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i) Introduction: About GST and the current scenario of GST in India →

i) Definition of GST → The goods and service Tax (GST) is a comprehensive indirect tax introduced in India on July 1, 2017 aimed at replacing myriad of taxes levied by the central and state government such as excise duty, VAT and service TAX. It functions as destination based, value-added tax applied to the consumption of goods and services.

ii) Objectives of GST →

a) To create a unified national market by eliminating tax barriers between states.

b) To simplify the tax structure and reduce compliance cost for businesses.

c) To ensure transparency in tax administration.

iii) Structure of GST →

a) Dual GST Model → comprising Central GST (CGST) and state GST (SGST) for intrastate transactions and Integrated GST (IGST) for interstate transaction.

- b) Tax slabs: The four major tax slabs are 5%, 12%, 18%, 28%, along with special rates for luxury goods. These tax slabs are applicable for both central and state GST.
- c) E-Way Bill system → Facilitates the tracking of goods movement to prevent the tax evasion.

### Current Scenario →

- a) Revenue Trends: GST Collection have shown consistent growth over recent years. For instance monthly collection has exceeded 1.5 lakh crore in 2023, signaling improved compliance and economic recovery post Covid 19.
- b) Revision in Rates: The GST council periodically revises tax rates to address issues such as over-taxation of essential items.

### Recent Development in GST →

- a) Inclusion of online gaming and cryptocurrency → There are discussions to bring these two category inside GST tax. And government has already imposed 30% income tax in cryptocurrency investments.
- b) Expansion of E-invoicing → Mandatory for businesses with turnover above 5 crore.



## Pros and Cons of GST in India →

### Pros -

- i) Simplified Taxation → Unified system replacing multiple taxes like VAT, excise, and service tax. Reduces the burden of cascading taxes, where tax is levied on already taxed goods/services.
- ii) Encourages Formalization of the Economy → Businesses are incentivized to register under GST to avail input tax credit, leading to greater formalization of the economy.
- iii) Increased Revenue Collection → The digitized and transparent system curbs tax evasion, increasing government revenue. And a streamlined tax structure attracts foreign investment and fosters economic growth.

### Cons -

- i) Complex Compliance requirements → Multiple forms and deadlines create challenges for small business, especially MSMEs. Filing GST returns online requires digital literacy and access to technology.

ii) Multiple tax slabs → While designed to differentiate between luxury and essential goods, the existence of multiple tax slabs (5%, 12%, 18%, 28%) complicates tax filings.

iii) High tax Burden on small Business → MSMEs often struggle with cash flow issues due to delayed refunds under the GST system. And frequent ~~policy~~ policy changes during the early phases of implementation caused confusion among businesses.

Pros and Cons of Popcorn Tax →

i) Background of Popcorn Tax - The 'Popcorn Tax' refers to the GST levied on snacks sold in cinemas, primarily popcorn, which has triggered a debate about its fairness. Currently cinema snacks fall under the 18% GST slab, a rate applicable to items considered non essential or luxury.

Pros of Popcorn Tax →

i) Revenue Generation → Cinema snacks being discretionary items contribute to government revenue through higher taxation. The tax aligns with the principle of taxing luxury goods at a higher rate.



- ii) Prevents Arbitrary Pricing → cinema halls are known for exorbitantly pricing snacks like popcorn. The tax can potentially discourage this overpricing.
- iii) Targets Non-Essential Goods → Imposing higher tax on non-essential items ensures essential goods remain affordable for general population.

### Cons of Popcorn Tax →

- i) Disproportionate Impact on consumers → The tax adds to the already high costs of leisure activities like watching movies in theaters.
- ii) Discourages Consumption → High prices deter consumers from purchasing snacks, affecting cinema halls revenue.

### Summary, conclusion, suggestion →

The GST system has revolutionized India's tax structure, simplifying compliance and increasing government revenue. However, challenges like high costs, tax evasion and multiple tax slabs persist. The popcorn tax debate highlights broader issues with the GST classification system, particularly its impact on consumer affordability and business overview.

Suggestions → Here are some suggestions for GST tax -

- i) Simplify GST slabs
- ii) Review classification of Goods and service,
- iii) Improve compliance framework.
- iv) Enhance consumer awareness.

Conclusion → GST has successfully unified Tax structure and reduced inefficiencies in the indirect tax system. Increased revenue collection and formalization of the economy are significant achievements.

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