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Impact of GST on Luxury Goods in India

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Abstract

The Indian tax administration has had challenges dealing with the concept of luxury for a long time. The introduction of Goods and Services Tax (GST) by the government has put "luxury items" in the highest tax bracket at 28%. Today, more than 160 nations are practicing this form of taxation. The implementation of the Goods and Services Tax (GST) in India was a historical move, as it marked a significant indirect tax reform in the country. The initiative is now paving the way for a common national market. The implementation of GST will definitely be a huge shot in the arm for the luxury retail industry. The main objectives are to discuss the impact of GST on luxury goods and to analyse the purchasing attitude of customers after the GST regime. Descriptive research method is followed. Convenient sampling method is used to collect the samples. A total number of sample sizes is 200. Statistics tools used for analysis are pie charts and complex charts. The findings were buyers of luxury cars are not getting benefited since manufacturers are getting benefited more. GST reform is very effective for consumer because it could make the luxury industry and businesses restructure their financial model, the industries could also gain and so can the consumers. GST on luxury industry will encourage them to invest more in the long run in India and boost made in India goods. Hence it is concluded that most of the luxury items, tax rates are not at same level at which they were before the GST regime and it reduces the cost for the consumer and manufacturer which facilitate seamless movement of product.

Keywords

Indirect Tax, Goods and Services Tax, Gross Domestic Product, Luxury goods.

INTRODUCTION

The Indian tax administration has had challenges dealing with the concept of luxury for a long time. The word 'Luxury' means a service or Commodity that is specified as ministering comfort, enjoyment or pleasure to a person's life. The introduction of Goods and Services Tax (GST) by the government has put "luxury items" in the highest tax bracket at 28%.

Evolution

The concept of the GST was first introduced in France in the 1950s by a French tax official. After that, many other countries adopted GST in the same way but some accepted it in VAT i.e. Value Added Tax form. Today, more than 160 nations are practicing this form of taxation. The implementation of the Goods and Services Tax (GST) in India was a historical move, as it marked a significant indirect tax reform in the country. The initiative is now paving the way for a common national market. GST on the luxury industry was a Game changer in the market since the efficiency gains under VAT with the GST gives the higher tax buoyancy.

Government Initiatives

GST is the government initiative which brings benefits to all the stakeholders of industry, government and the consumer. GST on luxury goods benefits the industry through better cash flows and better working capital management and it would mitigate the ill effects of cascading, improve competitiveness and improve liquidity of the businesses. The GST on luxury goods will give a major boost to the 'Make in India' initiative of the Government of India by making goods and services produced in India competitive in the National as well as International market.

Factors Affecting Luxury Industry Post Gst Regime

The implementation of GST will definitely be a huge shot in the arm for the luxury retail industry. It brings parity in taxation on local and imported products, meaning that Indian-made goods are better able to compete with imports. By normalizing taxes within and between states, the new tax regime makes Indian companies much more likely to purchase from one another, regardless of in what state the supplier resides. This has been instrumental in boosting Indian exports in the international market. Due to the uniformity in tax structure and the seamless flow of input tax credit for both input goods and services, production costs are lower now than under the previous tax regime. Reducing production costs positively impacts the manufacturing hub and is bound to increase manufacturing sector profits in the long run. Further, GST has inspired more innovative production and opened up new markets, increasing production capacity and job creation across the nation. Efficiencies in logistics have reduced this time significantly, benefitting the manufacturing sector and thereby the "Make in India" initiative. GST reform on the luxury industry has made businesses restructure their financial model.

Current Trends

India will extend a surcharge on taxes on luxury goods including cars and tobacco products beyond 2022, under plans to help states repay loans raised to meet revenue shortfalls in the current fiscal year. The GST council has approved to extend the cess (surcharge) beyond five years. The surcharge on luxury goods, which varies from 12% to 200%, is part of the national goods and services tax (GST) introduced in 2017, and was due to expire in 2022.

Comparison with Indonesia

In Indonesia imports are usually subject to VAT and GST, but most of the exports are exempted from the list. The tax rate in Indonesia is 10% if the services are supplied outside the parameters of Indonesia, in some cases, the certain item is taxed at 20% with a cap of 35%. Moving forward to the luxury items the tax rate is applicable to the import around 10% to 50%. Most of the items like gold, mining products, arts and entertainment, education, insurance, parking or public transport, labor, medical health, food, and beverage served in hotels are not subject to pay any VAT.

OBJECTIVES

- To discuss the impact of GST on luxury goods
- To Analyse the purchasing attitude of customer after GST regime

- To examine the reach of benefits and satisfaction obtained under the new goods and services tax
- To find the difference before and after the GST regime
- To examine the supply chain efficiency post GST regime
- To understand people's experiences on purchasing luxury goods after GST regime

Literature Review

G. Vijaya Bhasker (2017) has determined amendment of Constitution of India for the same was passed by the Lok Sabha on sixth May 2015 however is yet to be sanctioned by the Rajyasabha. Be that as it may, there is an enormous shout against its usage. It is intriguing to comprehend why this proposed GST administration may hamper the development and improvement of the nation. (Bhasker et al.) **Kankipati Ajay Kumar (2017)** has found Developing countries like India, the taxation system plays a very crucial role in the development of revenues of the country. But India's tax system is difficult to understand and in fact for calculation too in case of both direct tax as well as indirect tax. In order to overcome the problems, the government made the proposal of introducing GST (goods and services tax) instead of all indirect taxes and DTC (direct tax code) instead of direct tax. (Kumar). **Kavita Rao (2019)** has examined International experience shows that GDP growth falls after introduction of GST but it recovers after two–three quarters and, conversely, inflation rises in the initial quarters before it declines. (Rao et al.) **Shatakshi semwal (2020)** has focussed on implementation of GST, shopkeepers were having constraint in filing GST as now is getting a complicated process and due to changing GST rates they were facing high competition amongst the market. (Semwal et al.) **Anjali Agarwal (2017)** has found the changeover to GST, it is claimed, would significantly contribute to the buoyancy of tax revenues, acceleration of growth, and generation of many positive externalities. (Agarwal)

Giacomo Gistri (2022) has found Counterfeit goods are perceived to be a substantial threat to various industries, especially those in the luxury sector, and the globalisation of trade and communication has offered incomparable opportunities for criminals to engage in such illicit trade. (Gistri). **Kumar A. N. and Prerna Kittu Singh (2015)** have made a study Goods and Service tax (GST) is a single regime tax system which makes India One Nation One Tax by subsuming both Indirect tax levied by Central government and State government. Currently Concept of Dual GST is implemented in India with Slab rates of 0%, 5%, 12%, and 18% and 28% respectively. ("Kumar ") **Nithiya K (2017)** has made a study on tax which is not a voluntary payment or donation, but an enforced contribution imposed by the government under the names of toll duty, custom, excise, subsidy or other name. (K and Nithya). **Linda Lisa Maria Turunen (2017)** Has acknowledged that luxury is not inherent solely in product characteristics, but comes into existence through consumption. The author discussed different facets of symbolic consumption, underlining the importance of the 'symbolic to self' facet of definitions of luxury. (Turunen)

John creedy (2017) has examined the determination of the optimal threshold value for goods and services tax (GST) for imported units arising from Internet orders. The marginal cost of funds allows both for compliance costs and the marginal excess burden arising from a small increase in the threshold. (Creedy). **Paramashivaiah (2017)** has focused on Goods and Services Tax (GST) is considered to be the best solution for all these issues and which is expected to bring in tax efficiency, simplicity, transparency and degree of harmonization to the tax base, tax rates and tax infrastructure. (Paramashivaiah and Chakraborty). **Sukhani (2017)** has expected that the base and other essential design features would be common between CGST and SGSTs for individual states. The inter-state supplies within India would attract an integrated GST (IGST), which is the aggregate of CGST and the SGST of the destination state. (Sukhani). **Amaresh Bagchi (2019)** has viewed the Goods and Services Tax (GST) after four decades of protracted deliberations amid critical socio-economic and political challenges. GST is a comprehensive multistage value added tax (VAT) on goods and services where both central and state governments share the same tax base. (Kavita

Rao and Mukherjee). **Rajana sharma(2022)** viewed mixed response, inexplicit, arguments and opinions among the Manufactures, traders and society about the Goods and Services Tax (GST) . Various news organisations from all around the world focused on the bill unifying the country and it being an achievement of the government(Ranjana). **Dr.K.Sathya Prasad(2017)** has ensured no ambiguity between goods and services because of GST. This will simplify various legal proceedings related to the packaged products. As a result, there will no longer be a distinction between the material and the service component, which will greatly reduce tax evasion (sathiya).**Dr. G Sunitha and P.Satischandra** had highlighted the concept of GST, its effect on the Indian economy and the benefits in their paper "Goods and Service Tax (GST): As a new path in Tax Reforms in Indian Economy"(sunitha).**Dr. R. Vasanthagopal** highlighted that GST will definitely be a step towards a growing economy in his paper "GST in India: A Big Leap in the Indirect Taxation System" in the year 2011 (Vasanthagopal). **Garg (2011)** concluded in his article "Basic Concepts and Features of Good and Services Tax in India" that GST will make the Indian economy stronger and will lead towards economic development.("Garg"). **Nitin Kumar (2014)** mentioned in his research paper that implementation of GST will try to remove all the shortcomings of present tax structure in India (Nitin). **Rathod M (2017)** in his paper "An Overview of Goods and Service Tax (GST) In India" concludes that GST will be a step towards a developed India benefiting to many parties and the entire nation. (rathod)

Dr. R. Vasanthagopal (2011) studied "GST in India: A Big Leap in Indirect taxation system "and concluded that switching to seamless GST from the current complicated tax system in India will be a positive Step in the booming Indian Economy. Success of GST will lead to its acceptance by more than 130 countries in the world and a new preferred form of indirect tax system in Asia also.(Vasantha Gopal) **Pinki et. al. (July 2014)** studied "Goods and Service tax Panacea for Indirect Tax system in India "and concluded that the new NDA government is positive towards implementation of GST and its beneficial for central government, state government and well as for consumers in long run if its implementation is backed by strong IT infrastructure.(PINKI). **Kumar (2014)** has Studied"Goods and Service tax-Away Forward" and concluded that implementation of GST in India helps in removing economic distortion by current indirect tax system and is expected to encourage unbiased tax structure which is indifferent to geographical locations. (Kumar and Kumar). **Mawuli (May 2014)** studied "Goods and Service Tax-An appraisal "and found that GST is not good for low-income Countries and does not provide broad based growth to poor countries. If still these countries want to implement GST then the rate of GST should be less than 10% for growth. (Mawuli). **Ahmed et. al. (2009)** studied, "Goods and service Tax reform and Intergovernmental Consideration in India and found that GST introduction will provide a simpler and transparent tax system with increase in out and productivity of economy in India. But the benefits of GST are critically dependent on rational design of GST. (Ahmed). **Vasantha Gopal (2011)** has focused on the impact of GST on various sectors of the economy. The article further stated that GST is a big leap and a new impetus to India's economic change. The paper concluded positive impacts on different sectors are dependent on an unbiased and normal design of the GST. (Vasanthagopal). **Pinki, Supriya Kamma and Richa Verma (June 2017)** have focused on goods and services tax implementation in India which is necessary to understand it as a system as well as a process. They concluded that the organisations as well as the consumers, by embracing the new tax reformation, may help the government to accelerate the growth of the Indian economy(pinki). **Jaiprakash**

(2014) has mentioned the best option is offered to us by GST to extend our tax base and we should take advantage of this opportunity to introduce it when the situation is quite favourable and the economy is adoring steady growth with only slight inflation. (Jai prakash). **Nitin Kumar (2014)** has studied "Goods and Service Tax- A Way Forward" that implementing GST in India would help in removing the current indirect tax system and expected to encourage unbiased tax structure which is indifferent to geographical locations. (Nitin)

World Bank (2018) concluded that the Indian GST system is among the most complicated ones in the world, with its high tax rates and a larger number of tax rates and negative impact on its economy. (World bank). **Nishita Gupta (2014)** in her study stated that implementing GST would give many benefits to our country which are not given by current tax structure and will benefit the economy .(nisha)**Rathod M (2017)** in his paper "An Overview of Goods and Service Tax (GST) In India" concludes that GST will be a step towards a developed India benefiting too many parties and entire nation.(rathod)

METHODOLOGY

Empirical approach is adopted for the study. Simple random sampling is used to collect the samples. Data collection included both primary and secondary resources. The data collected was coded, tabulated and analysed using statistical computations. The sample size is 200. The sample frame taken in Chennai. Primary data was collected through questionnaires. Secondary sources included published information from journals, reports and newsletters. The analysis was done by using the SPSS 21 version. The analysis was carried out for demographic statistics such as gender, age, educational qualification, occupation, income group and the dependent variables are companies will gain from the supply chain efficiency in the GST regime, experiences on purchasing luxury goods after GST regime, Impact of GST on luxury goods in India,satisfaction with the price of luxury goods after GST,buyers of luxury cars will benefit most in GST regime, effectiveness for the consumers when GST reform on luxury industry has made business to restructure their financial model.Statistics tools used for analysis are SPSS, complex chart graph and Pie Chart.

Analysis

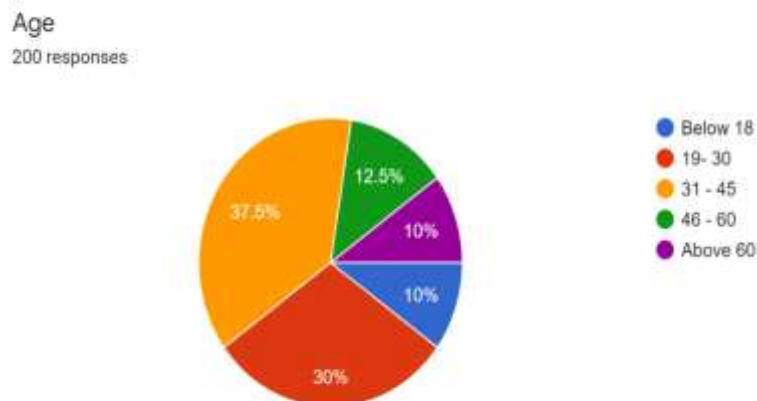


Fig 1: Legend: Pie chart fig (1) represents the age of the respondents which is categorised into below 18 yrs,19-30 yrs,31-45yrs,46-60 yrs,Above 60 yrs.

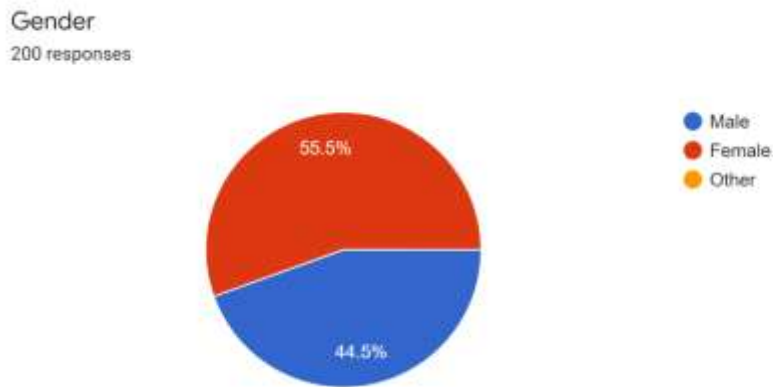


Fig 2: Legend: Pie chart represents the Gender of the respondents which is categorised into female, Male, Prefer not to say.

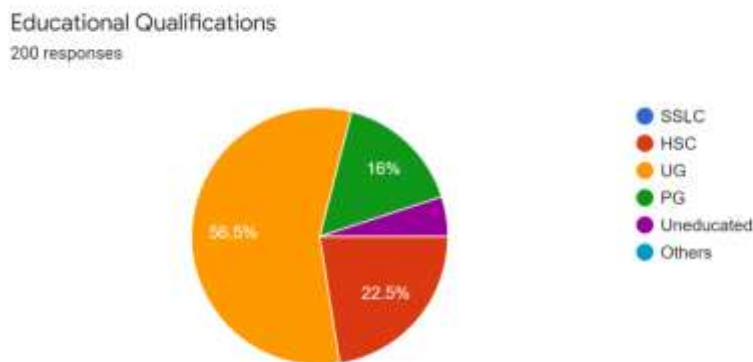


Fig 3: Legend: Pie chart represents the Educational status of the respondents which is categorised into SSLC, HSC, UG, PG, PHD, Uneducated and Others.

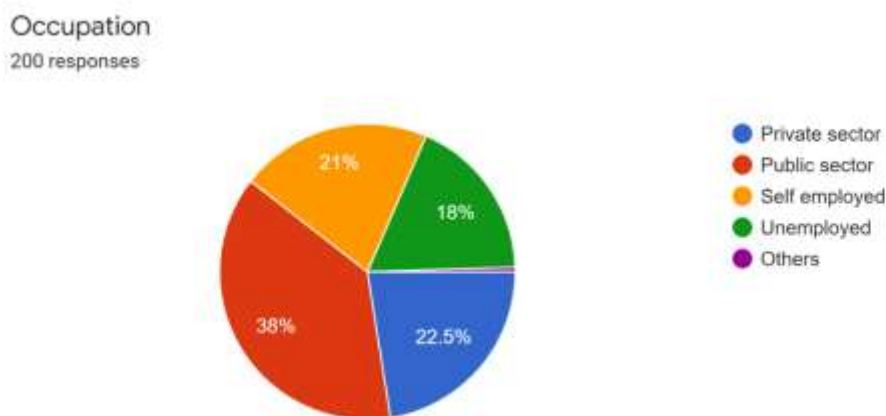


Fig 4: Legend: Pie chart represents the occupation of the respondents which is categorised into private sector, public sector, self employed, unemployed and other.

Marital status
200 responses

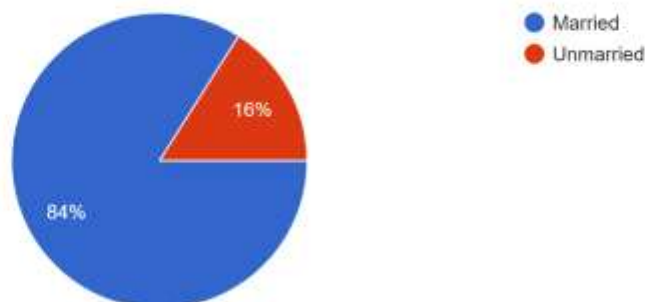


Fig 5: Legend: Pie chart represents the marital status of the respondents which is categorised into married,Unmarried.

Income group
200 responses

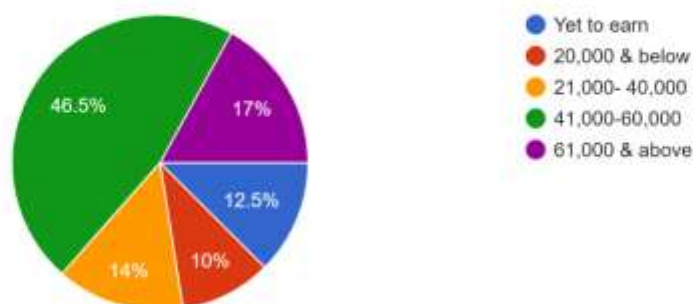


Fig 6: Legend : Pie chart represents the Income group of the respondents which is categorised into yet to earn, 20,000&below,21,000-40,000,41,000-60,000,61,000 and above.

Rate your agreeability "For Most of the luxury items, tax rates are almost at the same level at which they were before the GST regime?"
200 responses

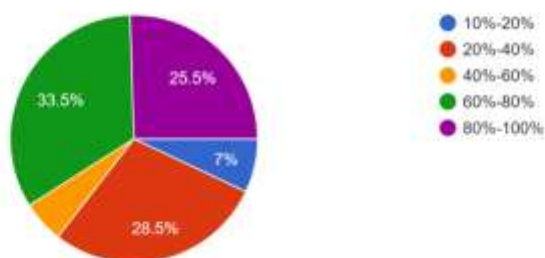


Fig 7 Legend: pie chart depicts the percentage analysis for the agreeability of the statement

Do you think companies will gain from the supply chain efficiency in the GST regime?
200 responses

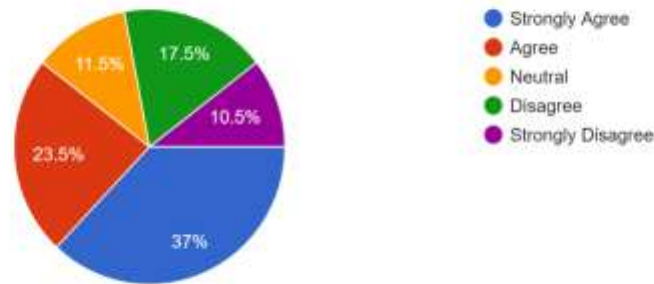


Fig 8: Legend: pie chart depicts the percentage analysis for the agreeability of the statement "companies will gain from the supply chain efficiency in the GST regime".

Your experience on purchasing luxury goods after GST regime?
200 responses

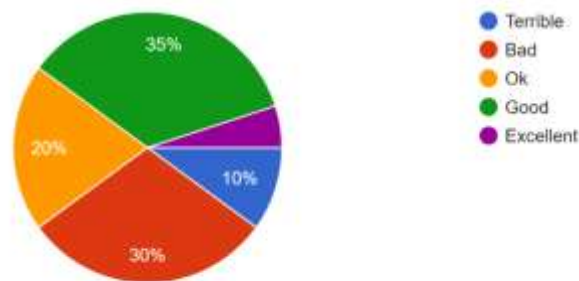


Fig 9
Legend: pie chart depicts the percentage analysis for the experience on purchasing luxury goods after GST regime

Rate the agreeability "Implementation of GST on luxury industry will facilitate seamless movement of product across the country by lowering the cost for consumer"?
200 responses

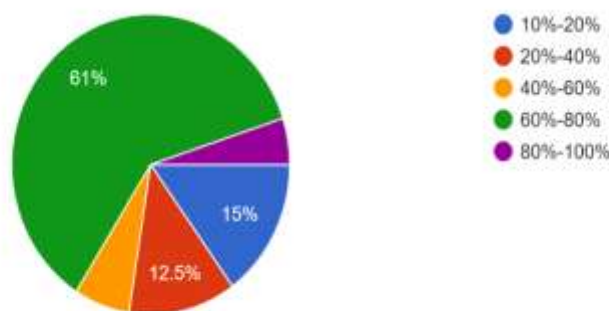


Fig 10 Legend: pie chart depicts the percentage analysis for the agreeability of "Implementation of GST on luxury industry will facilitate seamless movement of product across the country by lowering the cost for consumer"

What do you think is the Impact of GST on luxury goods in India?

200 responses

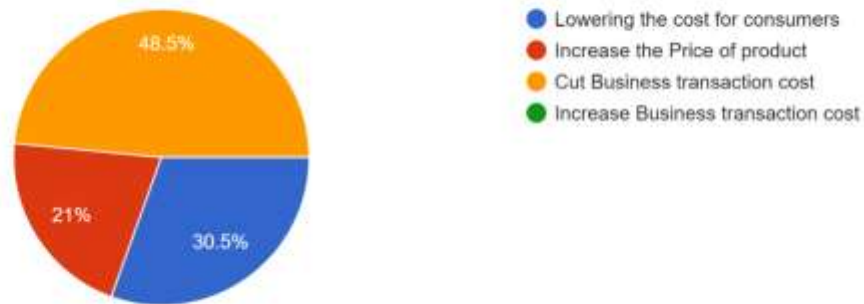


Fig 11 Legend: pie chart depicts the percentage analysis for the Impact of GST on luxury goods in India

Whether buyers of luxury cars will benefit most in GST regime?

200 responses

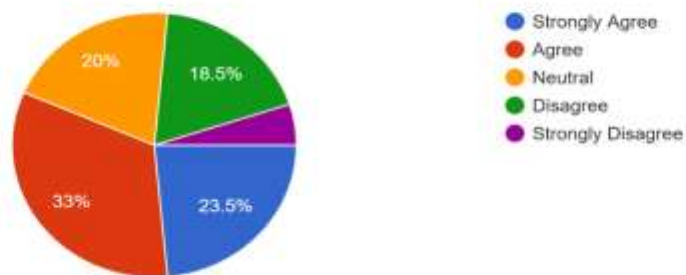


Fig 12 Legend: pie chart depicts the percentage analysis for the agreeability of the statement "buyers of luxury cars will benefit most in GST regime"

How satisfied are you with the price of luxury goods after GST?

200 responses

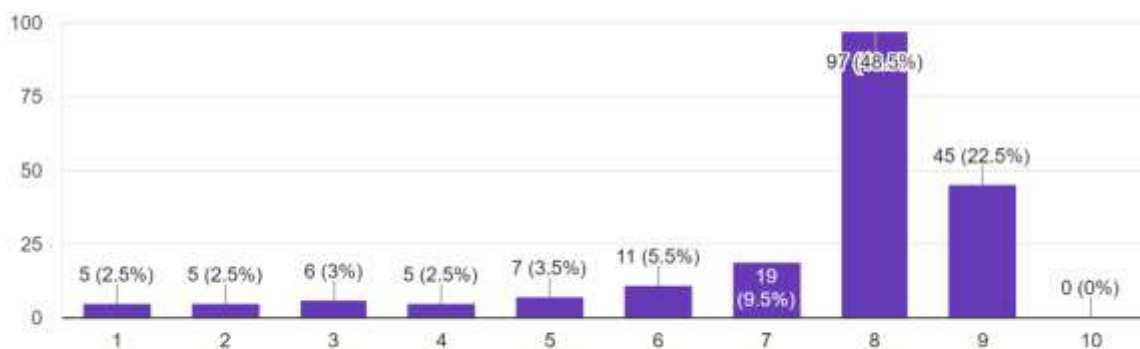


Fig 13 Legend: Bar chart depicts the scaling analysis for the satisfaction with the price of luxury goods after GST

How likely do you accept the statement "GST on luxury industry will encourage them to invest more in the long run in India and boost made in India goods"

200 responses

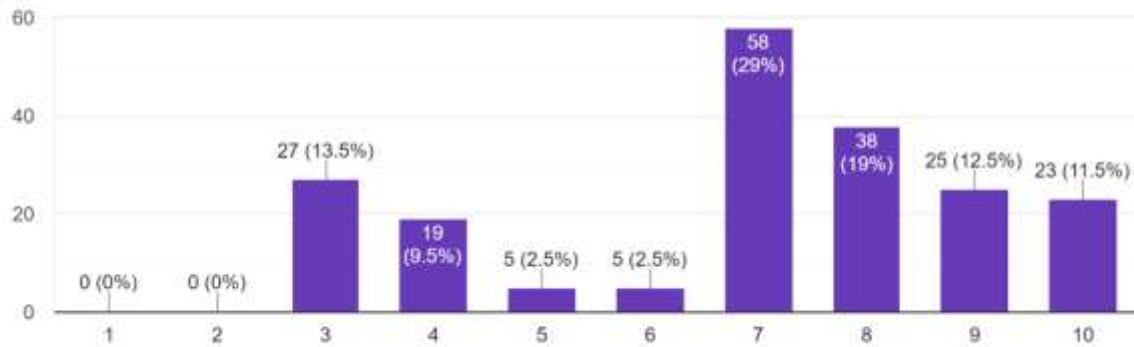


Fig 14 Legend: Bar chart depicts the scaling analysis for the statement "GST on luxury industry will encourage them to invest more in the long run in India and boost made in India goods".

How effective will it be for the consumers when GST reform on luxury industry has made business to restructure their financial model?

200 responses

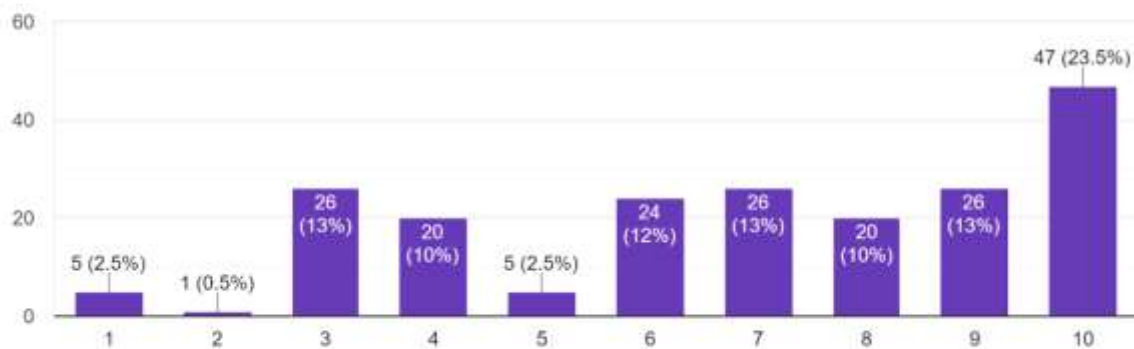


Fig 15 Legend: Bar chart depicts the scaling analysis for the effectiveness GST reform on luxury industry has made businesses to restructure their financial model.

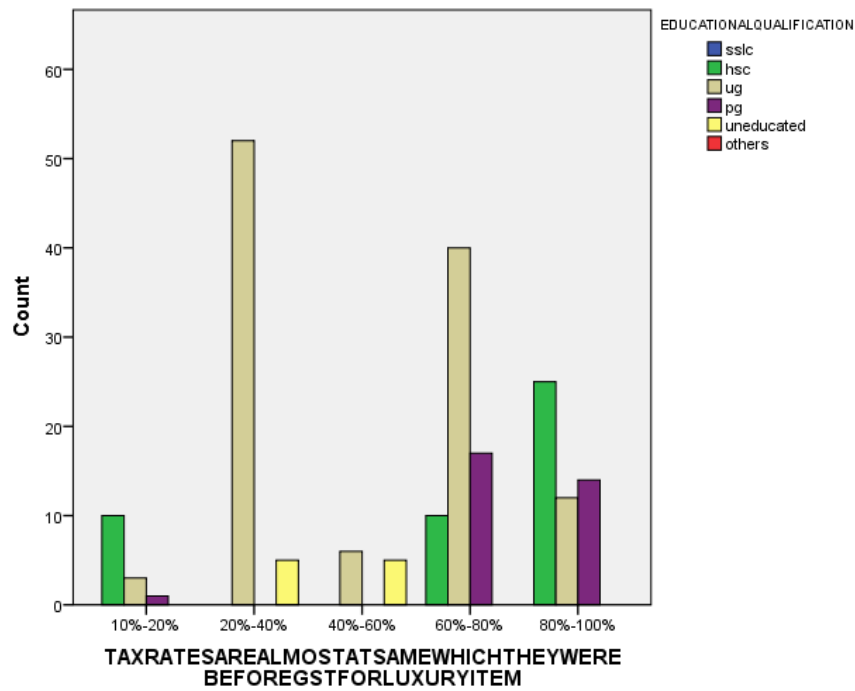


Fig 18 Legend: Bar chart represents “Most of the luxury items, tax rates are almost at the same level at which they were before the GST regime” with educational qualification of respondent.

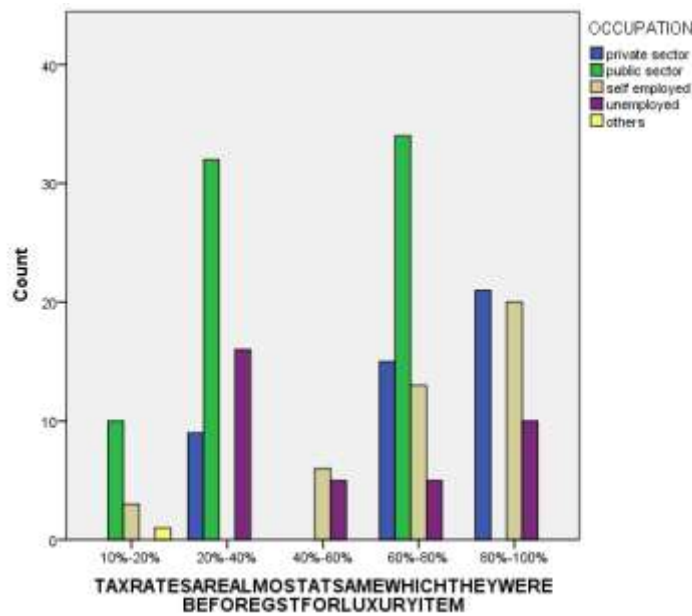


Fig 19 Legend: Bar chart represents “Most of the luxury items, tax rates are almost at the same level at which they were before the GST regime” with occupation of respondent.

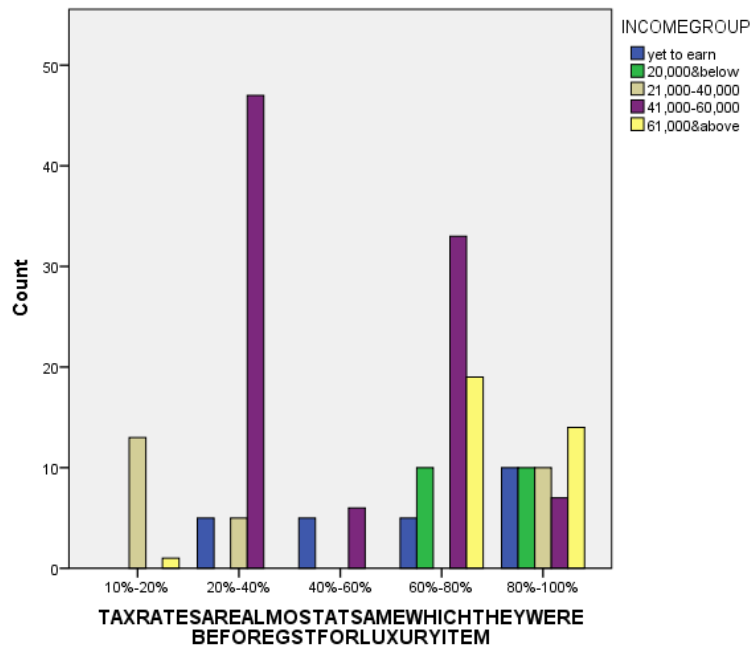


Fig 21 Legend: Bar chart represents “Most of the luxury items, tax rates are almost at the same level at which they were before the GST regime” with the income group of respondents.

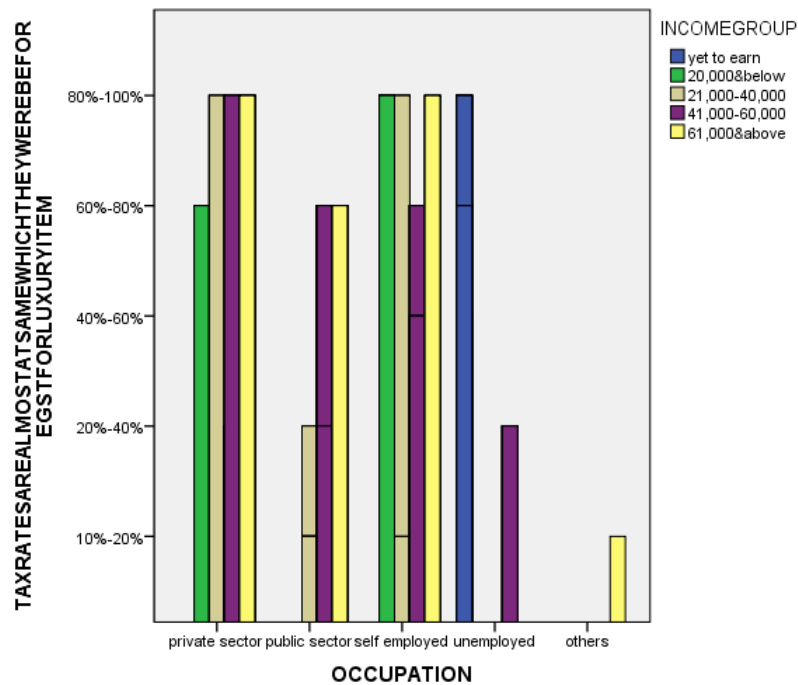


Fig 22 Legend: Bar chart represents “Most of the luxury items, tax rates are almost at the same level at which they were before the GST regime” with income and occupation of respondent.

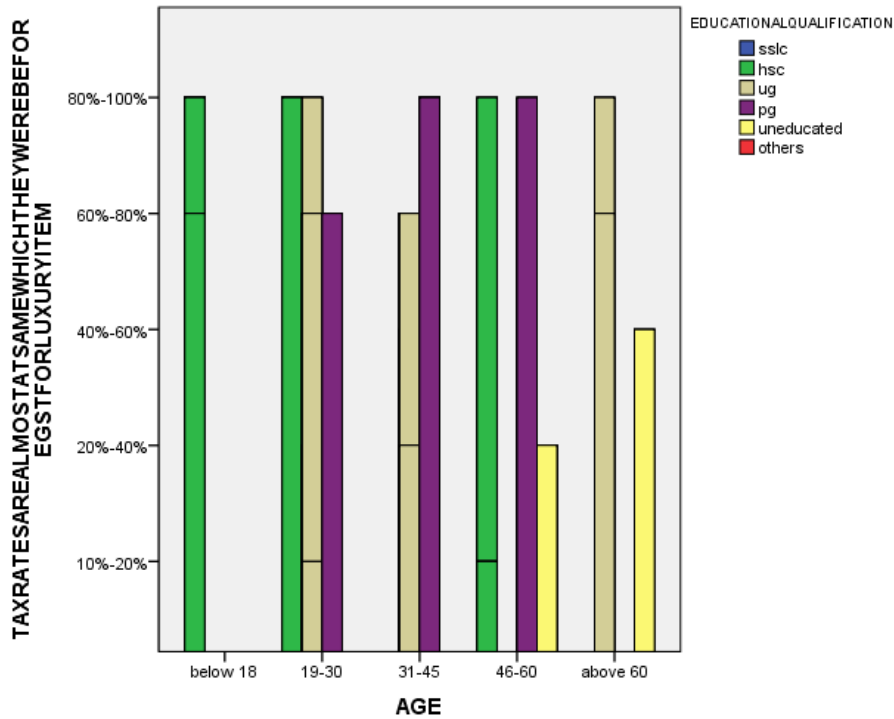


Fig 23 Legend :Bar chart represents For Most of the luxury items, tax rates are almost at the same level at which they were before the GST regime with age and educational qualification of respondent.

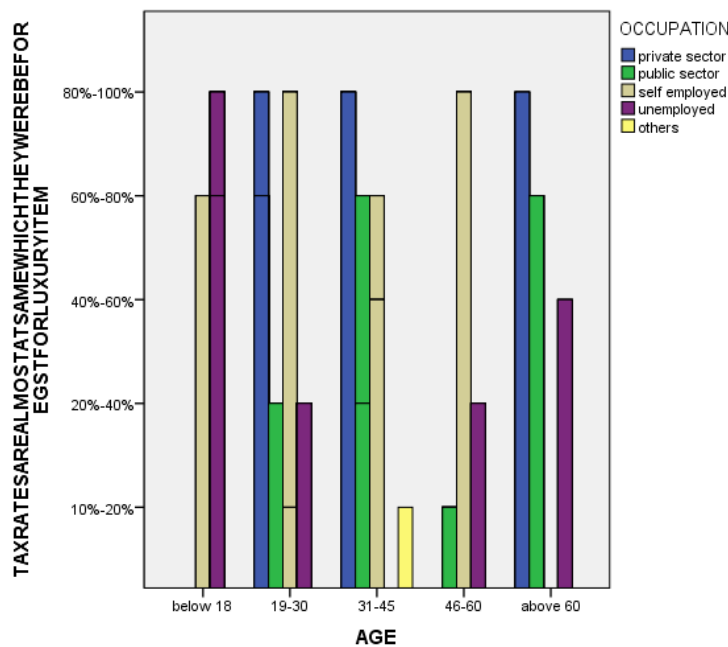


Fig 24 Legend :Bar chart represents For Most of the luxury items, tax rates are almost at the same level at which they were before the GST regime with age and occupation of respondent.

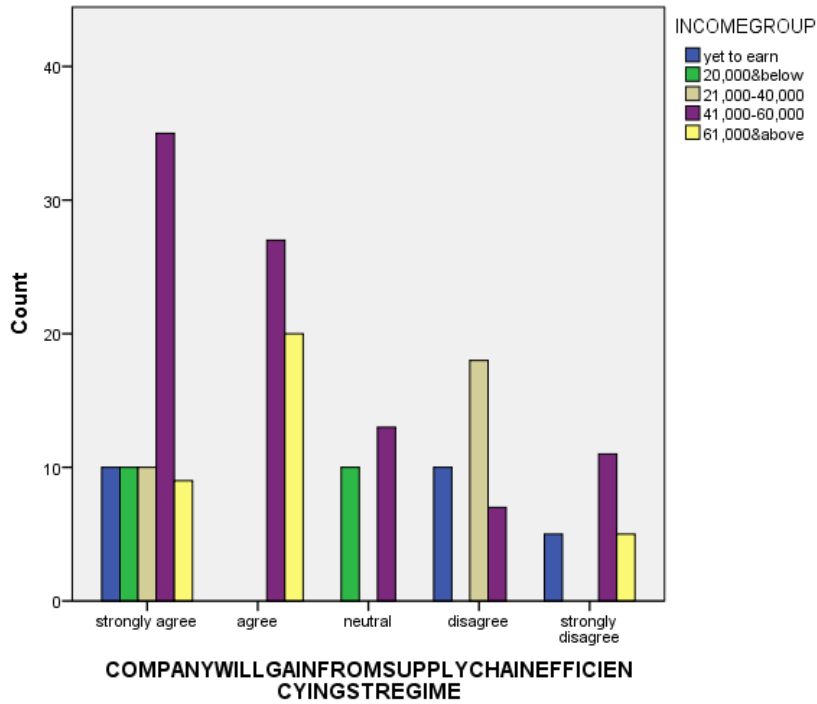


Fig 31 Legend: Bar chart represents companies will gain from the supply chain efficiency in the GST regime with income of respondents.

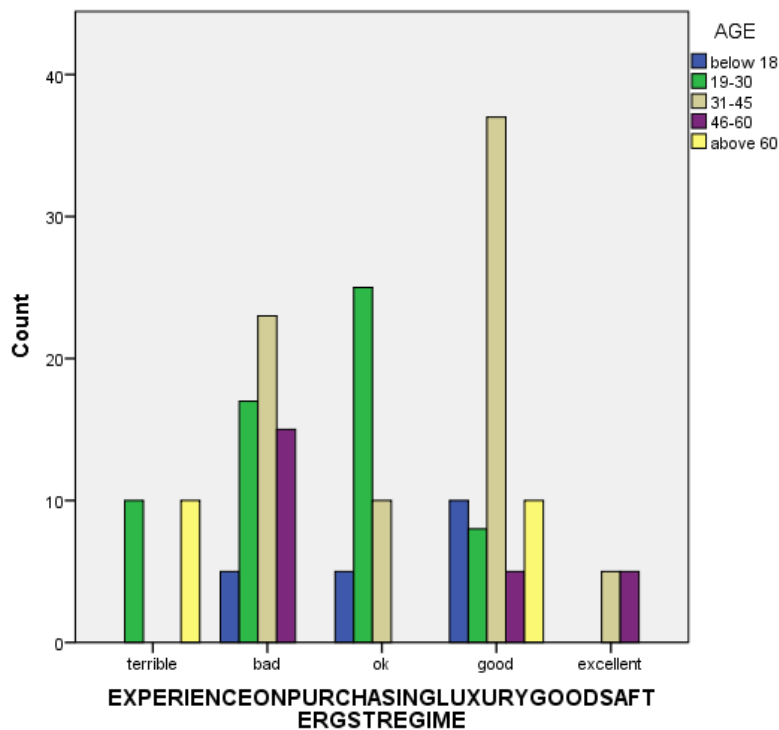


Fig 35 Legend: Bar chart represents an experience on purchasing luxury goods after the GST regime with age of respondent.

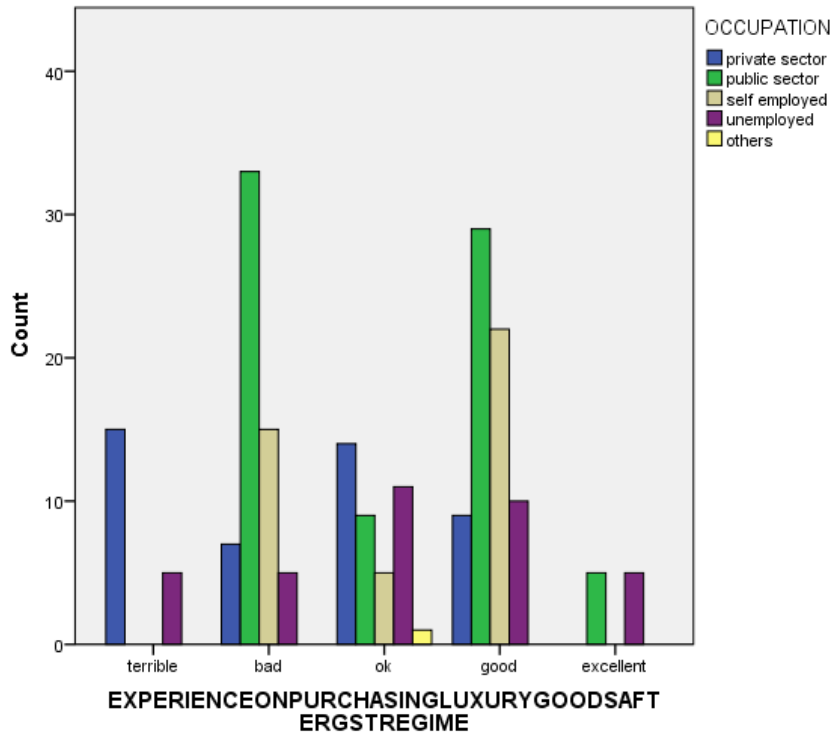


Fig 38 Legend: Bar chart represents an experience on purchasing luxury goods after the GST regime with occupation of respondent.

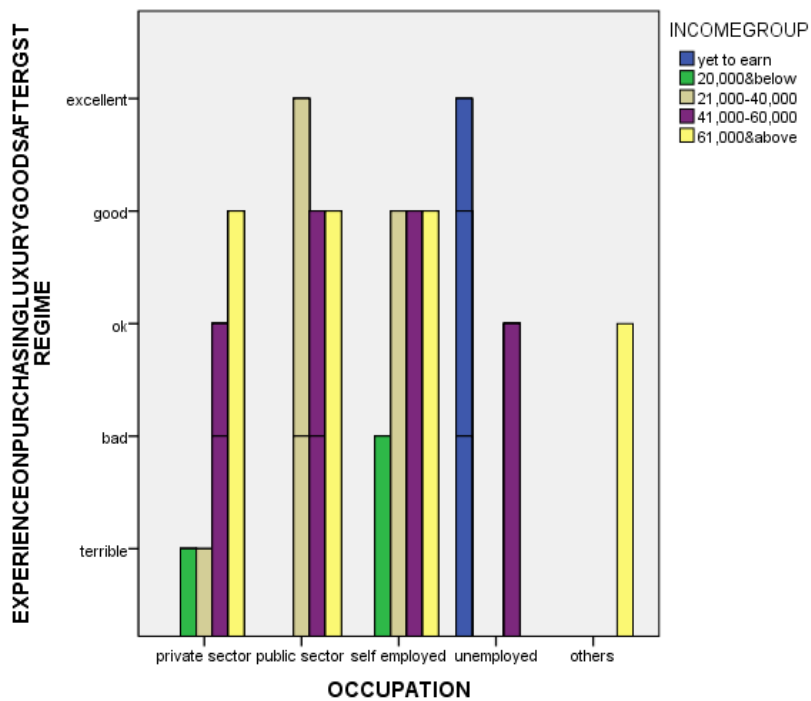


Fig 41 Legend: Bar chart represents an experience on purchasing luxury goods after GST regime with income and occupation of respondent.

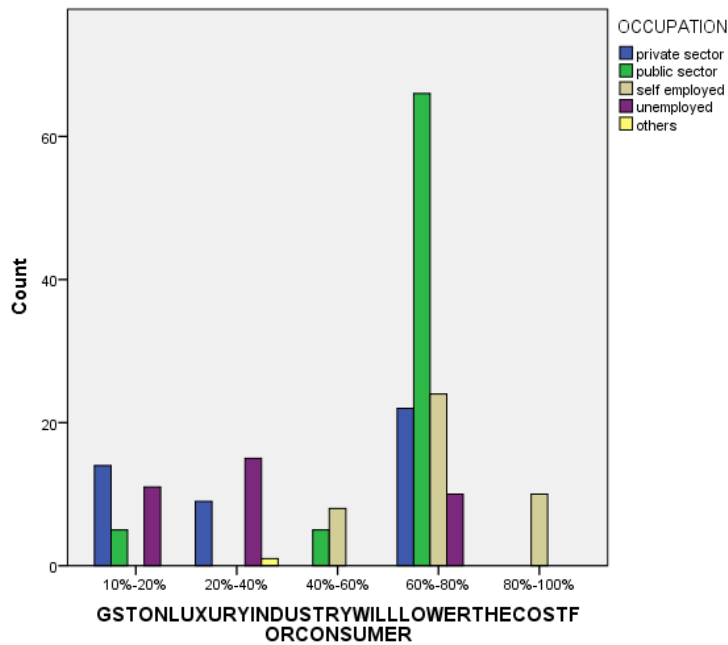


Fig 45 Legend: Bar chart represents agreeability "Implementation of GST on luxury industry will facilitate seamless movement of product across the country by lowering the cost for consumer with occupation of respondent.

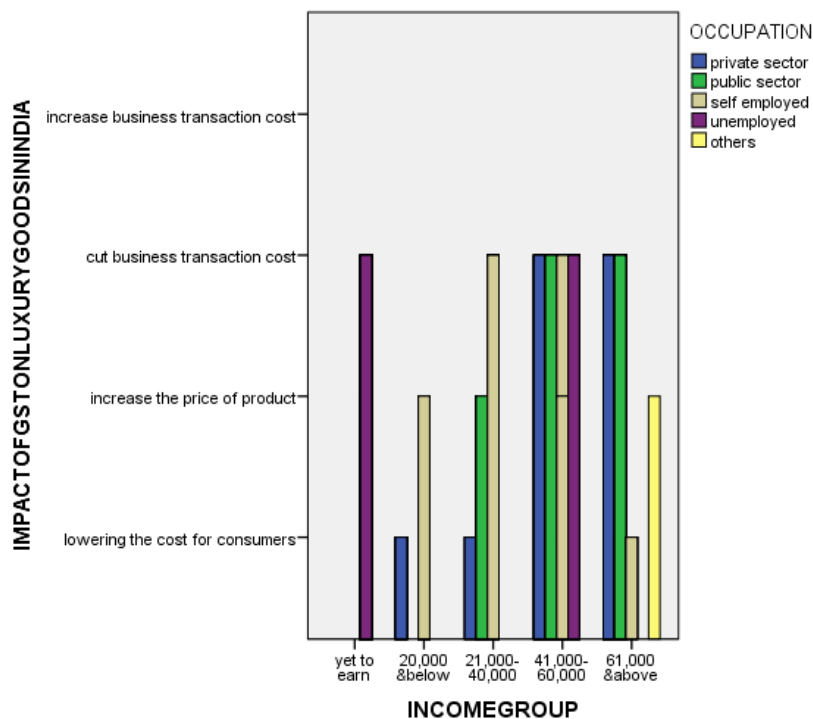


Fig 49 Legend: Bar chart represents Opinion on impact of GST on luxury goods in India with occupation and income group of respondent.

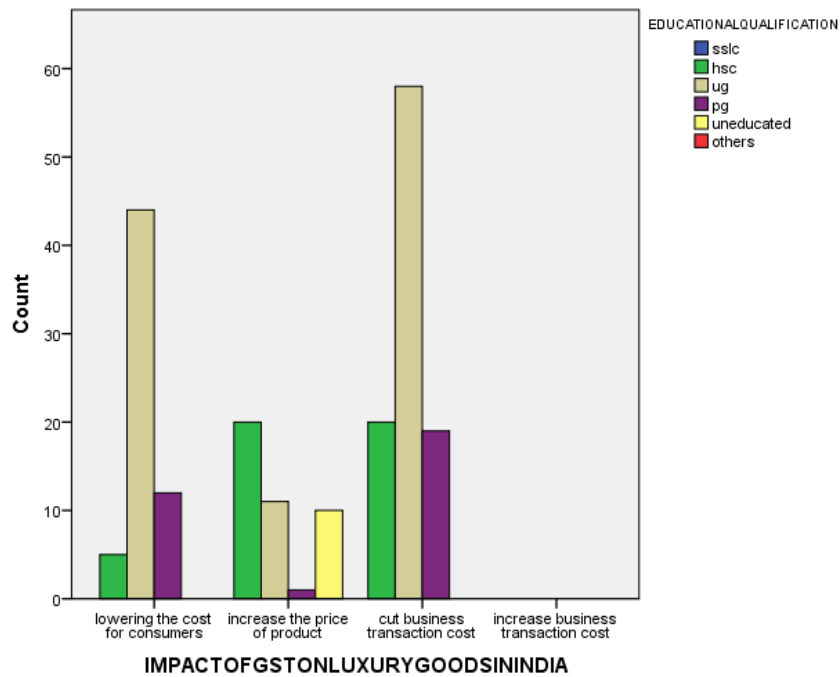


Fig 52 Legend: Bar chart represents Opinion on impact of GST on luxury goods in India with educational qualification of the respondents.

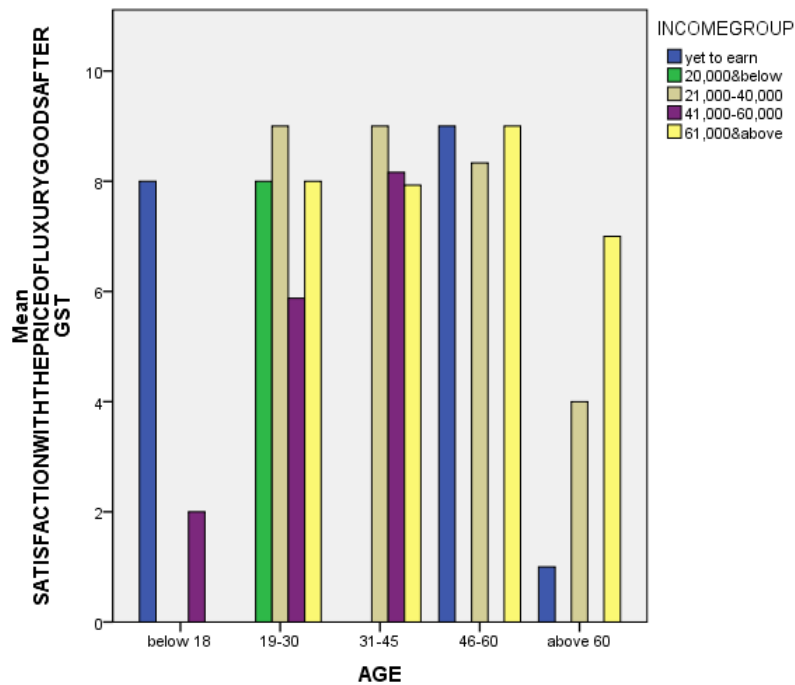


Fig 56 Legend: Bar chart represents Opinion of How satisfied are you with the price of luxury goods after GST with income group and age of the respondents.

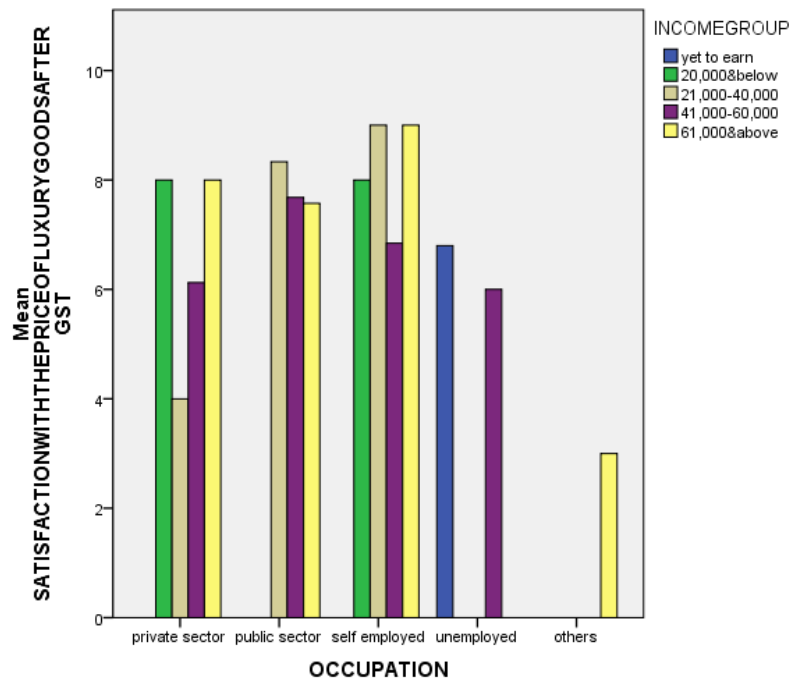


Fig 57 Legend: Bar chart represents Opinion of How satisfied are you with the price of luxury goods after GST with income group and occupation of the respondents.

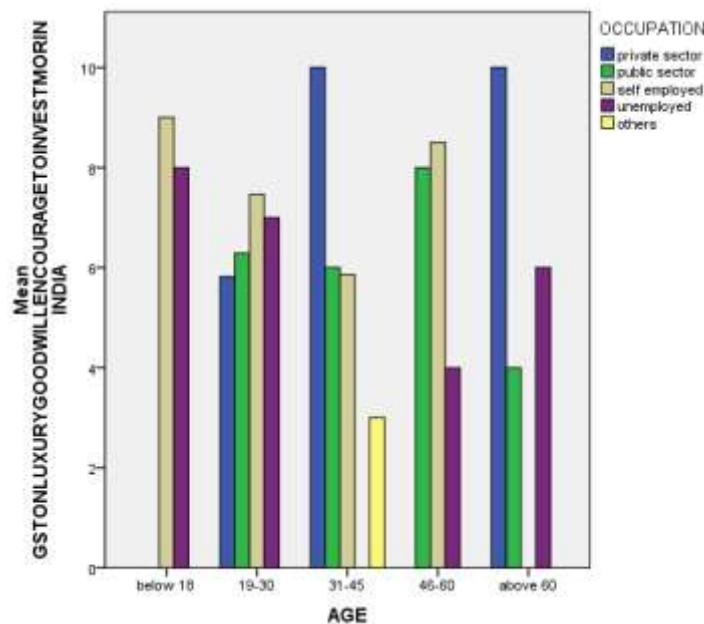


Fig 61 Legend: Bar chart represents Opinion of GST on luxury industry will encourage them to invest more in the long run in India and boost made in India goods with occupation and age of the respondents.

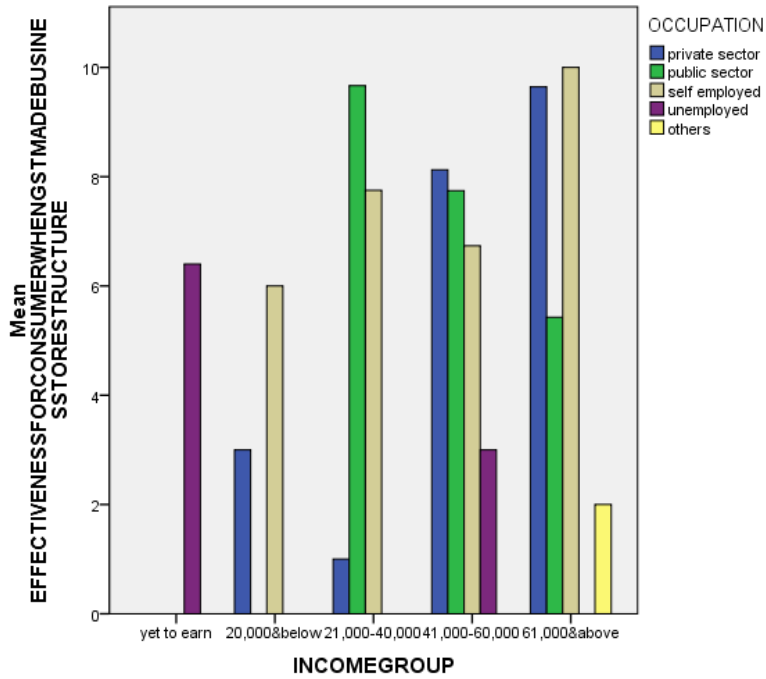


Fig 66 Legend: Bar chart represents Opinion of how effective it will be for the consumers when GST reform on the luxury industry has made businesses restructure their financial model with income group and occupation of the respondents.

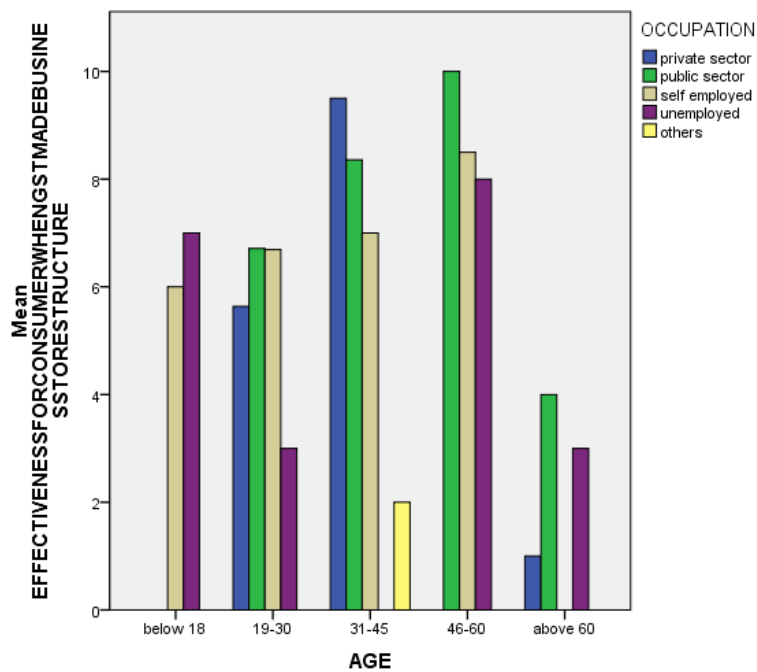


Fig 68 Legend: Bar chart represents Opinion of how effective it will be for the consumers when GST reform on the luxury industry has made businesses restructure their financial model with age and occupation of the respondents.

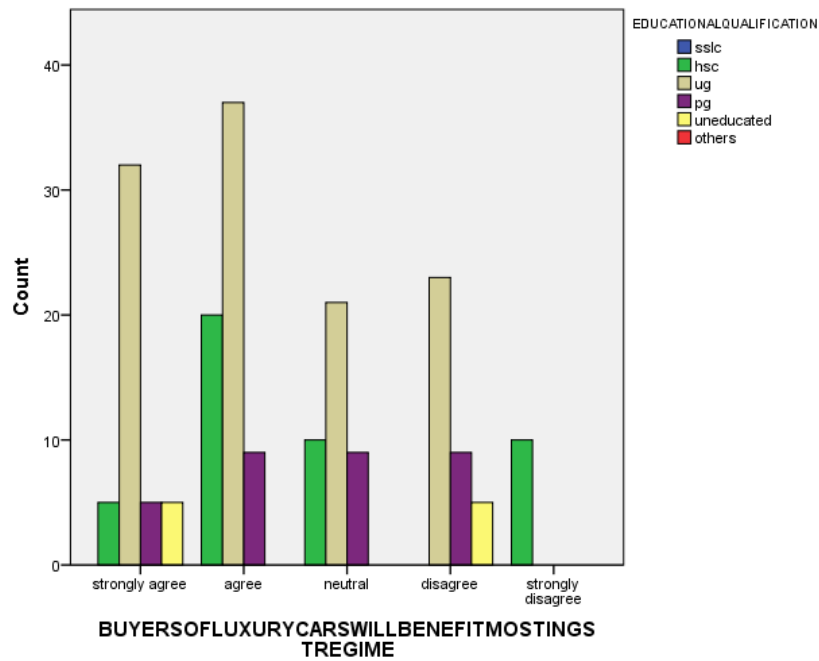


Fig 73 Legend: Bar chart represents Opinion of buyers of luxury cars will benefit most in the GST regime with educational qualification of the respondents.

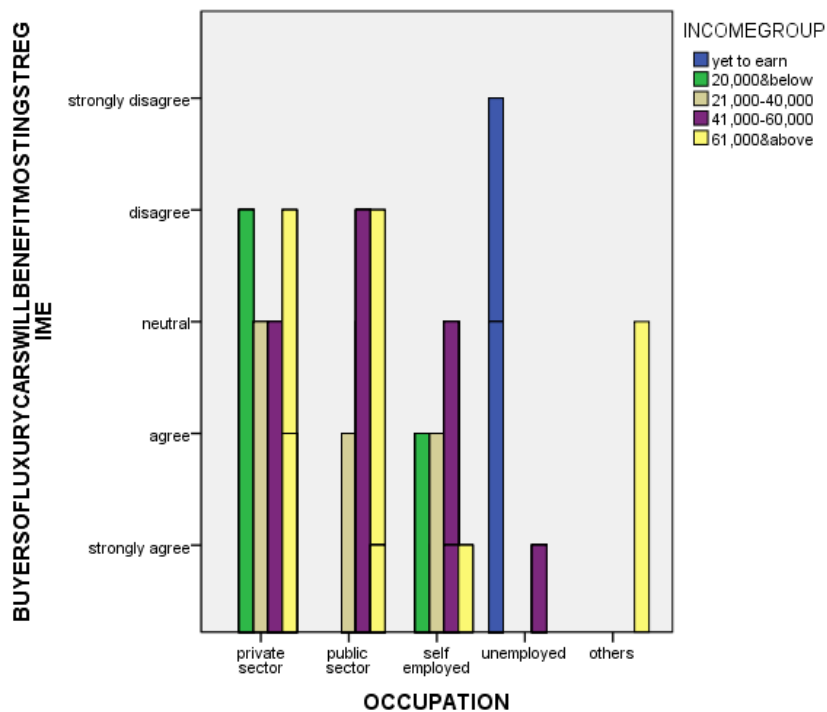


Fig 77 Legend: Bar chart represents Opinion of buyers of luxury cars will benefit most in the GST regime with income group and occupation of the respondents.

RESULT

Majority (33.5%) of them were 60%-80% agreed to the statement "For Most of the luxury items, tax rates are almost at the same level at which they were before the GST regime"(fig 7). Majority (37%)of them strongly agreed with the statement"companies will gain from the supply chain efficiency in the GST regime"(fig 8). Majority of them chose "good" for the experience of purchasing luxury goods after GST regime (fig 9).Most of them (61%) were 60%-80% agreed to the statement "Implementation of GST on luxury industry will facilitate seamless movement of product across the country by lowering the cost for consumer"(fig 10). 48.5% of the respondents chose " cut business transaction cost" as the impact of GST on luxury goods in India (fig 11).Majority (33%) of them agreed with the statement "buyers of luxury cars will benefit most in the GST regime"(fig 12). 48.5 % of them were very satisfied with the price of luxury goods after GST (fig 13). 29% of them chose "7" on the scale which means they are likely accepting the statement.(fig 14). Most of the respondents (23.5%) felt it will be very effective for the consumers when GST reform on the luxury industry has made businesses restructure their financial model(fig 15). Most of the UG respondents vote 20%-40% and others vote 60-100%(fig 18). Some of the Public sector respondents vote 20%-40% and others vote 60-100%(fig 19). Income group of Rs.41000 to 60000 are respondents who vote 20%-40% and others vote 60-100%(fig 21). All the respondents from different employment status and income groups have voted 80-100%(fig 22).Most of the respondents from all age groups with different educational backgrounds have voted 80-100%(fig 23).Respondents from different Occupation and Age groups have voted 80-100%.(fig 24).Most of them are from 41,000-60,000 income group were strongly agreed to the statement (fig 31).Most of the respondents from different age group had a good experience on purchasing luxury goods after the GST regime(fig 35). Most of the public sector respondents have had both good and bad experience on purchasing luxury goods after the GST regime (fig 38).Most of respondents from different income groups had good experience on purchasing luxury goods after the GST regime (fig 41).Most of the public sector employees voted 60-80% for the statement(fig 45).Most of the respondent from different occupation have opted "Cut business transactions cost" as the impact of GST on luxury goods in India(fig 49).Most of them are UG graduates who have opted "Cut business transactions cost " as the impact of GST on luxury goods in India(fig 52).Most of the respondents chose "8" on the scale which means they are very satisfied (fig 56).Most of the respondents chose "8" on the scale which means they are very satisfied (fig 57).Private sector employees were strongly agreed to the statement "GST on luxury industry will encourage them to invest more in the long run in India and boost made in India goods with occupation and age of the respondents"(fig 61). Most of them chose above "8"on the scale which states "very effective "towards the statement (fig 66).Most of them chose above "8"on the scale which states "very effective "towards the statement (fig 68).

Most of the respondents are from UG where stated buyers of luxury cars are not getting benefited(fig 73).Most of them disagreed with the statement that buyers of luxury cars will benefit most in the GST regime (fig 77).

DISCUSSION

Most of them felt that Buyers of luxury items, such as apparel and leather goods, are unlikely to benefit under the new goods and services tax (GST) regime. Effective tax rates for most of the items under GST are more or less at the same level at which they were before the GST regime (fig 7).Most of them felt that companies will gain from the supply chain efficiency in the GST regime because the effect of GST on the manufacturing sector has been mostly positive. It has helped in reducing the cost of production and simplified the entire tax system. (fig 8). Majority of them felt Effective tax rates for most of the items under GST are more or less at the same level at which

they were before the GST regime. However, companies will gain from the supply chain efficiency in the GST regime. This may result in marginal price correction at a later stage,"(fig 9). Most of them felt GST reduces the cost for the consumer and manufacturer which facilitate seamless movement of product across the country by lowering the cost for consumer as because of the benefits due to service taxes set off possibilities which ease out movement of good(fig 10).Most of them felt GST reduces the cost for the consumer and manufacturer which facilitate seamless movement of product across the country by lowering the cost for consumer as because of the benefits due to service taxes set off possibilities thus reduce the business cost(fig 11) Most of them felt luxury car makers expect a bump in the market owing to the positive impact of goods and services tax (GST) on prices. Company were confident about growing volume and the market share in India because of its expanding network, product portfolio and the growth in the overall market. (fig 12).People are very satisfied with the price of luxury goods after GST because companies will gain from the supply chain efficiency in the GST regime. This may result in marginal price correction at a later stage and even GST reduces the cost for the consumer and manufacturer which facilitate seamless movement of product across the country by lowering the cost for consumer (fig 13).Most of them felt that Due to the uniformity in tax structure and the seamless flow of input tax credit for both input goods and services, production costs are lower now than under the previous tax regime. Reducing production costs positively impacts the manufacturing hub and is bound to increase manufacturing sector profits in the long run(fig 14).Most of them felt GST reform has made consumer facing businesses to restructure their financial model which will result in rejigging their logistics and supply chain which will entail additional costs. But in the long run, this may be a price worth paying.(fig 15).This is because most of the UG respondents are educated and well informed so they felt that Most of the luxury items, tax rates are not at same level at which they were before the GST regime as they felt marginal price correction can be seen after the gst regime(fig 18). Most of them felt that some of the Public sector respondents are usually of governmental services those working for the government itself, as they felt that Most of the luxury items, tax rates are not at the same level which they were before the GST regime (fig 19). Respondent from Rs.41000 to 60000 category is good earners and they are the taxpayers so they felt that Most of the luxury items, tax rates are not at the same level at which they were before the GST regime (fig 21).Most of the respondents are 80-100% agreed with the statement because they felt that for most of the items, except watches and cars, rates are almost at the same level as pre-GST. There would not be much impact. (fig 22).Most of the respondents were 80-100% agreed to the statement because they felt that for most of the items, except watches and cars, rates are almost at the same level as pre-GST. There would not be much impact. (fig 23)Most of the respondents were 80-100% agreed to the statement because they felt that for most of the items, except watches and cars, rates are almost at the same level as pre-GST. There would not be much impact. (fig 24)Most of them are from 41,000-60,000 income groups and were strongly agreed as they are the taxpayers and good earners as they believe that the effect of GST on the manufacturing sector has been mostly positive. It has helped in reducing the cost of production and simplified the entire tax system. (fig 31).Most of them had a good experience As they believe that effective tax rates for most of the items under GST are more or less at the same level at which they were before the GST regime(fig 35).As purchasing luxury goods after the GST regime has reached the bracket of 28% and some can and cannot afford it.(fig 38).Most of them have had a good experience as they believe that effective tax rates for most of the items under GST are more or less at the same level at which they were before the GST regime and it reduced the marginal cost of products since GST in luxury goods reduced the manufacturing cost(fig 41).As they believe GST reduces the cost for the consumer and manufacturer which facilitate seamless movement of product across the country by lowering the cost for consumer as because of the benefits due to service taxes set off possibilities (fig 45).Most of the respondent from different occupation have stated reduced business transactions cost is the main impact

as GST reduces the cost for the consumer and manufacturer which facilitate seamless movement of product across the country (fig 49). Most of them felt the "Cut business transactions cost" as the impact of GST on luxury goods because GST reduces the cost for the consumer and manufacturer as it facilitate seamless movement of product across the country because of uniformity of tax system.(fig 52). Most of them are satisfied with price of luxury goods after GST as they are income earner from different age group and they were well aware about the impact of taxes on the products. so they felt satisfied with the price of luxury goods after GST (fig 56). As they are income earner from different employment sector and they were well aware about the impact of taxes on the products so they felt satisfied with the price of luxury goods after GST (fig 57). Private sector employees are well aware about the organisation as they felt GST on luxury industry will encourage them to invest more in the long run in India and boost made in India goods and the economy shall also be boosted and everyone can afford such goods (fig 61). Most of the respondents felt that GST reform is very effective for consumers because it could make the luxury industry and businesses restructure their financial model, the industries could also gain and so can the consumers (fig 66). Most of the respondents felt that GST reform is very effective for consumers because it could make the luxury industry and businesses restructure their financial model, the industries could also gain and so can the consumers .(fig 68). Most of the respondents are from UG were stated buyers of luxury cars are not getting benefited since manufacturers are getting benefited more.(fig 73). Most of them were disagreed for the statement that buyers of luxury cars will benefit most in GST regime as they felt that manufacturers are the one who gain more in this process (fig 77).

LIMITATION

The Major limitation of the study is the sample frame. There is a major constraint in the sample frame as it is limited to a small area. Thus, it proves to be difficult to extrapolate it to a larger population. Another limitation is the sample size of 200 which cannot be used to assume the thinking of the entire population in a particular country, state, or city. The physical factors have a larger impact, thus, limiting the study.

SUGGESTIONS

India's largest indirect tax is still in its teething years and that means there is plenty of room for improvement. The use of tax technology and the fact that taxpayers are being encouraged to go digital with their taxes is a sign that India is working to keep up with its growing business capacity. Bringing exempted goods under the GST ambit because Even four years later some goods and services like petroleum, electricity, real estate etc are not under the GST ambit. These goods and services continue to add to inflation across the country and lead to a substantial loss in revenue collections. The Authority for Advance Rulings are independent State appointed benches that help interpret GST laws. However, these quasi judiciary committees need to streamline their interpretations and operations mainly because of the several instances of contradictory rulings.

CONCLUSION

The Indian tax administration has had challenges dealing with the concept of luxury for a long time. The introduction of Goods and Services Tax (GST) by the government has put "luxury items" in the highest tax bracket at 28%. Today, more than 160 nations are practicing this form of taxation. The implementation of the Goods and Services Tax (GST) in India was a historical move, as it marked a significant indirect tax reform in the country. The initiative is now paving the way for a common national market. The implementation of GST will definitely be a huge shot in the arm for the luxury retail industry. The main objectives are to discuss the impact of GST on luxury goods and to analyse the purchasing attitude of customers after the GST regime. The findings were buyers of luxury cars are not getting benefited since manufacturers are getting benefited more. GST reform is very effective for consumer because it could make the luxury

industry and businesses restructure their financial model, where the industries could also gain and so can the consumers. GST on luxury industry will encourage them to invest more in the long run in India and boost made in India goods and the economy shall also be boosted and everyone can afford such goods. Centre to introduce technology in other aspects of tax operations including improving collection efficiency and reducing tax evasion. Since the Goods and Services Tax has been actively introducing new reform measures that are technology led. Hence it is concluded that most of the luxury items, tax rates are not at same level at which they were before the GST regime. GST reduces the cost for the consumer and manufacturer which facilitate seamless movement of product across the country by lowering the cost for consumer as because of the benefits due to service taxes set off possibilities.


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INTRODUCTION Indian tax authorities have long struggled with the concept of luxury. The word "luxury" means a service or product that is said to add comfort, luxury, or joy to a person's life. With the introduction of the Goods and Services Tax (GST) by the government, "luxury goods" has reached a maximum tax rate of 28%. EVOLUTION The concept of GST was first introduced in France by the French tax authorities in the 1950s. Since then, many other countries have introduced GST in the same way, but some have embraced it in the form of VAT, that is, in the form of VAT. Today, over 160 countries implement this form of taxation. The introduction of the Goods and Services Tax (GST) in India was a historic move as it marked a major domestic indirect tax reform. This initiative is now paving the way for a common domestic market. The luxury sector GST has become a game changer on the market due to its VAT-based efficiency, which results in higher GST tax increases. Government Initiative The GST is a government initiative that benefits all industry, government, and consumer stakeholders. GST on luxury goods benefits the industry through better cash flows and better working capital management and it would mitigate the ill effects of cascading, improve competitiveness and improve liquidity of the businesses. The GST on luxury goods FACTORS AFFECTING LUXURY INDUSTRY POST GST REGIME The implementation of GST will definitely be a huge shot in the arm for the luxury retail industry. It brings parity in taxation on local and imported products, meaning that Indian-made goods are better able to compete with imports. This has been instrumental in boosting Indian exports in the international market. Due to the uniformity in tax structure and the seamless flow of input tax credit for both input goods and services, production costs are lower now than under the previous tax regime. Reducing production costs positively impacts the manufacturing hub and is bound to increase manufacturing sector profits in the long run.

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Due to the uniformity in tax structure and the seamless flow of input tax credit for both input goods and services, production costs are lower now than under the previous

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ABSTRACT The Indian tax administration has had challenges dealing with the concept of luxury for a long time. With the introduction of the Goods and Services Tax (GST) by the government, the maximum tax rate for "luxury goods" has reached 28%. Over 160 countries implement this form of taxation. The introduction of the Goods and Services Tax (GST) in India was a historic move as it marked a major domestic indirect tax reform. This initiative is now paving the way for a common domestic market. The introduction of GST will undoubtedly be a huge boost to the luxury retail industry. The main purpose is to discuss the impact of GST on luxury goods and analyze customer purchasing behavior after the GST system. Follow the descriptive investigation method. Collect samples using a convenient sampling method. The total sample size is 200. The statistical tools used for analysis are the circle graph and the complex graph of . As a result, luxury car buyers did not benefit from the , as manufacturers benefited more and more. GST reforms are very effective for consumers as they encourage luxury industries and businesses to restructure their financial models, which can also benefit and benefit consumers. The luxury industry GST encourages increased investment in India in the long run and boosts products made in India. Therefore, it can be concluded that the tax rates for most luxury goods are not at the same level as before the GST system. This reduces consumer and manufacturer costs and facilitates seamless movement of goods.



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METHODOLOGY Empirical approach is adopted for the study. Simple random sampling is used to collect the samples. Data collection included both primary and secondary resources. The data collected was coded, tabulated and analysed using statistical computations. The sample size is 200. The sample frame taken in Chennai. Primary data was collected through questionnaires. Secondary sources included published information from journals, reports and newsletters. The analysis was done by using the SPSS 21 version. The analysis was carried out for demographic statistics such as gender, age, educational qualification, occupation, income group and the dependent variables are companies will gain from the supply chain efficiency in the GST regime, experiences on purchasing luxury goods after GST regime, Impact of GST on luxury goods in India, satisfaction with the price of luxury goods after GST, buyers of luxury cars will benefit most in GST regime, effectiveness for the consumers when GST reform on luxury industry has made business to restructure their financial model. Statistics tools used for analysis are SPSS, complex chart graph and Pie Chart.



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