



## **GST in India v/s GST in other countries: An overview**

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**Abstract :** In India, Goods and Service Tax was introduced on 1 July 2017 by five tax slab rates to replace multiple cascading taxes levied by the Centre and State Governments. It has been implemented in dual basis to free our country from various issues like tax evasion, corruption etc. Firstly, GST was introduced in France but now a day more than 160 countries have implemented GST. As compared with the Emerging Market Economics like China & Brazil, India has the highest GST rate i.e. 18% with major items while it is 17% in China and 10% in Brazil. Hence, this paper focuses on the GST rates in our country and in other countries to find out the deviations so that it helps in further improvement in tax system.

**Keywords:** Goods and service tax, tax evasion, CGST, SGST.

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### **Introduction**

GST (Goods and service tax) is a herculean task taken by the Government of India in the reform of indirect taxation system. It is one tax for the nation that replaces all the multiple taxes levied right from the manufacturer to the customers. It mitigates cascading or double taxation and helps in global competitiveness. In India, GST has been implemented in dual basis under five tax slab rates that include 0%, 5%, 12%, 18% and 28%. Approximately 60% of goods are capped under 12% to 28% rates that make greater revenue for the government. The tax levied by the Centre is the Central GST (CGST), levied by the State is the State GST (SGST) and levied by the central on the inter-state supply of various goods and services is Integrated GST (IGST). The Government collects bumper revenue through its First GST. The Government expects revenue of Rs 91,000 crore but the recorded tax collection is Rs 92,283 crore from just 64.42% of the total taxpayer base. The total Central GST revenue is Rs 14,894 crore, State GST revenue is Rs 22,722 crore, and Integrated GST revenue is Rs 47,469 crore. The IGST revenue of Rs 47,469 would be apportioned between the Centre and states based where the taxes were due.<sup>1</sup>

### **Current Scenario**

It is seen that in numerous countries, GST is implemented at a lower rate but in our country the rates are very high. As a result many traders, merchants and political parties opposed it. Therefore, the Government revised the rates to control the situation. The 2-day GST Council meeting at Guwahati on 9<sup>th</sup> and 10<sup>th</sup> November 2017 has decided to lower the tax rates from 28% to 18% on over 200 items. The items that have moved to 18% regime include chocolates, beauty products, shaving cream, aftershave kits, chewing gum, marble, granite, handmade furniture, plastic products, among others. The GST on 13 items like Condensed milk, refined sugar, diabetic food etc, has been reduced to 12% from 18%. GST on Wet grinders and tanks has been reduced to 12% GST slab from 28%. Similarly,

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six items has reduced to 5% from 18% slab. Eight items has cut to 5% from 18%. GST rate on six items has been lowered to zero from 5%. The GST composition scheme is also changed.

### **Literature Review**

Several researches have been carried out on GST by our academics and research scholars to increase the awareness among the people about the GST and its effect as well as impact on the economy.

According to Mansor (2013) GST has always been considered as a tool in the hands of any Government to increase revenue while the Agogo Mawuli (May 2014) in his study on, "Goods and Service Tax-An Appraisal" found that GST is not good for low-income countries and does not provide broad based growth to poor countries.<sup>2</sup>

Dr. R. Vasanthagopal (2011) define that switching to seamless GST from current complicated indirect tax system in India will be a positive step in booming Indian economy.<sup>3</sup>

Ehtisham Ahmed and Satya Poddar (2009) say that GST introduction will provide simpler and transparent tax system with increase in output and productivity of economy in India. But the benefits of GST are critically dependent on rational design of GST.<sup>4</sup>

Nitin Kumar (2014) concluded his study that implementation of GST in India help in removing economic distortion by current indirect tax system and expected to encourage unbiased tax structure which is indifferent to geographical locations.<sup>5</sup>

### **Research Methodology**

The objective of the present study is to understand the GST. The study helps in comparing the GST in India with the GST in other countries. The present work is based on the secondary data that is collected from many sources like government reports, newspapers, magazines and websites.

### **Finding of the Study**

Goods and Service Tax is the biggest indirect tax reform in our country since independence. It was predicted that it not only helps in curtailing tax evasion but also boost our economy in the coming years. Currently, it is implemented in about 160 countries with the single tax rate basis. Few countries adopt it in a dual basis like Canada and Brazil. India is also one of them. It comprise of Central GST (CGST) and the State GST (SGST).The Central Government collect the Central Goods and Service Tax while the State Government collects the State Goods and Service tax on all the transaction within the State. This creates the major difference in the implementation of GST in our and in other countries. Another difference noticed was of the tax rate slab. Generally in other countries like France, New Zealand, Singapore etc, GST tax rate is consistent and single while in India GST Tax rate consist of five tax rate slab including zero. The tax rate is also high as compared to the other countries. The GST in UK is 20%, New Zealand at 15%, Singapore at 7%, Malaysia at 6%, Australia at 10% and Germany



19% etc. But in our country it is implemented at 0%, 5%, 12% 18% and 28% accordingly which is very high as compared to the other countries as shown in the table given below –

Table -1

Countries	Year of Implementation	GST rates	Service tax rate
Singapore	1994	7%	7%
Malaysia	2015	6%	6%
Australia	2000	10%	10%
Indonesia	1984	10%	10%
Denmark	1967	25%	25%
Germany	1968	19%	19%
UK	1973	20%	20%
India	2017	0%, 5%, 12% 18% ,28%	0%, 5%, 12% 18% ,28%

Source: [www.treasury.gov.my](http://www.treasury.gov.my)

Thus, the above table makes it very clear that Indian GST is multi-tier and complex. It require proper training to the tax administrative staff that itself is a herculean task for the Government There is also lack of clarity in the rules and regulation of GST as in some cases; there is no clarity on who will bear the bill. People are lack aware about the e-billing, filling of GST return, revised GST rates, GST portal that result in multiple queries. Such complexities are not seen in other countries.

### Conclusion

It is known that GST is the single tax that subsumes multiple taxes. Its effective execution helps the Government in greater revenue. For that proper training is required to the tax administrative staff and others. The study concluded that in India, GST is dual in nature under which taxes will be levied and collected by the Central, State and Union Government and governed by the CGST Act, IGST Act, and the SGST Acts. Hence, for the successful implementation of GST, government have to lower down the tax rate slab and also make more transparency in its dual nature so that people's trust will increased.

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