

GST IMPACT ON IMPORTS AND EXPORTS IN INDIA

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Abstract

The government of India introduced the Goods and service tax (GST). This is made to reduce all kinds of indirect tax which are affecting the exports and imports; EXIM are important contributors towards revenue generation in the country. The goods and service tax come into play in India on 1ST July 2017. GST is going to change the existing business structure in India, It will also transform the import – export scenario in the country. This paper will discuss how GST is impacting the import and exports goods and services in India.

Introduction

The Goods and Service Tax (GST) has changed the way business are done India Export and import service can happen by many different aspects after the implementation of GST in Indian economy there is a drastic improvement of the level of trade. After the implementation of the GST it would change the business structure of India and would also bring some significant changes on the impact of international trade (Import-Export) of goods through the change in the computation of the basic customs duty.

What is GST

In simple words we can say that GST is a tax that is levied on the consumption that is enforced on manufacture sale and consumption of goods & services at a nation level. This kind of tax will remain same for all indirect tax levied by state and central government. It is a noteworthy consideration that after introduction of GST some taxes like income tax exports tax, corporate tax including tax capital gain tax will not be affected in any manner. GST will incorporate of Centre will levy CGST which is known as central GST. State will be levy SGST which as State GST.

TAXES UNDER GST

- Inter- state movement: central GST (CGST), state GST (SGST)
- Inter-state movement: Integrated GST (IGST)

Objectives

- To study how GST made its Impact on import.
- To study how GST made its impact on export

Methodology

This study is based on secondary data and the data is Collected from different News paper articles in magazines and websites the study is Exploratory in Nature

Meaning of Export & Import of Goods

We can consider section 2(5) defines of IGST act 2017 to get better understanding of the term exports and it defines exports as – “Exports of Goods”, includes traversing goods to the destination that is consider outside India.”

Section 2(10) defines of IGST Act ,2017 defines –“import of goods” with its grammatical variations and cognate expressions , means bringing goods into India from a place outside India.

How will the Import-Export of goods\services be treated Under GST

Supply of goods\services In the course of Import and export has been considered as Inter-state trade.

Hence the provisions of IGST act shall be applicable to supply of goods services in the import and export.

TAX STRUCTURE&INPUT CREDIT IN CASE OF IMPORT AND EXPORT GST

Types of supply

	EXPORT	IMPORT
Tax structure	Zero rate supply no tax be charged	IGST and basic custom duty BCD shall be levied
Import tax credit	ITC allowed Refund shall be allowed	ITC on IGST allowed ITC of BCS not allowed

The manufacturer service provider and Trade of goods how imports goods/services shall eligible to offset IGST paid on import of goods/services against is output liability.

THE FOLLOWING DOCUMENTS ARE NEEDED TO CLAIM A REFUND FOR EXPORTS UNDER GST

- ❖ The copy of the payment of duty.
- ❖ The copy of the Invoice.
- ❖ The document to show that the tax burden has not been passed on other documents.

Under the IGST act exports are eligible to claim refund on ;

- ❖ Duties paid on exports.
- ❖ Unutilized input tax credit.

Such refund should to be paid within 60 days from date the receipt completed application.

IMPACT ON EXPORT OF GOODS AND SERVICE

The current Indian government has an aim of increasing the output and the quality of exports from India as portrayed by the “make in India” policy, and the many tax benefits provided to the exports on the exporters.GST rolled out on July 1 and yet there is still some ambiguity among the exports on the possible impact of the new regime on this industry. The Indian government has shared a [set of notifications note](#) for the public on 28th June 2017 regarding the applicability of CGST,SGST, UGST and cess and GST rates.

As per the GST council the export of goods and services has been considered as a zero-rated supply and so there will be knowsGST levied on such exports. As per the new GST scheme, the duty drawback will be provided for the customs duty paid on the goods that have been imported. Traders want to know how GST affects the products exported and the amount of the raw material/input used. If GST paid. At any point of supply against export from India, the trader may either export without the payment of IGST under bond are later of undertaking or may pay the IGST and claim a refund late.

- ✓ GST considers export as ZERO “RATED SUPPLIERS”
- ✓ In case of GST Payment made at the point of supply towards the export from India then the trader has an option of exporting the goods and services without paying IGST under the bonds or letter or make payment of IGST and can later claim for refund of the amount.
- ✓ Both in the above two cases the exporter must provide a complete details of the GST Invoice and the shipping bill.

Deemed export under GST

1. Supply of goods by registered person against advance authorisation
2. Supply made to an export-oriented undertaking (EOU) or Hardware technology park unit software technology park unit Biotechnology Park unit.

3. Supply of capital goods by a registered person against export promotion capital goods authorisation.

Export ITC and tax structure

As per the place of supply Rules of the new tax regime 0% GST is charged in any exports of goods and service from India. The suppliers can avail the input tax credit under CGST/ SGST and IGST After paying the amount on input and services. They can apply for the refund as per the 38th sections of central GST Act, 2016.

Impact of GST on import:

The previous system, various import duties were applicable on imported goods. These included countervailing duty, custom duty, and special additional duty among others. On the other hand, service tax was also levied on imported services. Under the new system, all indirect taxes levied on import goods & service are replaced by the integrated Goods and Service Tax (IGST). But there are certain exceptions to the rules as well. For example, petroleum products and pan masala imports are still liable to countervailing duties.

Moreover, productive taxes such as customs duty and education cess, among others, are still being levied on certain goods imported services, only attract IGST now.

GST, imports are treated as supplies from one state to another. So, as GST is a tax levied based on destination, the IGST is charged at state level, i.e. where the goods are being consumed or services being utilized.

According to the model of the Law GST consist of CVD and SAD which means the Countervailing Duty and the Additional Duty, which are the main factor of the import activities and the basic customs will be carried out as before it is an important factors in construction of the import bills.

The implications to import are:-

- The imports in India are considered as the inter-state supply and are attracting the Integrated Goods and service Tax to perform better import.
- The import of service is provided by the person who is residing outside India. And the payment of liability is done by the receiver.
- Tax paid during the import will be remained as a credit under import and sale model and refund of SAD will be done.

Imports of services on or post 1st July 2017 are chargeable under IGST – even in case the actual transaction was dated earlier than the date GST came into effect. Also if a partial payment of applicable taxes has been made under the former system, the rest of the tax to be paid is applicable as per the GST law.

IMPORT OF SERVICES UNDER GST

- The supplier of services is located outside Indian Territory.
- The recipient of service is located in India.
- The place of services is supplied is in India.
- The suppliers of services are not merely establishments of a distinct person.

Import ITC and tax structure

The Import of goods and service is under IGST now with the roll out of GST on first July 2017. However Import has both IGST and Basic customs Duty in present these service providers manufactures and traders of goods as well as services can balance paid against their output liability. But they cannot enjoy any credit for basic custom duty (BCT) under the present GST structure.

TAX RETURNS

An Importer is required to file monthly tax returns under GST under the previous law the importer was required to file returns under central tax laws for claiming countervailing duties.

EXEMPTION

Previously the transportation of goods by aircraft and inbound shipment was not liable to services tax under GST there is no such exemption.

SUGGESTIONS

- ◆ 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 this to reduce inflation and corruption.
- ◆ Excise duties levied on the individuals should not be a burden to them it should be affordable.

CONCLUSION

GST has many positive impacts on the import and export of goods and service. The GST tax system has reduced the burden of the individuals and made single Tax system which helps in better international import and best domestic export greater transparencies in the tax system have risen due to GST. Solitary rate of goods and service tax have helped the trades in the domestic trade because the goods can be sold at any part of the country in a same rate. With GST in export industry in India be able to have internationally competitive prices due to the smooth process of claiming input tax credit and the availability of input tax credit on service.

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