

GST Impact on Financials in India: Reflections from Agricultural Sector

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SUMMARY

GST is a great step by Team India, great step towards transformation, great steps towards transparency. GST will also help curtail black money; traders will be compelled to give proper bills. We speak a lot about corruption but we also need to build a strong anti-corruption system. Influence of agriculture on GST in India as per GST Tax law in agriculture Various branches included horticulture this Sub branch floriculture, sericulture, the raising of crops, grass or garden produce and also grazing, but does not include Animal husbandry, poultry farming dairy farming, poultry farming, plant stock breeding, the mere cutting of wood or grass, gathering of fruit, raising of man-made forest or rearing of seedlings or plants.

INTRODUCTION

Consumer is the king, Top quotes from Modi's GST speech Agricultural sector are based on perishable items. Goods and Services Tax (GST) is an indirect tax or consumption tax used in India on the supply of goods and services. GST is a consumption based destination principle GST tax which is levied on the basis of "Destination principle." The concept relates to GST taxing the supply of goods or services at the point of consumption. It is a comprehensive GST tax regime covering both goods and services, and is collected on value-added at each stage of the supply chain. Further, GST Tax paid on the procurement of goods and services can be set off against that payable on the supply of goods or services. Simply put, Goods and Services Tax is a tax levied on goods and services imposed at each point of supply. GST tax is a national level indirect tax based on value added principle just like State level VAT which was levied as tax on sale of intra-state goods. The essence of GST tax is in removing the cascading effects i.e., GST tax on tax of both Central and State taxes by allowing setting-off of GST taxes throughout the value chain, right from the original producer and service provider's point up to the consumer level. GST Tax is a major improvement over existing system of VAT and disjointed Service Tax ushering a collective gain for industry, trade and common consumers as well as for the Central Government and the State Governments at large. GST Tax, as a well-designed value added tax(VAT) on all goods and services, is the most elegant method to eliminate distortions and to Indirect tax consumption. There are various economic factors internal as well as external due to which reforms in GST tax system become necessary. Issue of reforms in Indian tax system both direct and indirect tax has always been a priority for all the administrative machinery even at the highest policy forums in the country. Integration of domestic economy with world economy makes it desirable.

Pre-GST Indirect Tax Structure in India

Central Taxes	State Taxes State
1. Central Excise duty	1. VAT / Sales Tax
2. Additional duties of excise	2. Central Sales Tax
3. Excise duty levied under Medicinal & Toilet Preparation Act	3. Purchase Tax, Surcharges & Cesses
4. Additional duties of customs (CVD & SAD)	4. Entertainment Tax (other than those levied by local bodies)
5. Service Tax	5. Luxury Tax, Taxes on lottery, betting & gambling
6. Surcharges & Cesses	6. Entry Tax (All forms)

Features of GST on Agriculture

- State and central government source revenue
- Tax on all Related Good and Service in Agriculture
- Shifting Burden Tax Agriculture one seller and buyer

- No Direct Perception Of Direct Pinch

GST Rate on Agriculture Industry

In Good and Service Tax Majorly Proposed Tax below Rate the taxable event under GST is supply

GST tax slabs	Agriculture Good & Services
0%	Zero tax imposed on items such as jute, fresh meat, fish chicken, eggs, milk, butter milk, curd, natural honey, fresh fruits and vegetables, flour, besan, bread, prasad
5%	Fertilizer (Organic and water Soluble Fertilizer)
12%	Pesticide all insecticide ,tractor , Seed
18%	Pumps, agriculture Machinery

All taxation policies and their implementation are based on the recommendations of the GST Council

Benefit of GST on Agriculture Industry

- Created One Market In India In Indian Economy
- Make In India And Start Up Related
- Simplify Tax Structure In India
- Easy Tax Compliance
- Reduce Tax Compliance Cost And All Benefit In Agriculture Traders

CONCLUSION

Good and Service Tax Impact on agriculture industry both Positive and Negative implementation of GST is going to benefit single unified Indian national agriculture market GST in India who contribute the most to GDP will be able to Agriculture Product sell their produce for the best available price provide for compensation to the States for loss of revenue arising on account of implementation of the goods and service tax for a period of five years GST is a consumption based tax levied on the basis of the “Destination principle.” It is an inclusive GST tax regime covering both goods and services, to be collected on value-added at each stage of the supply chain OF Consumption Based Tax . One of the main reasons to go the GST way was to facilitate seamless credit across the entire supply chain and across all states under a common tax base.

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