



## GST - A Historic Landmark-1

### Impact of GST

#### Economy

- Dual monitoring by the Centre and states to reduce tax evasion
- Better compliance through real time matching of supplier and purchaser
- Reduction in the approx Rs 1.8 lakh crore annual loss due to excise duty exemptions
- Cut in Rs 1.5 lakh crore estimated loss to states due to tax exemptions

#### Companies

- Tax credits to **lower their tax burden, improve profit margin**
- **No distinction** between product and service for tax purposes
- Uniform tax across the country to **ease doing business**
- **Smooth movement** of products across states
- One-time increase in compliance cost likely

#### Consumer

- Most products are likely to be less expensive over time
- Most services (eg. restaurants, travels, mobile bills, insurance premium) likely to cost more
- Mobiles, Jewellery, some ready made wear in some states may cost more

#### What is not part of GST

##### Alcohol

Industry keen, states block move to include alcohol for human consumption. They want total freedom to tax the sin good

##### Petroleum

States don't want to give up power to tax, given this is an easy revenue

source. Petrol, diesel, aviation fuel, natural gas and crude stay out for two years

##### Real Estate

Stamp duty to remain on sale of property but service tax, where applicable, to be part of GST



