



A Comparative Study Of Indian Goods And Services Tax (Gst) Model With Canadian Goods And Services Tax (Gst) Model

Dr. Rupa Khanna Malhotra¹, Assistant professor (Capt.) Rakesh Kumar², DR. Rajesh Kumar Upadhyay³

¹Professor, Department of Commerce, Graphic Era Deemed To Be University, Dehradun.

²Research Scholar, Department of Commerce, Graphic Era Deemed To Be University, Dehradun.

³Professor, Department of Management Studies, Graphic Era Hill University, Dehradun.

Corresponding author: aigrakeshkumar@gmail.com

ABSTRACT

Goods and service tax is a vibrant changing in indirect taxation. 01 July 2017 was day on which GST implemented in India. There are many model of GST in the world which adopted in different way by different country according to legislation. Indian GST model is unique model which is known as dual GST model. This model gives power to centre government and state government to make law on GST. It means respective states government have power to make law on GST in their states. However overall tax cannot exceed forty percent. In this way some products are outside GST preview because of existing tax is more than GST slab. Canada is only country in the world where indirect tax collected like in India i.e. central and provincial level. Province has power to make law at different rate from central tax. Paper will be stressed on Indian GST model and Canadian GST model.

Key Word. GST, Legislation, slab, provincial, comparative, government, products, existing.

INTRODUCTION

Indirect tax contribute more than sixty five percent of overall taxation. Indirect tax has a wider term which includes all type of tax which is not direct tax. GST is and comprehensive step in indirect taxation. Maximum indirect taxes have been subsumed under GST which becomes one Nation one tax. After 01 July 2017, there are still many taxes which could not merged into GST due to tax rates were higher than GST slab rate, Like tax on Human consumption liquor,

Tobacco, Fuel etc. India has adopted dual GST model which is exclusive model in the world. However, Canadian model is also dual GST model but rates are different at central level as well as provincial level. Further in Canadian model central government has not control over provincial tax. It means province has power to imposed tax at own rate. In India rate of state GST (SGST) is same as rate of central GST (CGST). Further in Quebec (Canada) region has as separate tax system which is called Quebec sale Tax(QST) . There are different type of indirect tax and different rate structure in Canada. Recently, Canada review tax structure in which 10 provinces have same tax rate. Indian GST is based on concept of “ one nation one tax”. However, state has own GST laws which could be different rate structure but cannot exceed central tax. Here it is important to understand GST model of both India and Canada. Find out pro and crone of both model and lay down positive recommendation for future.

LITERATURE REVIEW

As per Bolton, T., & Dollery, B. (2005) in his study “An empirical note on the comparative macroeconomic effects of the GST in Australia, Canada and New Zealand” find out that GST impact not only limited to country but also cross-border trade. Study emphasized on the comparative effect of GST in Australia, Canada and New Zealand. Study suggested that GST is a comprehensive step for healthy economy system. Study is limited in region of Australia, New Zealand and Canada. However it can be lesson learnt for other region.

Bird, R. M., & Gendron, P. P. (2009) in his study “Sales taxes in Canada” revealed that Canadian GST model work at two level i.e. provincial level and central level. Central tax is different from provincial tax. Retail sale tax (RST) and harmonized sale tax (HST) are two import tax under indirect taxation. QST is also totally different from other region in Canada. Tax also collected by respective region directly.

As per study “Creating an integrated sales tax in a federal country” published by Bird, R. M. (2012) find out about integrated tax . It is collected by and distributed to state as well as centre both. Rate of integrated tax vary from product to product. Under Indian GST model IGST levied on interstate trade and collected by central government.

As per, McLure, C. E. (2007) in his study “Harmonizing the RSTs and GST: Lessons for Canada from the Canadian Experience” open up about retail sale tax and goods and services tax. Study find out that retail sale tax still exists along with GST.

Heffernan, J. (2008) in his study “GST/HST and Real Property in Canada” described about GST rate in real property in Canada. Real property falls under standard rate in Canada which vary from 6 percent to 10 percent.

RESEARCH METHODOLOGY

Research Design

Study is based on secondary data. This is exploratory and descriptive type study. Canada is a country where provincial tax as well as central level tax levied at different level. Study tries to bring out comparison of GST model of Canada and India. Secondary data collected from paper publication, books, website, news paper and thesis. Study brought out broad concept of goods transport agency under new GST regime.

Objectives

1. To asses Canadian GST Model.
2. To compare Indian GST model with Canadian GST model.
3. Futuristic recommendation .

Hypothesis

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

Hypothesis 1

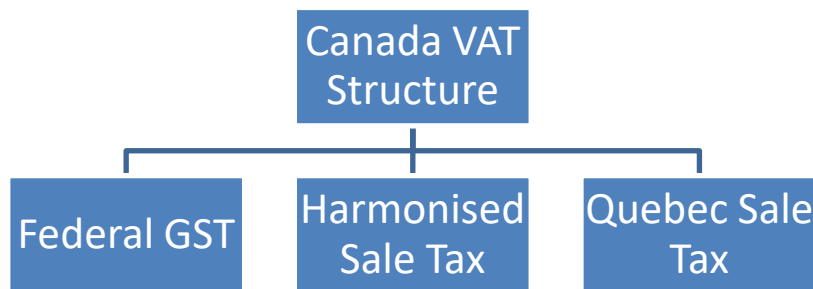
- H0: Canadian GST model and Indian GST model is same.
- H1: Canadian GST model and Indian GST model is not same .

Hypothesis 2

- H0: Canadian GST model is better than Indian GST model.
- H1: Canadian GST model is better than Indian GST model.

Canadian GST Model

Value added Tax(VAT) is exist in Canada. However time to time Canadian government changed VAT structure as well as province also change law. Canadian model is based on dual GST concept in which province as well as central government levied tax. Canadian VAT structure described below.



The federal goods and services tax (GST) is levied by Federal government. Harmonized sale tax levied along with GST. in the following provinces.

- New Brunswick (NB),
- Newfoundland and Labrador (NL),

➤ Nova Scotia (NS)

Québec sales tax (QST) is exist in Province of Quebec. Federal GST rate is 5 % and HST with GST rate is 13 % in which 5 % federal rate and 8 % is provincial rate. Three abomination territory. The Quebec sale tax is a twin tax that applies in Québec region only and rate of QST is 7.5% . it is worth mentioning here rate of tax on domestic consumer only . It does not matter either product is import or local produced. British Columbia also signed a MOU with Canada for expended of harmonized sale tax(HST) . Below table, showing about rate structure and type of tax in Canada.

Place	Tax	Name of Tax	Rate (%)	Levied by	Description
Canada	GST/HST	Value Added Tax	Vary from 5 percent to 13 percent	Central government except in Quebec region	Under VAT total rate is 13 percent in which five percent for Province and eight percent for central government.
Newfoundland and Labrador	HST	Value Added Tax	8	Federal	These tax collected by three provinces and distributed to same.
Nova Scotia	HST	Value Added Tax	8	Federal	These tax collected by three provinces and distributed to same
New Brunswick	HST	Value Added Tax	8	Federal	These tax collected by three provinces and distributed to same
Prince Edward Island	PST	Retail sale Tax	10	Provincial	For retail price only
Québec	QST (TVQ)	Value Added Tax	7.5	Provincial	Including GST
Ontario	PST	Retail sale Tax	8	Provincial	Retail price
Manitoba	PST	Retail sale Tax	7	Provincial	-do-

Saskatchewan	PST	Retail sale Tax	5	Provincial	-do-
British Columbia	PST	Retail sale Tax	7	Provincial	-do-

COMPARISON OF INDIAN GST MODEL WITH CANADIAN GST MODEL

Both India and Canada are following dual GST model but operation is not same. Rate of GST in Canada depended upon federal and provincial law. For example Federal VAT vary from 5 to 13% and provincial rate is 8% on same Product. Further Quebec sale tax is different from other provinces. Indian GST is totally different from Canadian GST. State government tax rate and central government tax rate is same under Indian GST model. For example, if state levied 12% tax(SGST) than central tax(IGST) will also 12 %. On the other hand CGST will only levied by central government and further distributed between state and centre equally.

FUTURISTIC RECOMMENDATION

Due to political scene some tax introduced like federal sales taxation, notably the manufacturers' sales tax (MST) in 1980. It was unhappy experience to introduced this type of tax. As a result federal and provincial tax have been combined which is known as GST. it was the culmination of two trends — increasing recognition of the inefficiency of the 50-year-old provincial retail sales tax (RST) and growing awareness of the benefits that federal and provincial governments, as well as citizens in general, have to gain from a more integrated national sales tax system. There has been many stages developed in Canadian GST. In 2011, provincial VAT imposed in which more than 80 % population have been covered. Dual GST is an important feature of Canadian economy. But Rates are different unlike Indian GST where same rate levied at state as well as central level.

CONCLUSION

Indian GST and Canadian GST model are dual GST model but both are not same. However, both model based on dual GST model in which central and state government levied tax . But under Indian GST rate of state GST (SGST) is same as rate of central GST(CGST) which is not in Canada. Provincial tax exists in Canada which is levied by provincial in addition to central tax. On the other side Quebec region has own tax structure which is call Quebec sale tax(QST). Federal tax i.e. levied as central level. As compare with Indian GST , Canada GST model different in term of collection of tax at central and states level.

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