



THE IMPACT OF GST ON IMPORT AND EXPORT

R. Karthika* & Dr. I. Parvinbanu**

Sri Ramakrishna College of Arts & Science, Coimbatore, Tamilnadu

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Abstract:

The introduction of Goods and Services Tax (GST) is a very significant step in the field of indirect tax reforms in India. In the pre GST regime, there was multiplicity of indirect taxes. The central excise duty and service tax was levied by the Central Government, while VAT and Entry Tax was levied by the State Government. Moreover, there was cascading effect of taxes, i.e. tax on tax, at various stages as credit of taxes levied by one government was not available against payment of taxes levied by the other. It is encouraging that when GST was introduced in New Zealand in 1987, it's resulted in 45% higher revenue than expected, mainly due to improved compliance. GST is an extension of VAT which includes services also. Initial losses of revenue to state would be compensated by center. The impact of GST on import and export are improve our economic condition this study helps to find the impacts and finding the goods rates. Initially they get losses but after some days GST will increasing the economic level. And people are understanding the advantages of GST.

Key Words: Tax Reforms, Entry Tax & Economic Condition

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 biggest advantage would be in terms of a reduction in the overall tax burden on goods, which is currently estimated to be around 25% - 35%.

GST would also make Indian products competitive in the domestic and international markets. Studies show that this would have a boosting impact on economic growth. Last but not the least, that tax, because of its transparent and self-policing character, would be easier to administer.

The GST (Goods and Services) Bill is easily one of the most important bills to be tabled for discussion in Parliament in the monsoon session. It is asserted that the Constitution (122nd amendment) GST Bill, 2014 (GST Bill hereafter), is a game-changing reform in the prevailing multi-layered tax system in India. Historically being excessively dependant on indirect taxes, India has transversed a long way in reforming its complex tax system over the years and the GST Bill will be a culmination of these reforms.

The GST is expected to expand the tax base and reduce distortions by eliminating input taxes further. The peculiarity of an indirect tax like GST is that it has a very strong impact on the economy. The primary motive of the Act is to bring uniformity between states by dismantling fiscal inconsistencies and subsuming excise duty, value-added tax, entertainment tax, purchase-tax on goods and services, and luxury-tax among others.

Objectives of the Study:

- ✓ To Study about the impact of GST on import and export
- ✓ To understand the importance and impact of GST on Individual and business in the present scenario.
- ✓ To segregate the Expenses and Heads of Accounts for GST Accounting.
- ✓ To analyse the product wise benefits derived by implementing GST.
- ✓ To suggest measures.

Research Methodology:

A research design is the overall plan or program of research. A research design or model indicates a plan of action to be carried out in connection with a proposed research work

Statistical Used: Percentage Analysis

Sampling Techniques:

Cluster Sampling: this sampling used to identification the groups of companies

Method of Data Collection:

Primary data have been used for the purpose of this study. The primary data have been collected in the form of questionnaire by issuing it to the Exporters and importers. The questions in the questionnaire were prepared in such a way that it will be easy for people to read and understand for filling it.

Geographical Area of Study:

The area of study is limited to Coimbatore city. It is popularly known as Manchester of south India, is situated in the western part of the state Tamil Nadu

Period of Study:

My period of time is 6 months (From September 2017 to February 2018).

Scope of Study:

This study will help to know the impact of GST on import and export. The attention of companies on exactly how the GST would impact their particular nature of business. Impact would certainly be there on each wing of their operation on goods export and import

Reviews of the Literature:

S.No	Citation	Sample	Environment	Method	Conclusion
1.	P. A. Samuvel	50	Coimbatore	Primary	After this GST they faced some tax for export and import the goods
2.	R. C. Feenstra G. Hanson	51	Hyderabad	Secondary	International trade "export" refer to selling goods to other country .some time they have cancel and re send the goods to that product

Analysis and Interpretation:

Age Groups and Numbers of Respondents:

S.No	Age	Respondents	
		Numbers	Percentage
1.	25 to 35	13	26
2	35 to 45	12	24
3	45 to 55	11	22
4	55 above	14	28
	Total	50	100

Interpretation:

The above table shows the age of respondents, 26% of the respondents are between 25 to 35 years, 24% of the respondents are between 35 to 45 years, 22% of the age respondents are between 45 to 55 years, 28% of the respondent between 55 above the age.

Banked Income Intact:

S.No	Factors	Respondents	Percentage
1.	Yes	23	46%
2.	No	27	54%
	Total	50	100

Interpretation:

The above table shows the income banked by the respondents, 46% of the respondents have banked intact and 54% of the respondents have not.

Valid Tax Invoice for All Expenses and Purchase:

S.No	Valid Tax Invoice	Respondents	Percentage
1.	Yes	19	38%
2.	No	31	62%
	Total	50	100

Interpretation:

The above table shows the valid tax invoice for all expenses and purchase the respondents, 38% of the respondents are valid tax invoice, 62% of the respondents are not valid tax invoice for all expenses and purchase

Paid Any Business Expenses from Personal Funds:

S.No	Business Expenses from Personal Fund	Respondents	Percentage
1.	Yes	24	48%
2.	No	26	52%
	Total	50	100

Interpretation:

The above table shows the business expenses from personal fund the respondents, 48% of the respondents have paid the business expenses from personal fund, 52% of the respondents are not paid business expenses from personal fund

Bought or Sold Any Asset:

S.No	Bought or Sold Any Asset	Respondents	Percentage
1.	Yes	24	48%
2.	No	26	52%
	Total	50	100

Interpretation:

The above table shows bought or sold any asset respondents, 48% of the respondents have bought and sold the asset, 52% of the respondents have not bought or sold assets

Signed Any Hire Purchase or Lease Agreement:

S.No	Signed Agreement	Respondents	Percentage
1.	Yes	29	58%
2.	No	21	42%
	Total	50	100

Interpretation:

The above table shows signed any hire purchase or lease agreements a by the respondents are, 58% of the respondents are signed agreements, 42% of the respondents are not signed agreement

Paid Any Legal Expenses or Borrowed Money:

S.No	Legal Expenses or Borrowed	Respondents	Percentage
1	Yes	17	34%
2	No	33	66%
	Total	50	100

Interpretation:

The above table shows legal expenses or borrowed money the respondents, 34% of the respondents are legal expenses and borrowed money, 66% of the respondents are not paid legal expenses or borrowed money.

Paid Any Business Expenses by Credit Card:

S.No	Business Expenses by Credit Card	Respondents	Percentage
1	Yes	24	58%
2	No	26	42%
	Total	50	100

Interpretation:

The above table shows the business expenses by credit card the respondents, 58% of the respondents are paid business expenses by credit card, 42% of the respondents are not paid business expenses by credit card

Relationship between Company Turnover and Opening New Account:

Company Turn Over	Opening New Account	Percentage
2,00,000 – 22,00,000	6	22
22,00,000 – 42,00,000	4	14
42,00,000 – 62,00,000	-	0
62,00,000 – 82,00,000	11	40
82,00,000 – 1,02,00,000	1	3
1,02,00,000 – 12,400,000	3	11
12,400,000 – 14,600,000	1	3
14,600,000 – 16,800,000	1	3
Total	27	96

Interpretation:

This above table shows relationship between company turnover and opening new account. 40% of company have opening new account

Findings:

- ✓ Majority (28%) of the respondents are above the age of 55
- ✓ Majority (54%) of the respondents have not paid bank income intact
- ✓ Majority (62%) of the respondents are not valid tax invoice of all expenses and purchase
- ✓ Majority (52%) of the respondents are not paid business expenses from personal fund
- ✓ Majority (52%) of the respondents are not bought or sold assets
- ✓ Majority (58%) of the respondents are not signed any hire purchase or lease agreement
- ✓ Majority (66%) of the respondents are not paid legal expenses or borrowed money
- ✓ Majority (58%) of the respondents are not paid business expenses by credit card
- ✓ Majority (54%) of the respondents are paid invoice that include both GST
- ✓ Majority (58%) of the respondents are paid not paid any private expenses from business bank
- ✓ Majority (56%) of the respondents are not opened new account.
- ✓ Majority (26%) of the respondents of product is garments.
- ✓ Majority (37%) of companies have banking income intact
- ✓ Majority (28%) of respondents are hold the valid tax invoice for all expenses and purchase
- ✓ Majority (33%) company are hold the valid tax invoice

- ✓ Majority (33%) of respondents is signed hire purchase or lease agreement.
- ✓ Majority (25%) company of paid legal expenses or borrowed money.
- ✓ Majority (27%) Company of paid legal expenses or borrowed money.
- ✓ Majority (23%) garment companies are paid by business expenses by credit card
- ✓ Majority (33%) companies pay of business expenses by credit card.
- ✓ Majority (33%) companies pay of business expenses by credit card.
- ✓ Majority (25%) companies paid invoice include GST supplies
- ✓ Majority (26%) of Companies are paid invoice with GST supplies.
- ✓ Majority (32%) garments are private expenses from the business bank account
- ✓ Majority (31%) of company pay private bank expenses from business account
- ✓ Majority (34%) of company pay business expenses from personal fund
- ✓ Majority (40%) of company opening new account

Suggestions:

- ✓ The impact of GST on agricultural sector is foreseen to be positive. The agricultural sector is the largest contributing sector the overall Indian GDP. It covers around 16% of Indian GDP. The implementation of GST would have an impact on many sections of the society .though implementation of GST is going to benefit a lot, the farmers/ distributors in the long run as there will a single unified national agriculture market.
- ✓ GST is here, and businesses are still trying to understand the changes required in their current systems to accommodate the new compliance model. On this note, we bring you our impact analysis on something in the restaurant and food industry.
- ✓ According to the National Restaurant Association of India's 2013 India Food Service Report, the current size of the Indian food service industry is ₹2,47,680 crore and is projected to grow to ₹4,08,040 crore by 2018 at the rate of 11%. This growth is further fueled by the growth of the great Indian middle class.
- ✓ GST rates of vegetables and fruits, fresh and unprocessed fruits and vegetable have been exempted which is a positive impact of GST for agricultural industry. However higher rates of 12% and 18% have been introduced for dry fruits and preparation from fruits and vegetables which were taxed at a rate of 5% earlier leading to a negative impact on FMCG Companies.
- ✓ The implantation of the item and service tax will be done on the last step of supply and use. This tax will be compulsorily charged at every level of value addition. In this, any supplier at any stage is allowed to make up the tax through the tax credit system.

Conclusion:

It is encouraging that when GST was introduced in New Zealand in 1987, it's resulted in 45% higher revenue than expected, mainly due to improved compliance. GST is an extension of VAT which includes services also. Initial losses of revenue to state would be compensated by center. The impact of GST on import and export are improve our economic condition this study helps to find the impacts and finding the goods rates. Initially they get losses but after some days GST will increasing the economic level. And people are understanding the advantages of GST.

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