

GST RATES: GST HELPED YOU SAVE RS 320 PER MONTH: ANALYSIS

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Taxation & Black Money

You are saving up to Rs 320 every month on your common-used daily item including soaps, food items, cosmetics after implementation of [GST](#) since July 2017, a [finance ministry](#) source said citing an analysis.

According to an analysis of household expenditure on before and after implementation of GST, the tax rates have come down on 83 common used items including food and beverages as well as daily use goods like hair oil, toothpaste, soap, washing powder and footwear.

As per analysis, a household would be saving Rs 320 every month on their monthly spend of Rs 8,400 on 10 goods -- cereals, edible oil, sugar, chocolates, namkeen and sweets, cosmetics and toiletries, washing powder, tiles, furniture and coir products and other household products, the PTI quoted a source referring to the expenditure analysis.

In comparison, the analysis highlights that the GST on the Rs 8,400 spending comes out to be Rs 510, which is less than Rs 830 charged before the implementation of GST, resulting into a saving of Rs 320 every month.

As per analysis, an array of items like spices, wheat, rice, nutrition drinks like Horlicks/Bournvita, pasta, idli dosa batter, mineral water, milk powder, curd and buttermilk are currently taxed at lesser rate under the GST than previously.

In the old tax system before GST, the central government would levy excise duty when a good is produced in a factory and the state governments would charge VAT on top of this. This meant that consumer not just paid VAT on the basic price of the good but also on the excise duty charged by the centre.

With the introduction of GST, that pattern was eliminated. The GST is levied at the consumption end or when the final consumer buys the product or service.

After the introduction of GST in many other countries it was seen that the inflation rose post-GST roll out due to change in tax structures, but the trend has not been seen in the Indian case as the GST council has revised rates on numerous occasions.

wheat and rice have been exempt from tax under the GST as against 2.50-2.75 per cent tax incidence previously. Similarly, tax on milk powder is down to 5 per cent from previous 6 per cent.

Similarly, sugar confectionary is taxed at 18 per cent post GST, as against 21 per cent in the earlier indirect tax regime.

The tax rate on sugar and edible oil has come down to 5 per cent under the new tax system, from 6 per cent earlier. Also namkeens and sweets are now taxed at 5 per cent, as against 12 per cent/7 per cent earlier.

Also tax rate on washing powder and tiles has come down to 18 per cent from 28 per cent earlier.

In case of furniture, 5/18 per cent GST is applicable on various kinds of products, while in the earlier regime the tax rate was 12/28 per cent.

(Inputs from PTI)

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