's decision to lower the GST on molasses, which is used to make Extra Neutral Alcohol (ENA), the primary component of hard liquors, and to give the states control over the center's ENA taxation will eventually help to lessen the likelihood that liquor prices will rise, which will ultimately benefit both the retail end consumers and the industry.ENA is highly concentrated ethanol that undergoes rectification, or repeated distillation, to purify it.ENA is quite potent and contains around 95% alcohol. It comes from a variety of sources, including grains and sugarcane molasses, and is mostly utilized in the production of alcoholic liquor. Additionally, ENA is a component of pharmaceuticals and personal care items like hairspray, shampoos, and perfumes. The International Spirits and Wines Association of India (ISWAI) Secretary General, Suresh Menon, stated: "The industry is pleased with the decision to relinquish taxation authority over un-denatured ethyl alcohol, or ENA, to the States. It provides

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[4] *GST on Food items and Restaurants - Rules and Rates,* GROWW, https://groww.in/p/tax/gst-on-food-and-restaurants | | Date Accessed: 19/10/2023 | last visited: 2/12/2023
[5] *Wire Mesh: GST is a blow for telecom service providers*, Business Today, https://www.businesstoday.in/latest/story/wire-mesh-for-mobile-operators-76306-2017-06-26 | Date published 26/6/2017 , Last visited: 2/12/2023

closure to a matter that has remained unresolved for more than six years since the creation of GST.The alcohol sector has been arguing in favor of keeping this item's taxes under state jurisdiction, as was the situation prior to the introduction of the GST. If ENA were subject to GST, there may be a potential rise in taxes and corresponding increase in the price of this necessary component in the production of alcoholic beverages. Thereby increasing the final alcoholic beverage's price, now subsides. The GST Council's members and secretariat have the industry's gratitude for making this crucial decision. Similarly, for the GST rate on molasses to be lowered from the present 28% to 5%, which should create a level playing field for grain and molasses distillers (both integrated and independent) The GST Council's proposal regarding ENA settles a significant issue for the alcohol industry, where there were differing opinions and numerous ongoing disputes with the GST authorities and, in certain situations, State VAT authorities as well. The sector hopes that the issue is resolved for the previous periods as well and looks forward to the proposed revisions to the GST law that will give effect to this announcement. The GST council made the recommendation on Saturday to maintain the ENA outside of GST, which is utilized in the production of alcoholic beverages for human use.

According to a federal government release, the Law Committee would consider appropriate legislative changes to exempt ENA used in the production of alcoholic beverages for human use from the GST's purview. Reducing the GST on molasses from 28% to 5% will improve mill liquidity and speed up the process of paying sugarcane farmers their outstanding debts. Since molasses is a component in the production of calf feed, this will also result in a decrease in manufacturing costs. It's interesting to note that the council also resolved to cover rectified spirit for industrial use with a separate tariff HS code at the eight-digit level in the Customs Tariff Act. According to the center's communiqué, the GST rate notification will be changed to include an entry for ENA for industrial use that will be subject to 18% GST, which was earlier 15%.[6]

TEXTILE AND APPAREL INDUSTRY

The Textile Industry is the second-largest sector of our nation's economy, employing millions of people in both the skilled and unskilled sectors and making a significant contribution to per capita income. About 13.9% of all exports in the financial year 2023 are made up of Indian clothing and textiles, which are popular throughout the world. The goal of GST was to make our textiles more cost-competitive in international markets, which would increase exports to a larger degree. The textile industry supports the growth of the national economy and makes a

[6] *Expect liquor prices to stabilise: impact of GST council decisions*, THE TIMES OF INDIA, https://timesofindia.indiatimes.com/india/expect-liquor-prices-to-stabilise-impact-of-gst-council-decisions/articleshow/104265576.cms | Last Visited 2/2/2023

significant contribution to GST. As a result, it's critical that we comprehend how the GST and other tax-related issues affect textile, garment, and clothing products.

SCHEDULE	DESCRIPTION OF GOODS	GST RATES
I	Articles of Apparel and clothing Accessories or cap/topi, knitted or crocheted, not knitted or crocheted of sale value not exceeding Rs .1000 per piece	5%
II	Articles of Apparel and clothing Accessories or cap/topi, knitted or crocheted, not knitted or crocheted of sale value exceeding Rs .1000 per piece	12%
III	Articles of Apparel and clothing Accessories (including gloves, mittens, and mitts), for all purposes, of vulcanized rubber, of leather or of composition leather (excluding gloves specifically designed for sports use) and other articles of furskin.	18%
III	Toilet paper and similar paper, cellulose wadding or webs of cellulose fibres, of a kind used for household or sanitary purposes, in rolls of a width not exceeding 36 cm, or cut to size or shape; handkerchiefs, cleansing tissues, towels, table cloths, serviettes, napkins for babies, tampons bed sheets and similar household, sanitary or hospital articles, articles of apparel and clothing accessories.	18%

Table 1.2[7]

REAL ESTATE SECTOR

IMPACT OF GST ON BUILDERS, CONTRACTORS, AND REAL ESTATE DEVELOPERS

The construction and real estate industries have seen a substantial transition with the introduction of the Goods and Services Tax (GST), which has simplified its operational processes. In order to obtain necessary supplies and inputs, builders and contractors had to negotiate a convoluted web of fees under the prior tax structure, which included VAT, Excise

[7] *GST*|, *GST Goods and Services Rates*, https://www.cbic-gst.gov.in/gst-goods-services-rates.html | Last visited: 2/12/2023

duty, Customs duty, and Entry taxes. They also have to pay service taxes on a variety of input services, including architectural fees, approval fees, labor costs, and legal costs. The inapplicability of the Input Tax Credit (ITC) to Customs duty, Central Sales Tax (CST), and Entry Tax was a significant factor in this impact. Builders and contractors were forced to bear the financial burden of the difference between input tax credits and the charges levied. As a result, As a result, this had a domino effect on project expenses, which might have changed the way real estate projects were financed and affected the prices that buyers ultimately paid.

Essentially, there are several ways in which the GST affects contractors, builders, and real estate developers:

Tax Simplification and Compliance: The General Sales Tax (GST) has simplified and clarified tax compliance for builders and developers by supplanting a convoluted web of levies.

Dynamics of Input Tax Credits: With increased financial freedom due to the expanded list of inputs for which builders and contractors can claim Input Tax Credit, pricing tactics may be affected.

Cost Efficiency for Inputs: Lower GST rates on necessary building supplies, such as cement, have a direct impact on construction costs and may result in more affordable prices for consumers. Navigating the Impact on Services: Builders and contractors need to think about how their entire cost structure and pricing strategies may be impacted by changes in the GST rates for certain real estate-related services.

IMPACT OF GST ON UNDER – CONSTRUCTION PROPERTIES IN REAL ESTATE

It is important to emphasize that stamp duty and registration fees are not affected by the GST imposed on properties that are still under construction. Liable to State laws, properties are nevertheless liable to stamp duty and registration fees, which are currently charged at rates of 5% and 1%, respectively. The real estate sector's under-construction properties are greatly impacted by GST. Developers and consumers will benefit from the fundamental transformation that GST has brought about, as it promises transparency, tax efficiency, and substantial cost savings.

Following are the GST Rates of the goods relevant for the construction work under Real Estate Industry:

PRODUCT	RATE OF GST
Cement	18%
Marble and Granite	28%

Steel	18%
Paints	18%
Sand	5%
Sand and fly ash bricks	12%

IMPACT OF GST ON READY-TO- MOVE PROPERTIES IN REAL ESTATE

The government's choice to exempt ready-to-move houses from the GST's jurisdiction represents a strategic strategy meant to preserve stability and continuity in the real estate market, even though the tax has revolutionized under-construction properties. With this strategy, investors and buyers of real estate may shop around with confidence, knowing that GST won't affect the pricing of ready-to-move-in houses. In conclusion, the status quo has mostly persisted for ready-to-move properties, despite the fact that GST has significantly altered and potentially benefited under-construction properties. This contrast demonstrates how the government has carefully considered how to balance stability and change in the real estate industry.[8]

TOURISM SECTOR

In the tourism business, air travel has been impacted by the GST as well. In comparison to the former service tax regime, air travel is subject to a higher tax rate under the GST scheme. For business class travel, the GST rate is 12%, whereas for economy class travel it is 5%. This tax increase has increased the expense of air travel, which could have an impact on both domestic and foreign travel. The increased expenses might make flying less accessible for travelers, which would reduce the number of visitors to India.

The travel industry's hotel accommodations have been significantly impacted by the GST. In comparison to the previous service tax regime, hotel accommodations are subject to a higher rate of taxation as a percentage under the GST regime. Depending on the room rate, hotels have GST charges ranging from 12% to 28%. This results in greater taxes for hotel owners, which they then pass along to visitors. The increase in lodging costs has affected domestic and international travel as travelers search for less expensive options. Furthermore, the online hotel booking techniques have experienced a decrease in business as a result of price increases brought on by the GST. It's difficult now since taxes are rising.

GST rate on Restaurant Services and Accommodation

[8] *Understanding GST Rates in Real Estate: A Complete Guide*, TIMES PROPERTY, https://timesproperty.com/news/post/gst-rates-in-real-estate-guide-blid5516 | Date published: 31 /8 /2023 | Date Visited: 3/11/2023 | Last visited: 2 /12/2023

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Description	Applicable GST Rate
Food and Beverages provided by Standalone Restaurants	5% without ITC Benefit
Restaurants in Hotels where Room tariff does not exceed Rs.7500	5% without ITC
Restaurants within Hotels where room tariff exceeds Rs.7500	18% with ITC
Restaurants found in or around IRCTC/ Railways	5% with no ITC
Supply of food or drinks in A/c Restaurants inside 5 star or above rated Hotels	28% with full ITC
Accommodation in 5 star or above rated Hotels with room rent of Rs.5000 per night per room	28% with full ITC
Renting of hotels with room Tariffs Rs.1000 and above but less than Rs.2500 per room per day	12% with full ITC
Renting of Hotel with room tariffs Rs.2500 and above but less than Rs.5000 per room per day	18% with full ITC

Table 1.3[9]

AUTOMOBILE SECTOR

Since makers of autos will have to pay lower taxes and ultimately customers will also gain, the impact of GST on the automotive industry is seen as favorable. Before the introduction of the GST, a number of taxes were levied, including sales tax, road tax, sector tax, VAT, motor vehicle tax, registration duty, etc. These are all now included in the GST on automotive services. GST has had a beneficial overall impact on the automotive sector as a result of the rate reduction. In addition, the GST has improved the production of autos by simplifying the tax system and cutting levies to one from two.

The cost of the product has gone up due to the current tax system's cascading impacts. Nonetheless, it is projected that across the supply chain, input tax credits (ITCs) will significantly lower production costs. As a result, input tax credits are available for taxes paid on purchases by the manufacturer, supplier, agent, and final buyer. Input tax credits (ITCs) are expected to lower production costs significantly along the whole supply chain, nevertheless. As a result, input tax credits are available to the producer, supplier, agent, and final customer for taxes paid on purchases. With the repeal of the CST, businesses are no longer obligated to keep warehouses and C&F agents at various state locations. Consolidating the warehouse infrastructure could save operating costs for the supply chain. Dealers need to be concerned

[9] *Impact of GST on Restaurant Servises*, BAJAJFINSERMARKETS, https://www.bajajfinservmarkets.in/gst/gst-on-restaurant-services.html | Date visited: 21/10/2023 | Last Visited: 2/12/2023

about their working capital because the GST charges the supply. Capital would be committed at the transfer of the car in order to pay the GST. The dealer's cash flow will suffer since he must now pay GST on the same day that he receives the advance. Car manufacturers frequently provide complimentary services or guarantees to consumers as a means of assistance (at the time of the sale of vehicles). When the voucher was distributed, the GST would be paid in advance, but the service would not be used right away.

The following table shows the impact of GST on Supply of cars in comparison to the pervious Tax regime:

Car Category	Car Model	Previous-GST rate	Post-GST rate
Vehicles under 1200cc engine capacity	Tata Tiago	39%	19%
Vehicles between 1200-1500cc engine capacity	Kia Seltos	40%	19%
Vehicles with around 1500cc engine capacity	Land Rover	43%	30%
SUV cars having around 1500cc engine capacity	Renault Duster	46%	29%

Table 1.4[10]

IMPACT OF GST ON THE ONLINE GAMING INDUSTRY

The industry is anticipated to be significantly impacted by recent tax-related changes, including the elimination of the Tax Deducted at Source (TDS) exemption limit, prospective increases in the Goods and Services Tax (GST) rate on platform fees, and modifications to the Income-tax Act and IT Rules 2023. It is anticipated that during the next five years, the Indian online gaming market would expand at a compound annual growth rate (CAGR) of almost 27%. By 2030, it is anticipated that this expansion would help create over a million new employment.

The current GST rate on online games is 18%. But in June 2022, a Group of Ministers study

[10] *GST on Cars 2023: Tax Rate, Effects & Calculations*, 5PAISA, https://www.5paisa.com/stock-market-guide/tax/gst-on-cars | Date Visited: 22/10/2023 | Last visited: 2/12/2023

suggested raising the GST tax rate to 28% on the whole amount that the gaming corporation collected from the user as payment for all online gaming, regardless of chance or skill. This is a worrying trend that can have a big negative influence on the cost structure and profitability of online gaming platforms. Furthermore, these tax adjustments coincide with the launch of the IT Rules 2023, which seek to give the online gambling sector a lax regulatory framework. While the government's goal of encouraging growth and innovation in one of the fastest-growing businesses must be in line with the rigid tax laws, such regulatory measures are essential for promoting sector growth.

V. Impact on consumers

The products were subject to a number of taxes from the point of creation to the point of sale, and input credits for these taxes were only partially available. Due to which before GST, the cascade impact was higher, raising both the production cost and the price customers pay. Due to the continuous chain of set offs in the GST, the tax structure has become more transparent and logical now, which resulted in lower product prices for consumers. Purchase tax and sales tax were paid on primary food items under the previous tax structure, which in turn increased the price of primary commodities. However, under the GST, they are combined into a single levy.

Given table depicts comparison of tax incidence as per old and current tax regime for some of the primary commodities that had affected the consumers at large:

Description of goods	Pre- GST tax incidence	GST Rate
Wheat	2.5	0
Rice	2.47	0
Curd/lassi/buttermilk	4	0
Tea (other than unprocessed green leaves of tea)	6	5
Sugar/spices/ vegetable edible oil	6	5
Ketchup /spread and sauces	12	12
Mineral water/ soap/toothpaste/hair oil/ baby carriages	27	18
Kersosene pressure lantern	8	5
Small car	28	18

Milk Beverages	12	26
Telecom	18	15
Works contract	12	15
AC/alcohol- serving restaurants	18	22
Five-star restaurants	28	18

Table 1.5[11]

Taxability of Mixed and Composite Supply of Goods and Services - A composite supply is defined as a supply that consists of two or more products or services, at least one of which is a major supply that are organically combined and provided together in the regular course of business. It indicates that the products are typically offered for sale together. The components cannot be delivered individually. A mixed supply, as defined by the GST, is the production of two or more items or services at the same time for a single cost. These things are independent of one another and can be supplied individually.

Taxability

Particular	Composite Supply	Mixed Supply
Main Item	Principal Item	Item with highest Tax Rate
Tax Rate Applicable	Tax Rate of Principle Item	Highest Tax rate of all items

Considering the above table, consumers end up paying higher rate of taxes on the aggregate amount of the supply of such goods or services.

Impact of Real Estate on consumers

For Under-Construction Properties: Under the GST, the consistent 12% tax rate for under-construction properties streamlined cost estimates and increased buyer transparency with regard to financial planning. This modification simplified the process of estimating costs, empowering purchasers to make well-informed investment choices.

Consideration for Completed Properties: Compared to the huge changes observed in under-construction property transactions, the impact of GST on completed properties is comparatively less important. It is imperative for buyers to consider the effects of GST when formulating their

[11] *Updated schedule of CGST rates on goods, as on 31.03.2021*, GSTCOUNCIL https://gstcouncil.gov.in/sites/default/files/ready-reckoner/CGST-rates-on-goods-31032021.pdf | Date Visited: 22/03/2023 | Last Visited: 2/12/2023

investment strategies for real estate.

POSITIVE IMPACT OF GST ON THE CONSUMERS

Introduced as an integrated tax system, GST collects a variety of indirect taxes, including excise, CAD, service tax, VAT, CST, and service charge. The cascading effect of taxes, or tax on tax, was stopped with the introduction of the goods and services tax. GST lessened the tax burden on the manufacturing sector, which will lower manufacturing costs. As a result, it's likely that consumer goods prices will drop. Some products, like vehicles and FMCG, will be a little less expensive as a result of decreasing manufacturing costs. The average person will benefit from this since they will have to spend less money to purchase the same items and services that were before more expensive.

NEGATIVE IMPACT OF GST ON THE CONSUMERS

First and foremost is the compliance burden wherein one must timely file the return and submit the GST.GST return filing is more difficult than it seems. It needs to be managed by a tax expert that you designate. The government is moving to simplify and ease the process of filing returns. Even so, it will require some time to genuinely streamline the complete procedure from beginning to end. Big companies with sufficient staff can manage the entire process more easily. However, it remains complicated for small business owners, retailers, service providers, and individuals who have recently launched their venture. Currently, services are subject to a fifteen percent service tax. The price of services will therefore rise if GST is implemented at a higher rate, which is anticipated to occur shortly. GST will be charged at a rate of 18% on majority of services and 28% on some services. It implies that the cost of all services, including banking, travel, and telephones, will increase.

VI. GST AS A GAME CHANGER IN INDIAN ECONOMY

It's not too late to assess the effects of a massive, paradigm shifting reform after six years. With Dual GST and Integrated GST, India's distinctive GST structure has become more stable over time. The GST Council has become a shining example of cooperative federalism, in which the federal government and the states are prepared to share sovereignty for the benefit of the nation. Since the Council's founding, it has been crucial to the decision-making process regarding the GST, including tax rates, exemptions, and the distribution of revenue between the federal and state governments. Though there were some early bumps and challenges, the Goods and Services Tax Council worked rigorously towards the eradication of such hurdles. One of the special features of the Indian GST is invoice matching, which is meant to prevent companies from claiming input tax credit (ITC) for taxes that they haven't really paid. This was not pursued, though, because stakeholders felt it required a lot of compliance. Currently, efforts are being made to achieve the same goal by providing the taxpayer with invoice-level input supply details and automatically populating many data fields in the taxpayer's GST return. Moreover, the Council has implemented e-way bills and e-invoicing systems to stop GST leaks. The individual in charge of any transportation must present an e-way bill, which stops any unauthorized movement of products and thwarts tax avoidance. Every month, around 8 crore e-way bills are produced. To ensure data interchange, it was also felt that the electronic invoice format needed to be standardized. For business-to-business transactions, some notified GST-registered enterprises are currently obliged to produce electronic invoices. E-invoices ensure that input tax credit is claimed on genuine GST invoices and reduce the number of fake GST invoices. The four primary tax slabs of India's GST are 5%, 12%, 18%, and 28%, with certain exemptions for gold and real estate. A few other things are also GST-exempt, including food, healthcare, and education. Over the past six years, both the quantity of slabs and the slab rates have essentially stayed the same. A large number of slabs causes problems with the inverted duty structure and complicates the administration of the Goods and Services Tax (GST), and high tax rates encourage tax evasion, which is largely evident in the wholesale and retail markets. In comparison to many other large countries, both the number of slabs and the GST rates at higher slabs are too high. The enactment of the Goods and Services Tax (GST) Laws has yielded numerous advantages for the Indian economy.[12] These include augmented revenue, standardization of taxation, elimination of tax cascading effect, diminished compliance load, digital taxation, termination of check posts, and enhanced logistical efficiency. However, this is only the start; the best is still to come.

VII. Conclusion

Since the introduction of the GST, the entire framework of tax reform has undergone significant modification. Even while the system is not perfect, once it is in place, this tax arrangement would make India a more alluring destination for foreign investment. Additionally, if an individual is a business owner, he must fulfill two requirements. First, such individual will help the Indian government. Secondly, he will be able to monitor business activities even on a weekly basis, as GST compels you to produce an operational performance summary every week. GST exposed the shortcomings of our prior tax structure and had a significant impact on various enterprises, both positively and negatively. The GST has been able to successfully clear the path

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[12] *GST has been a gamechanger for India's economy*, MINT, https://www.livemint.com/opinion/online-views/gst-has-been-a-gamechanger-for-india-s-economy-11688107459257.html, Date published: 30/6/2023 | Last Visited: 2/12/2023

for the expansion of the national market by outweighing its drawbacks. Therefore, the GST on businesses caused a significant impact. All concerned individuals should be informed on the specifics of the Goods and Services Tax (GST) in order to facilitate appropriate tax payments and support economic expansion. Making a GST profile and paying taxes on time are necessary for successfully operating and expanding a business in India. As far as the consumers in India are concerned, they are still unaware of the impact of GST due to the complexity and insufficient information regarding the developments in Indirect Taxes department.

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Referred Book:

1. Book Title: GST Concept & Roadmap| Author: CA Atul Kumar Gupta

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