

**A STUDY ON “THE IMPACT OF GOODS AND SERVICE TAX ON WHOLESALE
SHOP KEEPERS WITH SPECIAL REFERENCE TO NEW TARANGUPET
MERCHANT ASSOCIATION”**

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Abstract

The Goods and Service Tax (GST), implemented on 1st July 2017, is considered as major taxation reform in India since independence. The primary objective behind development of GST is to subsume all sorts of indirect taxes in India like Central Excise Tax, VAT/Sales Tax, Service tax, etc. and implement one taxation system in India. Except India no other countries follows dual GST. There is a different opinion of GST by different respondents. When considered wholesalers of New Tarangupet Merchant Association also respondent's opinion were different. Data has been collected from both Primary and Secondary source. Where Primary data was collected through Interview Schedule in which different questions were asked to respondents

about the impact of GST on their business. The paper highlights the concept of GST and the impact of GST on wholesale shop keepers in New Tarangupet Merchant Association.

Key words: *Goods and service Tax, Taxation reform, Dual GST, subsume of tax.*

Introduction

The introduction of Goods and Service Tax (GST) would be a very significant step in the field of indirect tax reforms in India. By amalgamating a large number of Central and State taxes into a single tax, it would mitigate cascading or double taxation in a major way and pave the way for a common national market. From the consumer point of view, the bigger advantage would be in terms of a reduction in Indian products competitive in the domestic and international market. It may have a boosting impact on the economic growth. Last but not the least, this tax, because of its transparent and self-policing character, would be easier to administer.

Review of Literature

1. **Anand Nayyar & Inderpal Singh (2018)** highlights the background of taxation system and GST concept. They also compares the Indian GST with other countries GST. They have explained in depth the advantage of GST to different sectors and challenges of GST implementation in India.
2. **Hemanth.Y & Dr Arun.B.K (2018)** have studied the paper by using secondary data. The main objective of the paper is to study the implementation of GST business practice. This paper discusses the challenges and benefits of GST in brief. According to them the implementation of GST have an effect on every Indian, and there is possibility that Indian Economy will boost by approximately 2%.
3. **Shalini Shukla & Ram Singh (2018)** have analyzed the study based on collection of empirical data. Paper aims to study the performance of companies after one year of GST Implementation. They have considered 192 listed Bombay Stock Exchange companies for their study. The research paper explains the difference between the situation before GST and after implementation of GST.
4. **Dr. Yogesh Kailash Chandra Agrawal (2017)** have explains about the impact of GST on Indian Economy. The concept of GST is explained with Kelkar Committee. He has

collected data form secondary source. He says impact of GST may be positive and negative. He have explained the impact of GST on different sector. He says that the Central and State government will generate good amount of revenue from Goods and Service Tax. According to him Corporate and business man will have good benefit in long run.

5. **The Empowered Committee of State Finance Ministers. (2009)** this is the paper in which GST is discussed for first time in India. Minister have discussed about basic concept of GST and how GST is useful to Central and State Government. He have answered the basic questions about GST, some of the answers are based on assumptions because GST have not yet been implemented.

Objectives of the research

1. To understand the concept and impact of GST.
2. To identify the benefits and challenges of GST after its implementation.
3. To study the impact of GST on Whole sale shops keepers.

Research methodology

The descriptive research method is used to carry out the present study. The research is based on both primary and secondary data. Primary data is collected through structured questionnaire. The secondary data has been collected through journals, articles, newspaper and government publications.

Convenient sampling method is used to select the samples. Data has been collected from 50 respondents. Simple average technique is used to analyze the data. Data is visually presented by using tables and bar graph, line graph, pie chart etc.

Meaning and definition of GST

GST means tax on supply of Goods or Services or both, except taxes on supply of alcoholic liquor for human consumption.

According to Goods and Services Tax (GST) Act, 2017, “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 or service provider's point up to the retailer's level where only the final consumer should bear the tax."

Dual GST:

Many countries in the world have a single unified GST system i.e. single tax applicable throughout the country. However, in federal countries like Brazil and Canada, a dual GST system is prevalent whereby GST is levied by both the federal and state or provincial governments. In India, a dual GST is proposed whereby a Central Goods and Services Tax (CGST) and a State Goods and Services Tax (SGST) will be levied on the taxable value of every transaction of supply of goods and services.

Central Taxes to be subsumed in GST

- Central Excise Duty (CENVAT).
- Additional Excise duties.
- The Excise duty levied under the Medicinal and Toiletries preparation (Excise Duties) Act 1955.
- Service Tax.
- Additional Customs Duty, Commonly known as Countervailing Duty (CVD).
- Special Additional Duty of Customs.
- Surcharges and cesses levied by Centre are also likely to be subsumed wherever they are in the nature of taxes on goods or services. This may include cess on rubber, tea, coffee, national calamity contingent duty etc.
- Central Sales Tax to be phased out.

State Taxes to be subsumed in GST

Following State Taxes and levies would be, to begin with, subsumed under GST.

1. VAT / Sales tax.
2. Entertainment tax (unless it is levied by the local bodies).
3. Luxury Tax.
4. Taxes on Lottery, betting and gambling.

5. State Cesses and Surcharges in so far as they relate to supply of goods and services.
6. Octroi and Entry Tax.
7. Purchase Tax.

Features of GST

1. GST would be applicable on “supply” of goods or services as against the present concept of Tax on the manufacture or on sale of goods or on provision of services.
2. GST would be based on the principle of destination based consumption taxation as against the present principle of origin based taxation.
3. Import of goods would be treated as inter-State supplied and would be subject to IGST in addition to the applicable customs duties.
4. Import of services would be treated as inter-State supplies and would be subjected to IGST.
5. CGST, SGST / UTGST & IGST would be levied at rates to be mutually agreed upon by the Centre and the State under the aegis of the GSTC.
6. GST would apply to all goods and services except Alcohol for human consumption.

Objectives of GST

1. To ensure One Country – One tax.
2. To ensure consumption based tax.
3. To ensure uniform GST Registration, payment and Input tax Credit.
4. To eliminate the cascading effect of Indirect taxes on single transaction.
5. To ensure the subsumation of all indirect taxes under the Centre and State Level.
6. To reduce tax evasion and corruption.
7. To increase tax to GDP Ratio and revenue surplus.
8. To increase Compliance.
9. To reduce economic distortions.

Impact on Prices of Goods and Services:

The GST is expected to foster increased efficiencies in the economic system thereby lowering the cost of supply of goods and services. Further, in the Indian context, there is an expectation

that the aggregate incidence of the dual GST will be lower than the incidence of the multiple indirect taxes in force. Consequently, the implementation of the GST is expected to bring about, not in the near term but in the medium to long term, a reduction in the prices of goods and services. The expectation is that the dealers would start passing on the benefit of the reduced tax incidence to the customers by way of reduced prices.

Benefits of GST

1. Removal of bundled indirect tax.
2. Less tax compliance and a simplified tax policy.
3. Removal of cascading effect of taxes.
4. Increased demand and consumption of goods.
5. Increased demand will lead to increased supply. Which will ultimately leads to rise in the production of goods.
6. Boost to the Indian economy in the long run.

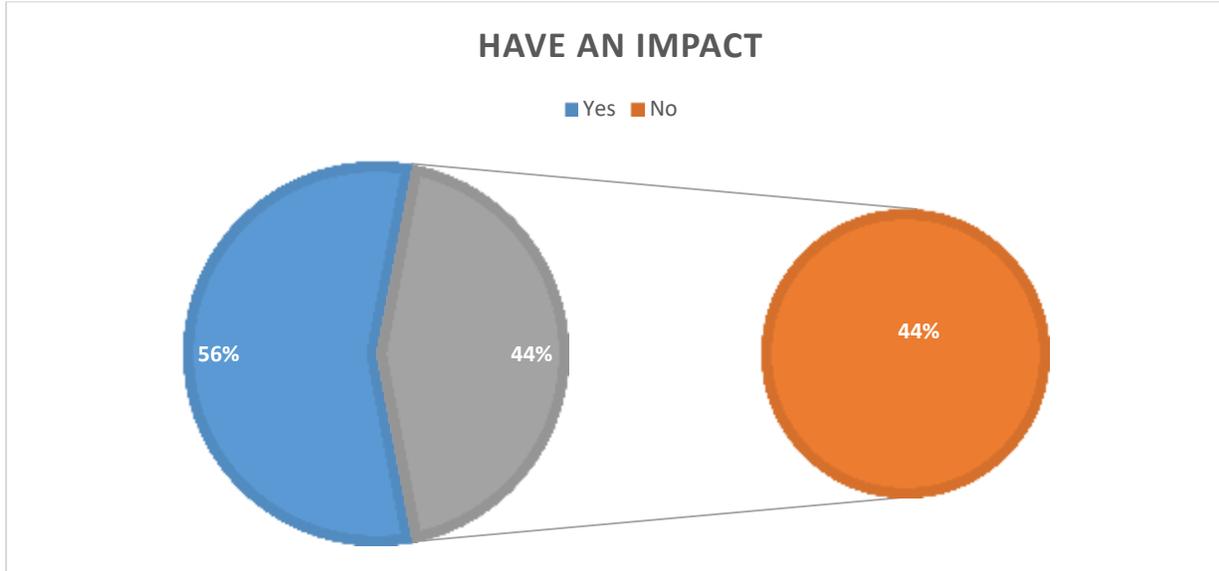
Impact of GST

1. Reduces tax burden on producers and fosters growth through more production. The current taxation structure, pumped with myriad tax clauses, prevents manufacturers from producing to their optimum capacity and retards growth. GST will take care of this problem by providing tax credit to the manufacturers.
2. Different tax barriers, such as check posts and toll plazas, lead to wastage of unpreserved items being transported. This penalty transforms into major costs due to higher needs of buffer stock and warehousing costs. A single taxation system will eliminate this roadblock.
3. There will be more transparency in the system as the customers will know exactly how much taxes they are being charged and on what base.
4. GST will add to the government revenues by extending the tax base.
5. GST will provide credit for the taxes paid by producers in the goods or services chain. This is expected to encourage producers to buy raw material from different registered dealers and is hoped to bring in more vendors and suppliers under the purview of taxation.

6. GST will remove the custom duties applicable on exports. The nation's competitiveness in foreign markets will increase on account of lower cost of transportation.

Data analysis and interpretation

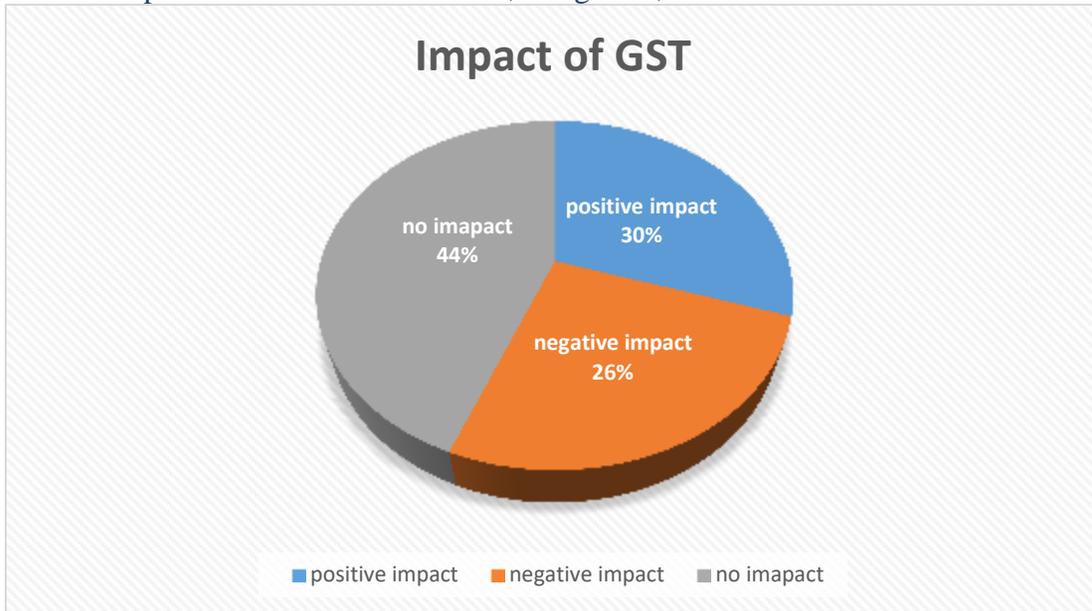
Graph No 1: Showing Have an Impact because of GST



Source: Primary source.

From the chart we could find that 56 % (28) of the respondents have an impact because of GST which might be positive or negative. And the other 44% (22) have no impact because of GST out of 50 respondents.

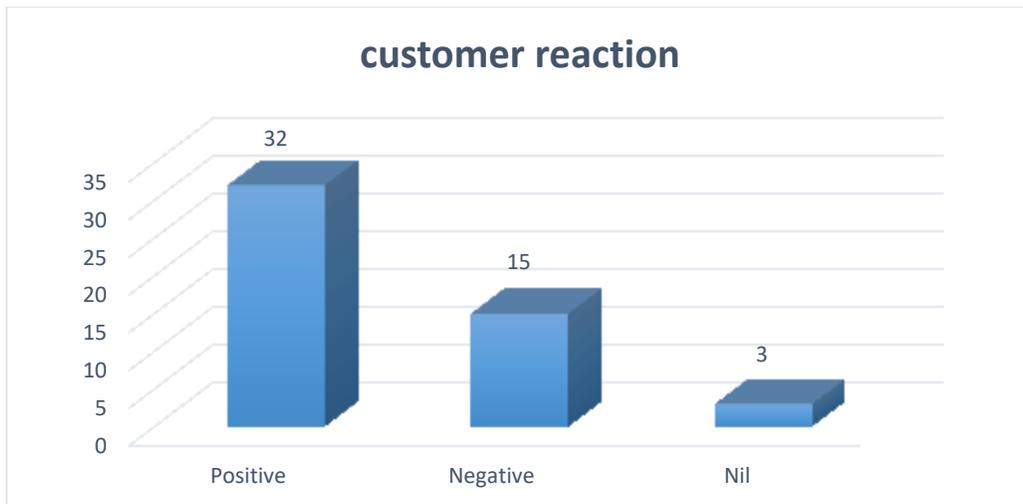
Graph No 2: Showing Impact of GST



Source: Primary source.

From the above chart we could say that out of 50 respondents, 30% (15) of the respondents have positive impact, 26% (13) respondents have negative impact and the other 44% (22) respondents have neither positive nor negative impact.

Graph No 3: Showing Reaction of customer



Source: Primary source.

From the graph we could find that the respondents says the customers have positive reaction towards GST. That is 32 respondents could see positive reaction with their customers. And 15

respondents can see negative response in their customer and the other 3 have seen no reaction

with the customers out of 50 respondent's customer.

Table No 1: Showing Rating the Slabs of GST

Slab	Best	Better	Neutral	Not Bad	Bad	Not Disclosed	Total
0%	25	5	10		7	3	50
5%	20	20	3	3	2	2	50
12%	4	5	20	7	12	2	50
18%		1		10	36	3	50
28%				2	46	2	50

Source: Primary source.

From the table we can see that 0% slab is been rated best by the 25 respondents, as better by 5 respondents, as neutral by 10 respondents, as bad by 7 respondents and 3 respondents have not disclosed their response. 5% slab is been rated best by 20 respondents, better by 20 respondents, neutral by 3 respondents, not bad by 3 respondents, bad by 2 respondents, and 2 respondents have not disclosed their response. 12% slab has been rated best be 4 respondents, better by 5 respondents, as neutral by 20 respondents, as not bad by 7 respondents, bad by 12 respondents, and 2 respondents have not disclosed their opinion. The other 2 slabs have been rated bad by most of the respondents.

Table No 2: Showing Better type of GST

GST	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree	Not Disclosed	Total
CGST Better	21	9	10	3	6	1	50
SGST is Better	31	8	4	4	2	1	50
IGST is Better	20	14	8	3	2	3	50
Overall	21	13	6	5	2	3	50

GST is							
Better							

Source: Primary source.

By observing the above table we understand that 21 respondents SA saying CGST is better, 31 respondents say SGST is better, 20 respondents says IGST is better, 21 respondents says overall GST is better. Most of the respondents have strongly agreed that the overall GST is better.

Findings and conclusion

From the study we could find that GST is being familiar to shop keepers as many of them pay GST for the goods they trade with. They have been registered under GST portal through which they pay GST and get their Input Tax Credit. Where it facilitates in transferring the tax incidence to final consumer.

From the study we could conclude that there is a positive impact of GST on wholesale shop keepers in New Tarangupet Merchant association and most of the whole sellers say that they have no impact because of GST as the customers reaction towards GST is also positive, which has a less change in customers.

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