



Indirect Taxes In Export And Import With Reference Of Impact Of Goods And Services Tax (Gst)

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Abstract. In globalization era, export-import becomes an important facet for economy of country. Custom is not new concept. During olden time, merchant paid some consideration when they entered into other state territory. In present time, it is known as custom duty which is paid by importer as well as exporter. Under custom duty there are different types of tax like countervailing duty (CVD) special additional duty (SAD) social welfare surcharge (SWS) etc. Integrated goods and service tax levied (IGST) is also levied after implementation of new GST law. Some tax subsumed under GST like CVD, SAD etc, however, other taxes still continued under new GST era also. Government also provides incentive to exporter for promoting of export in term of taxation and other benefit. This paper will emphasize indirect tax on export and import with reference to GST.

Key word. Globalization, export, import, custom, incentive, government, services, surcharge, references.

INTRODUCTION

Custom Act 1962 governs custom and custom tariff act 1975 governs rate of custom duty which amend time to time. After 01 July 2017, many custom taxes have been subsumed under GST. Integrated tax (IGST) imposed on export and import. Under pre-GST era custom act governed in term of indirect taxation which have been amended after implementation of GST. Under export, exporter can take input tax credit. Under GST law, exports of goods and services have been treated as inter-state supply and imposed integrated tax which is called

IGST. Export also treated as Zero rated supply which means export can take input tax credit at final stage.

LITERATURE REVIEW

Jagadeesh, P. (2021) described in his study “GST-FOB Vs. Invoice Value” that free on board value is different from valued given in invoice. There has been number of expenditure added under FOB. Free on board includes traveling charge from supplier premises to Vessel.

As per Gupta, R. (2018) in his study “Impact of GST in Indian Economy” GST is a robust change in Indian economy. it effected all sectors in term of positive as well as negative way. One nation one tax concept removed all hurdles which was in earlier regime..

Accorind to Nayaka, B. (2021). In his study “Analysis of Goods and Services Tax (GST) impact on Indian Automobile Industry” suggested that rate of automobile industry has been increased after implementation of GST. In addition export import also affected.

Singh, N. P., Bisen, J., Venkatesh, P., & Aditya, K. S. (2018). In his study “GST in India: reflections from food and agriculture” described about GST reflected in foods and agriculture sector. Some agriculture product become costly as s result burden on agriculture sectors increased.

As per AHMAD, D. J. in his study “Four years of India’s New Tax Regime (GST) and its impact on India’s International Trade” described about GST review after four years of its implementation. International trade also reflected after levied GST on export- import. However supplier can take refund on export

According to Sulaiman, E. K. in his paper “ROLE OF GST FOR EASE OF DOING BUSINESS IN INDIA” described that GST reduced compliance burden for business in term of refund, penalties ,etc. in earlier regime there were number of tax which leads to more compliance.

As per Brabazon, M. (2010). In his study “Barristers’ work as a GST-free export” prescribe that export is free from tax. In new GST regime supplier can take refund of ITC in case of GST paid on exported items.

According to Zabri, S. M., Ahmad, K., & He, T. G. (2016). In his study “Understanding of Goods and Services Tax (GST) and Spending Behavior among Malaysian Consumers” prescribed about Malaysian GST in term of consumer behavior.

RESEARCH METHODOLOGY

Research Design

This is descriptive and exploratory study. Study collected data from secondary sources . study focus on export and import with reference to pre GST and post GST regime. Secondary data collected from paper publication, books, website, news paper and thesis. Study try to find out impact of GST on export import .

Objectives

1. To find out concept of custom duty .
2. To asses impact of GST on custom.
3. To critical analysis between previous GST and new GST on custom.
4. Futuristic recommendation .

Hypothesis

Hypothesis for the said study made on the basis of objective which are:-

Hypothesis 1

H0: GST has affected on export import

H1: GST has not affected on export import .

Hypothesis 2

H0: Pre- GST law and post GST regime are same concept in custom duty

H1: Pre- GST law and post GST regime are not same concept in custom duty.

Hypothesis 3

H0: Rate of taxes are higher than pre-GST

H1: Rate of taxes are not higher than pre-GST

CONCEPT OF CUSTOM

Custom duty derived from-custom. During olden time whenever merchant entered into territory of other state, he had to give some kind in form of gift. Presently it has been converted into tax which is known as custom duty. Custom duty was governed by Sea custom Act 1878, Land Custom Act, 1924 and allied Act. After independence all these Act replaced by Custom Act, 1962 and Custom Tariff Act 1975. Custom duty levied when Goods exported outside India and imported into India. Custom Authority is responsible to collect tax. Following type of taxes are under custom duty.

➤ Basic custom Duty. General rate of basic custom duty is 10%. However it can be divided in two rate i.e. standard rate and preferential rate. Standard rate where no preferential rate is applicable. Prudential rate notified by government.

- Additional custom duty. It is also known as countervailing duty and levied on imported goods. It is equal to central excise duty. Presently it has been subsumed under GST. However CVD continued on Human consumption liquor.
- Special Additional Duty. It is levied to offset sale tax, local tax and other charge. Rate of SAD cannot exceed 4% . SAD is also subsumed under GST but continued on human consumption liquor.
- Protective duty. It is levied to protect industries establishment in India.
- Safeguard Duty. IT is product specified. Period of safeguard duty is 10 years. It is exempted where import is not exceeding 3% of total imported article.
- Anti dumping duty.

IMPACT OF GST ON CUSTOM DUTY

Import

GST is a important milestone in business era. It has been change whole scenario of business and become a significant way on multiple business model at international level As described above, there were many type of taxes under pre-GST era . Now these taxes have been subsumed into GST. Below table is showing merger of custom duty in GST.

Previous Tax	Tax under GST
Basic Custom duty	BCD is continued under new GST era
Countervailing Duty	Subsumed into GST
Special Additional Duty	Subsumed into GST
Social welfare surcharge	Introduced in 2018
Anti -dumping duty	BCD is continued under new GST era
Protective duty	BCD is continued under new GST era

Import under GST treated as inter-state trade so that integrated goods and services tax(IGST) will be applicable under custom.

Export

Export is exempted from custom duty unless specified. Supplier can tax credit in case of GST paid on export product. Export is treated as zero rated supply and supplier can take input tax credit if tax already has been paid. Supplier can take ITC in following manner.

Under Letter of undertaking (LUT). Under this process supplier is not required to paying GST. LUT bond issued by custom authority. Compliance burden reduced in this process like

refund of ITC. Refund of ITC . Generally supplier paid tax and then export goods. Under this process supplier can take refund of ITC. Compliance burden increased as compare to LUT.

ANALYSIS BETWEEN PREVIOUS GST AND NEW GST ON EXPORT AND IMPORT

Import treated as inter state supply under GST. Integrated goods and services tax applicable on import. Countervailing duty, special additional duty have been merged into GST. However basic custom duty(BCD) social welfare surcharge(SWS) and some other taxes are still continued under custom duty in addition to GST. An example of custom on import is given as under.

- Assessable value - US\$10000
- Basic Custom Duty – 12%
- Social Welfare surcharge- 10%
- IGST – 12%

As above example IGST will be applicable after calculation of all taxes . The calculation is given below.

- Assessable value - US \$10000
- Basic Custom Duty- US\$1200
- Social Welfare surcharge- US\$ 120(10 % of BCD)
- Total - US\$11320
- IGST - US\$1358.4
- Imported Value – US\$12678.4

FUTURISTIC RECOMMENDATION

After implementation of GST Countervailing and special additional duty have been subsumed under GST. There have been seen that countervailing duty was levied as excise duty. In this way GST has been levied. But rate of GST is higher than earlier regime as compare to CVD plus SAD. However, duty of export still exempted unless specified. Export import is a huge contributor in Indian economy. There are many incentive give by government under export scheme. Higher rate of GST will impact on cross border trade which reduce trade among tow countries. Government has review GST rate many times. But required to further consideration so that growth seen in export import trade. New GST regime bring out transparenance as compare to old GST regime but still there are many loop hole like some product are outside GST preview. These product are under old regime. Further custom governed by custom act and GST governed by GST act which may be conflict at some point.

Conclusion

GST is a roused changing in economy system in which all sectors have been reflected including export import trade. Custom duty is governed by custom act 1962 and custom tariff act 1975. Custom tariff act amended to introduced integrated tax . Export –import treated as interstate supply under GST regime. Countervailing duty and special additional have been merged into GST. However tax upon import has increased after implementation of GST. There are number of product which still outside GST preview like Tobacco, Human consumption liquor . These products are still continues CVD and SAD . Export-import is an important facet in Indian economy. it is necessary to government that incentive shall provide for increasing cross border trade. GST will also reflect cross border trade when rate will vary due to variation in tax structure. However government is reviewing tax rate time to time but still there is required more consideration in export and import.

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