

# A Study On Impact of GST On Import and Export Sector of Valsad District

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**Abstract:** In this study the research work has been carried out to analysis on the Impact of GST on Import and Export in Valsad District. Impact of GST on import on CVD and SAD. The Countervailing Duty and the Additional Duty. In this research paper introduction of GST which was help to study the GST and what is Import and Export under GST law it has been implemented by the government to enhance the indirect tax for the levied people.

Now in this paper the research methodology has been carried out by the researcher to know the impact on turnover, work load of paper and CVD effect after implementation of GST law. And relation of business maintaining book of account and work load of paper in these tax systems this paper is based on exploratory research design and data are cited in this paper were collected through the primary source. There are some limitation in this paper like No responses, incorrect responses due fear of getting caught by govt. officer. Lastly GST has positive impact on the trade and business are benefited but still there are certain disability in the system.

**Keywords:** GST, Import and Export, Countervailing duty, Additional duty, Tax.

## 1. Introduction

The Goods and Services Tax, which subsumes almost all indirect taxes to integrate the country into a single market, is the biggest tax reform that has been undertaken since independence.

The vision behind the introduction of the GST is not only to get rid of the complexities of the indirect taxes that prevailed earlier but also to bring about ease in doing business.

The GST was launched at midnight on 1 July 2017 by the President of India, and the Government of India. The launch was marked by a historic midnight (30 June – 1 July) session of both the houses of parliament convened at the Central Hall of the Parliament.

India adopted a dual GST model, meaning that taxation is administered by both the Union and state governments. Transactions made within a single state are levied with Central GST (CGST) by the Central Government and State GST (SGST) by the State governments. For inter-state transactions and imported goods or services, an Integrated GST (IGST) is

levied by the Central Government. GST is a consumption-based tax/destination-based tax, therefore, taxes are paid to the state where the goods or services are consumed not the state in which they were produced. IGST complicates tax collection for State Governments by disabling them from collecting the tax owed to them directly from the Central Government. Under the previous system, a state would only have to deal with a single government in order to collect tax revenue.

India is well integrated into the web of international business transactions. There is inward as well as outward flow of goods and services between India and other countries. GST, being a business tax, impacts imports and exports too. Provisions in the GST laws seek to (i) provide level playing field to domestic supplier's vis a vis international supplier in case of imports and (ii) make exports more competitive. The various provisions of GST law as applicable on import and export supplies are discussed in this Chapter in detail. First, the provisions relating to import of goods and services have been discussed followed by discussion on provisions relating to export of goods and services. The relevant statutory provisions have been extracted first followed by the analysis thereof.

- Sub-Section 5 of section 2 of IGST Act, 2017 defines – “Export of Goods”, means taking good out of India to a place outside India.
- Sub-Section 10 of section 2 of IGST Act, 2017 defines – “import of the goods”, means bringing goods into India from a place outside India.
- Import of goods and services will be treated as inter-state supplies. IGST will be levied on the import of goods and services into the country. Basic Customs Duty (BCD) will be levied on the import of goods in addition to IGST. With regard to import of services, the service receiver will be liable to pay tax on the service if such services are provided by a person residing outside India.

## 2. Literature Review

1. Dr. Syeedun Nisa (2017): The simplification and harmonization of the indirect tax regime of the country

will reduce the cost of production and lead to a seamless, integrated Indian market, thereby making Indian trade and industry more competitive with global world.

2. Vinod Kumar (September 2017): GST is essential for the development of the country; it will help to improve the country's gross domestic product. After the GST is implemented, the rate of tax will be between 0% to 8% on essential commodities including food items, so that the common man will be able to fulfil their needs.
3. Rohit Singh (April 2018): the immense potentiality borne by GST towards a higher growth trajectory of Indian economy, reportedly various business, industry and exporters are facing enormous problems due to the same.
4. Sabari Nath T V (February, 2019): The implementation of GST will help to reduce distortion of prices due to tax policies, also reduce the burden of tax, help in equal distribution of burden of taxation between manufacturing and services, the negative impacts cannot be ignored as a whole, but they can be workout and remedial measures.
5. Divya Ojha (December 2019): After implementation Goods and Services Tax leading Indian civil operators leasing out aircraft and thus availing the services of MRO from outside India. This would have adverse effect on the revenue of Indian treasury.

### 3. Research Methodology

The process used to collect information and data for the purpose of making business decisions. The methodology may include publication research, interviews, surveys and other research techniques, and could include both present and historical information.

*Type of research:* The study will be of significant combination of both Descriptive and Exploratory research.

*Data source:* In this research various external source of Primary data and secondary data and book are used.

*Data collection tools:* In these research data are collected by the Questionnaires (Google form) method.

*Sampling universe:* The data sampling universe in city of Valsad, Vapi, Daman.

*Sample size:* After due consultation with charter accountant and college guide keeping in mind the minimum requirement the sample size that was found to be appropriate for the study is Fifty.

*Sample design:* The target population of the study consists of various respondents of Valsad, Vapi, Daman. This survey will be done by collecting the data from the respondents.

### 4. Research Analysis

#### A. Objective

- To understand the GST mechanism implemented in India.
- To study exporter and importer opinion with regard to GST implementation.

- To study how GST made its impact on import.
- To study how GST made its impact on export.
- Impact of GST on import: on CVD and SAD the Countervailing Duty and the Additional Duty.
- To study the effect on turnover of export and import and its prices.
- Maintenance of paperwork in current taxes.

#### B. Life business

Table 1

How long are you in the business of import and export?	Frequency	Percent
Less than 3 yrs.	8	16.0
Between 3 to 10 yrs.	26	52.0
More than 10 yrs.	16	32.0
Total	50	100.0

The table 1 deliver the individual frequency tenure of business highest is 26 i.e. between 3years to 10 years and lowest is 8 is establish below 3 years.

#### C. MBOA

Table 2

Are they maintaining book of account by their own?	Frequency	Percent
Yes	39	78.0
No	11	22.0
Total	50	100.0

From table 2 People maintaining the book of account by own highest responses is yes i.e. 39.

#### D. Turnover

Table 3

After implementing GST effect on your business?	Frequency	Percent
positive	39	78.0
Negative	11	22.0
Total	50	100.0

Table 3 justified the turnover after implementation of GST has increased i.e. 39 responded were agreed and only 11 were not satisfied with statement.

#### E. Work Load

Table 4

Does work load of paper compare to vat or other similar taxes?	Frequency	Percent
increase	13	26.0
decrease	37	74.0
Total	50	100.0

There is decrease in the work load of paper compare to old tax regime 37 frequency out total population.

#### F. Paying tax

Table 5

Are you paying GST tax?	Frequency	Percent
Yes	48	96.0
No	2	4.0
Total	50	100.0

Majorly people are paying tax around 96% of total population

G. Problem filing

Table 6

Are you facing problem in filing GST?	Frequency	Percent
Yes	23	46.0
No	27	54.0
Total	50	100.0

The table 6 shows problem faced by the public in filing of tax return are around the ratio of 50% approx.

H. CVD Effect

Table 7

Does CVD increase in GST compare to old indirect taxes regime?	Frequency	Percent
Increase	37	74.0
Decrease	13	26.0
Total	50	100.0

There is increase in CVD levied on import of good and services after implementation of GST responses to 37 frequency.

I. ITC Effect

Table 8

Refund of accumulated ITC get easier in GST?	Frequency	Percent
Yes	19	38.0
No	31	62.0
Total	50	100.0

The input tax credit is accumulated No. so; it is easily available while claiming.

Statistical methods for data analysis:

Table 9

Correlations			
		MBOA	Work load
MBOA	Pearson Correlation	1	-.346*
	Sig. (2-tailed)		.014
	N	50	50
Work load	Pearson Correlation	-.346*	1
	Sig. (2-tailed)	.014	
	N	50	50

\*. Correlation is significant at the 0.05 level (2-tailed).

The correlation of work load of paper and maintain book of account is negative to -0.346.

Table 10

Correlations			
		Problem filing	ITC Effect
Problem filing	Pearson Correlation	1	-.309*
	Sig. (2-tailed)		.029
	N	50	50
ITC Effect	Pearson Correlation	-.309*	1
	Sig. (2-tailed)	.029	
	N	50	50

\*. Correlation is significant at the 0.05 level (2-tailed).

The relation of filing return and the effect in input tax credit is significant 0.05 and inverse -0.309.

52% of businesses are established between 3 years to 5 years

of overall response of 50 population. Majorly businesses are maintaining their book of account on their own self. Impact on turnover of business is positive. There are some negative responses. Work load of maintenance of paper has been decrease compare to old tax regime. There is majorly effect on CVD it has increase the price of product imported. Majorly businesses are paying GST, though they are facing problem in filing return and claiming ITC. Majorly businesses are satisfied with new taxation system.

From the population of 50 sample there is inverse correlation between life of business and turnover i.e. -0.126 so, we can say as business trends for longer period there is slow growth or decline here theory of economic apply the stage of growth rate. There is significant correlation up to 0.05 between maintenance of book and load of paper to maintain in this tax system is lower. There is negative relation between person paying tax and filing return i.e. -0.16 people are not facing much problem in paying tax and also similar between filing return and calming accumulated ITC. Although people in business of these sector are facing problem which need to eradicated. The deviation from mean is highest in problem in filing GSTR return and life of business is 0.50 and 0.68 respectively.

5. Conclusion

From these analyses of ‘Impact of GST on Import and Export Sector of Valsad district’ based upon the research we can conclude that there is positive impact on the trade and business are benefited but still there are certain disability in the system like filing of return and getting accumulated input tax credit. Export sector are more likely to benefit than import. There certain import disadvantage like CVD (counter veiling duty) and SAD (special additional duty) which make the product cost high it is benefited for economy but from business point of view it decreases business growth.

Though it is biggest reform of taxation since independence for India. Government need to consider certain area like awareness among people and look upon crucial matter like Excise duties levied on the individuals should not be a burden to them it should be affordable e.g. CVD and SAD. GST must concentrate more on the export factor as India is a developing nation. As Trade is also one of the major components of finance, it should work better toward import.

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