



Is GST beneficial for the common man?

Description

Plus :-

- Basic food items prices aren't increased. There is no tax on milk, pulses, wheat and rice.
- Prices of most of the daily essentials used by middle class people remain unchanged and prices of some daily essentials like soaps, LED bulbs have reduced.
- Till now there was a luxury tax on spending money on ICUs and incubators. With GST, this tax is evaded.
- Bicycles and sports equipment prices will be reduced. This is a plus for all because of the growing interest in sports.

Minus :-

- As service tax is increased to 18%, banking, telecom services, credit cards, chit funds, insurance premiums etc will become costlier.
- Mobile phones prices have increased. Till now, tax on mobile phones is just 6%, with GDP it was increased to 18%.
- Bikes and cars prices increased.
- Tax on clothes is increased. As consumerism has increased, this is a minus for all, especially for middle classes.
- Cosmetics will become costlier.
- Gold rate will be slightly increased.

What is GST :-

- 'Goods & Services Tax' (GST) is the biggest tax reform in India till now. GST replaces all the indirect taxes in the country.
- At present there are different tax rates in different states. With GST, tax rates will be equal through out the country.
- All the indirect taxes such as Excise tax, sales tax, service tax etc. will be replaced by GST.
- GST also eliminates double taxation. Till now, manufacturers have to pay tax on the goods

they manufactured. For example, the maker of wooden toys had to pay tax on the rate of the toy, that he is going to sell. But with GST, he has to pay tax only on the value he added, that means he bought wood from another manufacturer and he added value to it by transforming the wood into toys. He will not pay tax on the wood, because tax on wood was already paid by the wood manufacturer.

- GST is going to be implemented from July 1st, 2017.
- A four-tier GST tax structure of 5%, 12%, 18% & 28% will be implemented based on the type of products. For essential goods like food, GST will be 5%, and for luxury goods, GST will be 28%.
- GST is an international tax regime. More than 160 countries already implemented GST.

Conclusion :-

GST rates are beneficial to middle classes and below middle classes. Upper middle classes and upper classes will pay more for the goods. For example, prices of footwear worth below Rs. 500/- remain unchanged, and footwear worth more than Rs. 500/- attract 5% additional tax. Though some of the goods prices have increased, in the long-run GST will be beneficial to all, as it eliminates tax complexities, encourages tax payments and increases GDP.

Afterwords :- Do you think GST is beneficial for the common man? Express your thoughts in the comment section below.

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