



Impact of GST on different Industries in India

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Abstract:

Every nation will impose various taxes on people in order to maintain and undertake any development work as such. Goods and Service Tax (GST) has been recently introduced in India. The primary objective behind development of GST is to subsume all sorts of indirect taxes in India like Central Excise Tax, VAT, Service Tax etc., maintain one taxation system in India and to eliminate cascading effects of taxes. New taxation system that is GST is boost the 'Make In India'. Goods and Service tax is an indirect tax which is 'one nation and one tax' system. Goods and Service tax will simplify the indirect taxation like sales tax, state VAT, entertainment tax, luxury tax, excise duty, custom duty, entry tax etc. It reduces the complexities and cascading effect i.e. removes tax on tax. GST also add revenue to Government.

Study of GST is important because it is necessary to know how GST affect the overall sales, Profitability of the organisation. GST increases the demand for product and consumption of goods and services also. This paper provides an overview of Goods and Service tax system, its objectives, need and importance and impact of GST on different industries

Keywords: Goods and Services Tax, Objectives, need and importance, advantages, disadvantages, impact on industries

Introduction:-

The first book in the world Kautilaya's Arthashashtra saying that, the best taxation system is the one which is "liberal in assessment and ruthless in collection. Tax is a major source of income to the government. Government levy taxes in two forms which are direct taxes and indirect taxes. Direct taxes are levied on the income of people. Direct tax consists of Income tax, Corporate tax wealth tax. Direct taxes are progressive in nature, while indirect taxes are levied on the goods and services that is on the consumption of people. Indirect tax consists of Excise duty, Service tax, Value Added Tax, Central Sales Tax, custom duty etc. Basic difference between direct tax and indirect tax is, direct tax imposes on income of the individual or business. It means these taxes are not shifted to other person. Indirect taxes are those tax paid by consumers when they purchase goods and services. The person liable to pay the tax can collect the tax from someone else and then pay it to the government. This type of tax can be shifted to another that is to end customer. GST tax falls in this category. Indirect taxes are regressive in nature.

As per First Discussion Paper released by the Empowered, Committee of the State Finance Ministers on 10-11-2009, it has been made clear that there would be a "Dual GST" in India, i.e. taxation power lies with both by the Centre and State to levy the taxes on the goods and Services. The