



## A STUDY ON GOODS AND SERVICES TAX

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### ABSTRACT:

Goods and Services Tax (GST) was implemented in 2017 and GST 2.0 was implemented in 2025. GST 2.0 was introduced on September 22, 2025 on the approval of GST Council. GST 2.0 is based on three slabs (5%, 18% and 40%). 5% GST rate applied to essential daily goods, 18% GST rate applied to standard goods and services, 40% slab applied to luxury and sin goods. New GST reforms has significant impact on indirect taxation system. Tax officials and tax practitioners need appropriate training for the proper implementation of new GST rules. The study is based on both primary data and secondary data. Primary data has been collected from the state of West Bengal. Secondary data has been collected from journal articles. Small businesses are facing problems to comply with the rules of new GST reforms. In this paper, an attempt has been made to find out various aspects of Goods and Services Tax.

### KEYWORDS:

**GST, TAX, INDIRECT TAX, GOODS, RATE.**

### PAPER ACCEPTED DATE:

**12<sup>th</sup> March 2026**

### PAPER PUBLISHED DATE:

**14<sup>th</sup> March 2026**

### PAPER DOI NO:

**10.5281/zenodo.19013069**

### PAPER DOI LINK:

<https://zenodo.org/records/19013069>

## I. INTRODUCTION

Goods and Services Tax (GST) was introduced in 2017 to reform indirect tax system. Prior to GST, indirect tax system included Value Added Tax (VAT), Central Excise Duty, Central Sales Tax. GST comprises of Central Goods and Services Tax (CGST), State Goods and Services Tax (SGST), Union Territory Goods and Services Tax (UTGST), Integrated Goods and Services Tax (IGST). GST 1.0 was based on four slabs i.e. 5%, 12%, 18% and 28%. GST 2.0 is based on three slabs i.e. 5%, 18% and 40%. In GST 2.0, 5% slab applied to essential daily goods, agricultural equipments. 18% slab applied to standard goods and services. 40% slab applied to luxury and sin goods including tobacco products and luxury vehicles. The objective of the study is to identify various aspects of goods and services tax.

## II. LITERATURE REVIEW

GST is a taxation system which was implemented on 2017. GST has immense impact on every business. GST has brought significant changes in indirect taxation system. The objective of GST is one nation one tax (Sinha and Shrivastava, 2021). Government implemented GST 2.0 in 2025 to reform indirect tax system. The objective of GST 2.0 is to simplify indirect tax structure. Lower rates of tax

on essential goods has enhanced consumption capacity of consumers (Bhardwaj, 2025). Implementation of goods and services tax is a landmark reform in taxation history. Sectoral growth has been affected by several challenges in post GST period. Small and medium sized enterprises face difficulties due to increased compliance cost (Ainapur and Ainapur, 2025). Goods and services tax was implemented to replace value added tax, central surcharge, state taxes, excise duty. The objective of GST is to create unified national tax structure. GST structure include central goods and services tax, state goods and services tax (Govindaswamy and Srinidhi, 2025). In GST 2.0 tax rates reduced for essential goods like milk, paneer, life saving medicines. GST 2.0 impose higher tax rates on luxury goods. GST 2.0 improves ease of doing business by reducing compliance cost (Ganesh, 2025). Before the implementation of GST, the indirect tax system was effected by multiple central and state taxes such as value added tax (VAT), excise duty. GST has brought structural changes in indirect tax system (Pandey et al., 2026). GST has several objectives including elimination of cascading effect of taxes, to enhance tax payer base. GST has significant impact on various sectors (Deepaware and Dwivedi, 2022). The purpose of GST is to transform

indirect levies into a unified tax system. Key features of GST 2.0 include rationalization of tax slabs and enhancement of digital compliance (Uttamsagar, 2025). The purpose of GST 2.0 is the welfare of citizens. GST 2.0 aims to make a simple tax system (Jaimol and George, 2025). GST comprises of various legislation including Central Goods and Services Tax Act, 2017 and State Goods and Services Tax, 2017 (Pushpa, 2025).

### III. METHODOLOGY AND DATA ANALYSIS

The study is based on both primary and secondary data. Primary data has been collected from the state of West Bengal. Sample size of the study is 200. 70% of the respondents are male and 30% of the respondents are female. 54% of the respondents are between the age of 31 years to 40 years. 32% of the respondents are between the age of 41 years to 50 years. 11% of the respondents are between the age of 51 years to 60 years. 3% of the respondents are above 60 years of age.

In food sector, many items are fully exempted from tax. The old GST rates of many essential food items were 12% but as per new GST rules the rate has reduced to 5%. 81% of the respondents agree that GST 2.0 has very positive effect on food sector. In wood sector, many items are available at 5% GST rate as per new GST rules. The old GST rate of these items in wood sector was 12%. 74% of the respondents agree that wood sector is highly benefited from new GST reforms. In health sector, life and health insurance premium is tax free under new GST rules. 92% of the respondents agree that GST 2.0 has significant effect on health sector. The old GST rate on many handicrafts items was 12%. The new GST rate of many handicraft items is 5%. 89% of the respondents agree that GST 2.0 has positive effect on handicrafts sector. 94% of the respondents agree that small traders face difficulties due to new GST rules. 86% of the respondents agree that MSMEs suffer to comply with the new rules of GST 2.0. 62% of the respondents agree that GST 2.0 has simplified indirect tax system. 71% of the respondents agree that GST 2.0 is better than GST 1.0.

### IV. CONCLUSION

GST 2.0 has brought several changes in indirect tax system. New GST rules has positive effect on many sectors such as wood sector, handicraft sector etc. Seminars should be arranged for tax officials, tax practitioners, business organizations for proper implementation of GST 2.0. Small businesses suffer to comply with new GST rules due to various changes in tax structure. The purchasing power of consumers has increased due to lower rates of new GST rules. GST 2.0 is more growth oriented than GST 1.0. GST 2.0 has enhanced the economic activities of the country.

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