

# A Comparative Study on Petroleum Under Goods and Service Tax (GST) Regime in India

G. Shrithar<sup>1</sup> and Ms. Shylaja S<sup>2</sup>

BA,LLB.(Horns)<sup>1</sup>

Assistant Professor<sup>2</sup>

Saveetha School of Law, Saveetha Institute of Medical and Technical Sciences (SIMATS), Chennai

gshrithar4@gmail.com and shylajas.ssl@saveetha.com

**Abstract:** Petroleum products enter a large number of economic activities (such as transportation, power generation, fertilizer production) as direct inputs. In addition to such direct use, there are many indirect uses. To know the highlights of various aspects of gst, and how it affects different industrial sectors in the economy. For example, since most consumers need to carry a transport for end-user use, changes in petroleum product prices (or taxes) have a significant impact on the economy, directly or indirectly, or through collisions. will have. Thus, it is assumed that if petroleum products were brought In the realm of GST, along with petrol prices .One Nation will make diesel uniform across India. One tax means it will be the same across the country. This paper is about in future the petroleum under the GST regime in India and other countries. But Petrol and diesel prices have been increasing by Rs 7.3 per liter Prices since the GST rollout in July. There is no legal impediment to inclusion under petroleum products As GST, the GST Council has already registered them under the new one Tax government, but taxation has been postponed. it is Mentioned in the Central Goods and Services Tax Act, 2017.To analyze the reasons and ways to reduce the petroleum rate in India. To discuss the public opinion on whether we can manage the current petroleum rate in India. To analyze the problem when petroleum comes under Goods and service tax (GST).To know the distribution of income from general use taxes. One of the major limitations of the study in the sample frame. There is a major constraint in the sample frame as it is limited. We collected our responses through an online survey due to COVID-19 pandemic. The survey was conducted by sending online forms to the people. The Convenient sampling method is followed to carry out the survey. All our respondents are literates. Thus, it proves to be difficult to extrapolate it to a larger population. Therefore we are accepting the alternative hypothesis ,Hence there is a significant relationship between age and their opinion about the gst in petroleum.

**Keywords:** Tax, Duties, study, petrol and diesel

## I. INTRODUCTION

Numerous taxes, duties, tariffs and tariffs on petroleum products and natural gas generate significant revenue to the Central and State Governments. Petroleum products enter a large number of economic activities (such as transportation, power generation, fertilizer production) as direct inputs. In addition to such direct uses, there are many indirect uses. For example, since most consumers need to carry a transp for end-user use, petroleum products .Therefore, changes in the prices (or taxes) of petroleum products will have a significant impact on the economy, either directly or indirectly or through confrontation. The current government's imposition of taxes on petroleum products and taxes is the result of tax cuts. Hidden taxes are expected to push up prices in the domestic economy and adversely affect the competitiveness of Indian exports. Given that the country is working towards introducing a comprehensive system of GST, it is a moment of reflection to ask whether the proposed design of GST is appropriate or how a significant degree of cascading is required. Goods and Services Tax (GST) was introduced in India Completed all indirect taxes levied by July 1, 2017 Central and state governments. There were products such as petrol, diesel, jet fuel and natural gas Should be kept out of the ambit of GST to keep it safe Revenue collected by the states. The only change was the daily revision Petrol and



diesel prices instead of every fifteen. As per Government, this benefit was made for immediate approval. Consumers face a decline in international oil prices. Avoids sharp spikes by spreading them in small quantities. Petrol and diesel prices have been increasing by Rs 7.3 per liter. Prices since the GST rollout in July. There is no legal impediment to inclusion under petroleum products. As GST, the GST Council has already registered them under the new one Tax government, but taxation has been postponed. It is mentioned in the Central Goods and Services Tax Act, 2017 Chapter III Revenue and Revenue Collection, Central Petroleum crude oil, high speed diesel, motor supply tax Spirit (commonly known as gasoline), and natural gas and aviation Turbine fuel will be effectively levied from such a date. Should be informed by the government on the recommendations of Council. "Thus, it is assumed that if petroleum products were brought in the realm of GST, along with petrol prices. One Nation will make diesel uniform across India. One tax means it will be the same across the country. This paper is about in future the petroleum under the GST regime in India and other countries.

**Aim:** To know the highlights of various aspects of GST, and how it affects different industrial sectors in the economy.

#### **OBJECTIVES OF THE STUDY:**

- To analyze the reasons and ways to reduce the petroleum rate in India.
- To discuss the public opinion on whether we can manage the current petroleum rate in India
- To analyze the problem when petroleum comes under Goods and service tax (GST)
- To know the distribution of income from general use taxes.

#### **II. REVIEW OF LITERATURE**

Sacchidananda mukherjee discussed the alternatives considered, prices in the sectors have either changed or decreased (except for tax-exempt sectors). In one scenario, the declared rate of tax on petroleum products is even lower than the rates considered at baseline. These results show that petroleum products are kept away from the GST base for special treatment. There is very little room for separation. The GST reforms, which would provide an exciting opportunity for reform without worrying about price increases, were enacted to control product prices. (Sacchidananda mukherjee, 2014).

Revathi Radhakrishnan Madhushree L & P. S. Aithal focuses on the impact of GST on the economies of different countries and its impact on society. Many scholars have done research on this subject before and after its implementation in India. The article highlights various aspects of GST, and how it affects different industrial sectors in the economy. This article also analyzes how various researchers have interpreted their study on GST, its future implications, and its impact on their countries with special emphasis on India. (Revathi Radhakrishnan Madhushree L & P. S. Aithal, 2019)

R. Meenakshil, Dr. T. A. Tamilselvi discussed how impact will extend beyond Indian borders. The implementation of GST will reduce the tax burden on manufacturers and thus encourage higher production. This process will increase India's exports and will increase the overall GNP. Avoiding the cascading effect enables manufacturers to maximize their capacity and increase productivity. This study is intended to illustrate the detailed implications of the implementation of GST in the Indian economic system. (R. Meenakshil, Dr. T. A. Tamilselvi, 2017)

Ravishu and Raj said the purpose of goods and services is to create a single, uniform market that will benefit both the corporate and the economy. Several countries implemented this tax system, after which France was the first country to introduce GST. India is a central democracy so GST will be implemented in parallel by the central and state governments. (Ravishu and Raj, 2017).

Sehrawat, M., Dhanda assumed the GST is one of the most important tax reforms in India that has been pending for a long time. It was supposed to take effect in April 2010, but it is still pending due to political issues and conflicting interests of various stakeholders. It is a comprehensive tax system that collects all indirect taxes from the states and central governments and the unified economy into a national market. It is expected to eliminate the wrinkles of the existing indirect tax system and contribute to India's growth. (Sehrawat, M., Dhanda, 2015).



Imtiyaz Ahmad Shah and Asif Tariq assumed that Jammu and Kashmir has a special status in the Indian Constitution and there is only one state in the Indian Constitution that has its own constitution. Under 246A (1), the Legislature of the State of Jammu and Kashmir shall have the power to make laws relating to goods and services tax imposed by the State. However, the order said, parliament has the power to make laws regarding goods and services tax imposed by the union. Therefore, the GSI has no right to impose GST without the advisor of the State Government of Jammu and Kashmir. **(Imtiyaz Ahmad Shah and Asif Tariq ,2017)**

Shaik, S., Sameera, S. A., & Firoz found that GST is expected to create a business-friendly environment, as prices are level and therefore inflation rates fall overtime as soon as uniform tax rates are applied. It will also improve the financial health of the government as it will make the tax collection system more transparent, which will make tax evasion more difficult. This article attempts to study the concept of goods and services tax and its impact on the Indian economy. **(Shaik, S., Sameera, S. A., & Firoz,2015)**

Sakharam Mujalde , Avi Vani assumed the present research paper is an attempt to study the concept of Goods and Services Tax on the existing tax system in India. India is a federal country where indirect taxes are levied by the federal and state governments. The value added tax is imposed by the state governments starting with the understanding tax. Taxes are a mandatory contribution to state revenue, levied by the government on workers' income and business profits, or increase in the value of certain goods, services and transactions. There are two systems of taxation in India, namely direct and indirect taxes. **(Sakharam Mujalde , Avi Vani,2017).**

J Martinez-Vazquez found the impact of corporate income tax seems to be fading in open or global economies. We also know that the distribution of income from general use taxes, excise taxes and customs duties has a negative impact. On the expenditure side, we see that higher share of GDP on social welfare, education, health and housing public spending has a positive effect on income distribution. **(J Martinez-Vazquez,2014)**

Anand Nayyar and Inderpal Singh found the entire framework for indirect taxation falls under the constitutional provisions of India. Article 246, Seventh Schedule gives the Central and State Governments the power to levy taxes and collect indirect taxes on the basis of transactions in goods and services. Taxation varies from manufacturer to manufacturer at different locations or at the level of imports or exports. **(Anand Nayyar and Inderpal Singh ,2018)**

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These results show that petroleum products are kept away from the GST base for special treatment. There is very little room for separation. The GST reforms, which would provide an exciting opportunity for reform without worrying about price increases, were enacted to control product prices. **(Sacchidananda mukherjee,2014)**

Sehrawat, M, Dhanda assumes that GST is one of the most important tax reforms in India which has been pending for a long time. It was supposed to come into force in April 2010, but due to political issues and conflicting interests of various stakeholders, it is still pending. It is a comprehensive tax system that collects all indirect taxes from the states and central governments and the unified economy into the national market. It is expected to bridge the gaps in the existing indirect tax system and contribute to India's development. **(Sehrawat, M., Dhanda,2015)**

Many scholars have done research on this subject before and after its implementation in India. The article highlights various aspects of GST, and how it affects different industrial sectors in the economy. This article also analyzes how various researchers have interpreted their study on GST, its future implications, and its impact on their countries with special emphasis on India. **(P. S. Aithal,2019 )**



This process will increase India's exports and will increase the overall GNP. Avoiding the cascading effect enables manufacturers to maximize their capacity and increase productivity. This study is intended to illustrate the detailed implications of the implementation of GST in the Indian economic system. (Dr.T.A.Tamilselvi,2017)

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Raj said the aim of goods and services is to create a single, uniform market which will benefit both the corporate and the economy. Many countries implemented this tax system, after which France was the first country to introduce GST. India is a Central Democracy so GST will be implemented by Central and State Governments in parallel. (Ravishu and Raj, 2017)

#### **HYPOTHESIS:**

**Null Hypothesis (H<sub>0</sub>):**There is no significant relationship between the age of the respondents and their opinion on petroleum under goods and service tax (GST) regime in India.

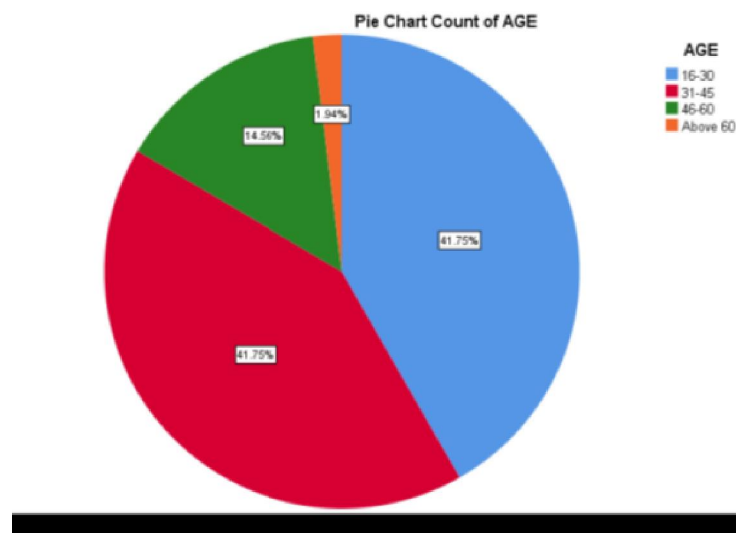
**Alternative Hypothesis (H<sub>a</sub>):**There is a significant relationship between the age of the respondents and their opinion on petroleum under goods and service tax (GST) regime in India.

#### **III. METHODOLOGY**

The research method is empirical method and sampling method are convenient sampling and the sample size of the total number 209 sample collected through a convenient method .The sample frame (place where the data was collected Tamilnadu through google form through online .Independent variable (Age,Gender,Experience,Occupation,Etc) Age,Gender, Occupation and Location .Dependent variables(Variables related to topic mentioned in questionnaire)-A comparative study on petroleum under goods and service tax.

#### **IV. ANALYSIS**

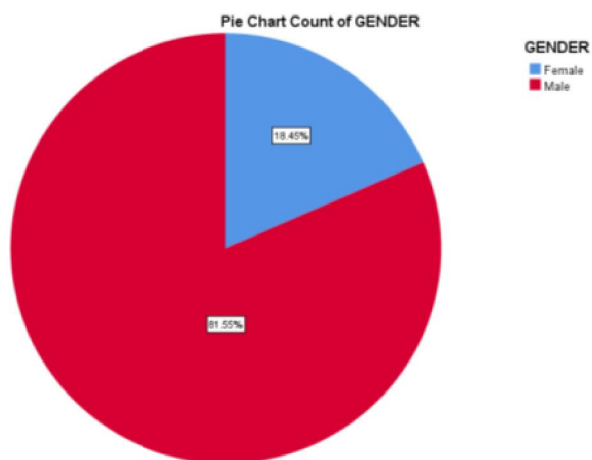
**Figure 1**



Legend : Figure 1 shows the age distribution of the sample respondent in Tamilnadu.

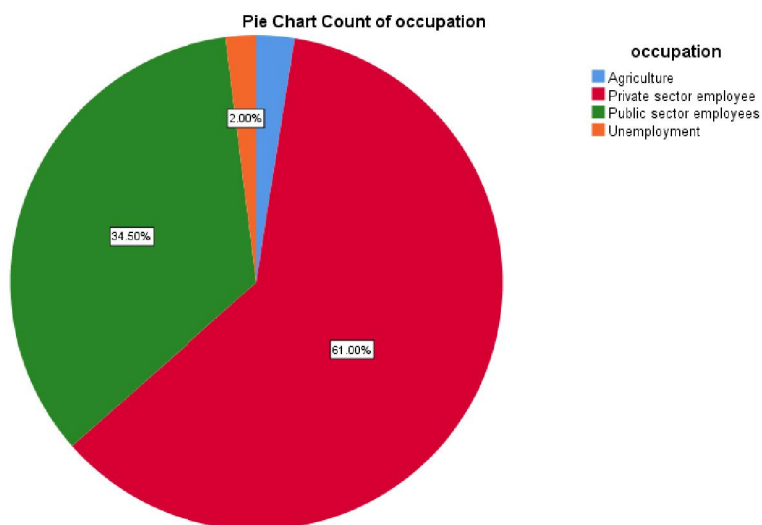


**Figure 2**



Legend : Figure 2 shows the gender distribution of the sample respondent in Tamilnadu.

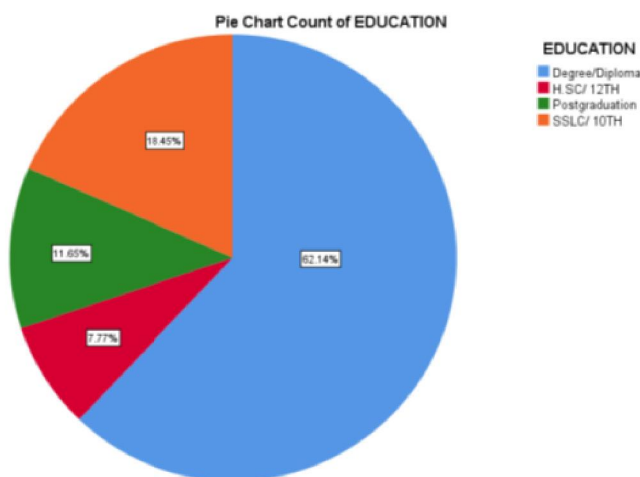
**Figure 3**



Legend : Figure 3 shows the occupation of the sample respondent in Tamilnadu

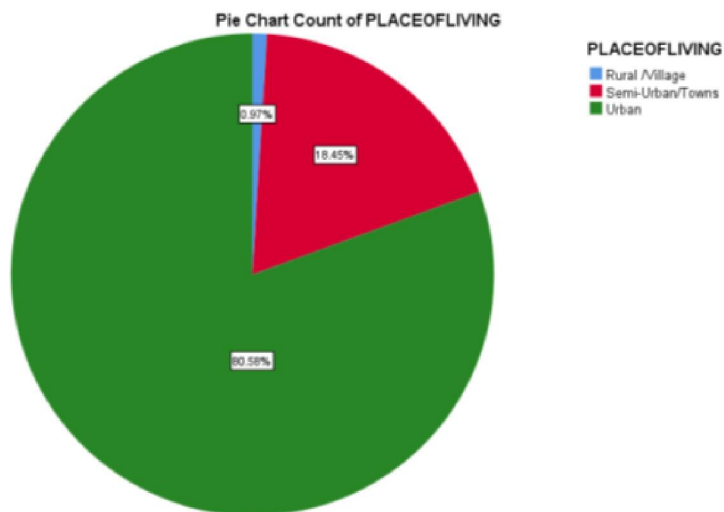


**Figure 4**



Legend : Figure 4 shows the education of the sample respondent in Tamilnadu

**Figure 5**



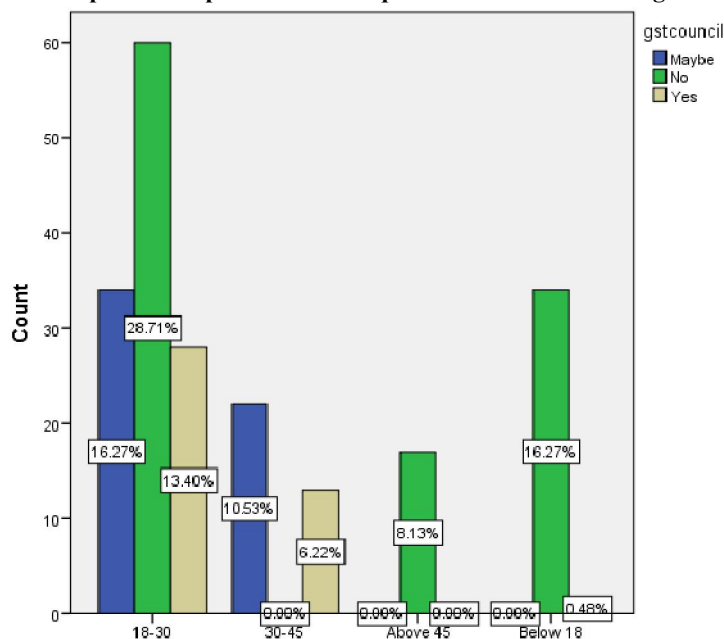
Legend: Figure 5 shows the general distribution of the place of living of the respondent .





**Figure 6**

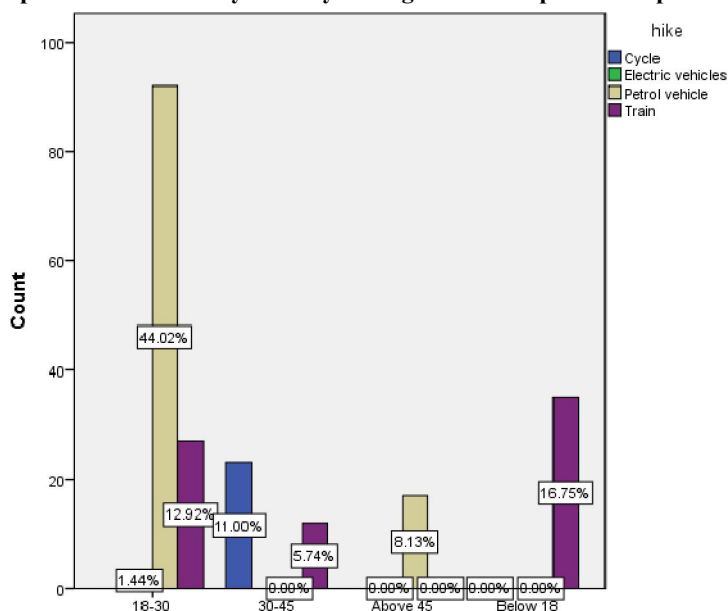
**Do you think inclusion of petroleum products will require recommendation of gst council?**



Legend: The figure 6 shows the age of the respondent and their opinion on gst council.

**Figure 7:**

**Which mode of transport will be economy friendly during the hike in petroleum price?**

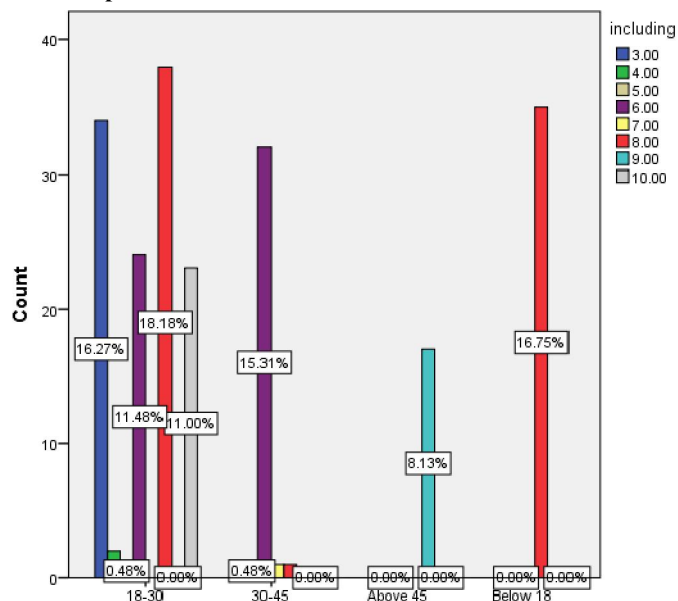


Legend: The figure 7 shows the age and the sample respondent of hike price in fuel rate.



**Figure 8:**

Rate your level of agreeability to the fact that "Including petroleum products under GST, will reduce half of the price paid by the customer at present".



Legend : Figure 8 shows the same respondent and their opinion on including gst rate

**Table 1**

**VAR00001 \* gstcouncil Crosstabulation**

Count		gstcouncil			Total
		Maybe	No	Yes	
VAR00001	18-30	34	60	28	122
	30-45	22	0	13	35
	Above 45	0	17	0	17
	Below 18	0	34	1	35
Total		56	111	42	209

Legend: Table 1 shows the correlation between the age of the respondent and their opinion on gst council.





**Table 2**



**Chi-Square Tests**

	Value	df	Asymptotic Significance (2- sided)
Pearson Chi-Square	52.590 <sup>a</sup>	9	.000
Likelihood Ratio	42.496	9	.000
N of Valid Cases	103		

a. 11 cells (68.8%) have expected count less than 5. The minimum expected count is .19.



Legend : Table 2 shows the correlation between the age of the respondent and their opinion on gst council.

## V. RESULTS

This research is about the petroleum under goods and service tax regime in India with other countries in **fig 1** shows the age of the sample respondent in Tamilnadu is 35 -45 age group people respondent less but 15- 35 age group also respondent . **Figure 2** shows the gender distribution of the sample respondents is about 81.05 % male and female is about 18.45 percent. In **figure 3** shows the occupation of the sample respondent in Tamilnadu the most of the respondent is private sector employees and least is agriculture. **Figure 4** shows the education of the sample respondents. most of the respondents are about degree and diploma and least is higher secondary students. In **figure 5** shows the place of living most of the persons are responding and is about urban and the least is rural. In **figure 6** sample the respondent off age and their opinion on GST council the most of the person have been respondent in age group 18 to 30 responded no and 16.27 percentage and it may be and less is about in about 45 age group people most of the press a person has been responding no it's about 16.27 percentage and list this Yes support in age group 30 to 45 6.26 percentage. In **figure 7** it shows the sample respondents of the age group and their opinion on hike price in fuel rate the most of the person have been respondent in age group 18 to 30 it's about 44.02 percentage in petrol vehicles and the list is about electric vehicles is about 1.44 percentage and age group 30 to 45 the most of the percent respondents support train 5.74 percentage and the less the respondent is about 45 peoples basically they have mentioned petrol vehicles it's about 8.13 percentage. In **figure 8** it shows the sample respondent of their age and their opinion on GST price including its about scale in question the most of the person have been respondent in age group 18 to 30 highest is about eight the most of the person having respondents about 18.18 percentage and less in age group 45 about 8.13 percentage in nine square in Question Nine point in scale . In **Table 1** shows the sample respondents of the age and their correlation between the age and the respondent of their opinion on GST council, In **table 2** shows the general distribution of the sample transport and their opinion on the gst council.. The result is about  $0.00 < 0.05$ . Therefore we are rejecting the alternative hypothesis. Hence the significant relationship between the age and their opinion on the gst council

## VI. DISCUSSIONS

The research paper was prepared by the researcher to know how petroleum and goods and service tax related to each other.**Figure 1** shows that in the sample respondents in the age group of 35-45 years in Tamil Nadu are less responsive but the 15-35 age group is also the respondent. **Figure 2** shows that the gender distribution of the respondents in the sample is approximately 81.05% male and approximately 18.45% female. **Figure 3** shows the profession of the sample respondents in Tamil Nadu that most of the respondents are private sector employees and at least are related to agriculture. **Figure 4** shows the education of the sample respondents. Most respondents are about degrees and diplomas and at least are high school students. **Figure 5** shows that most respondents respond to something about living space and are about urban and least rural. In **figure 6** sample the respondent off age and their opinion on GST council the most



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**Table 2** shows the general distribution of sample transport and their feedback on the general. The result is approximately 0.00 < 0.05. That is why we are rejecting the alternative hypothesis. Hence the significant relationship between age and their opinion in general gst council. A survey was conducted to know whether petroleum prices in the present situation can be controlled by passing of gst by government. The following are points that can be concluded.

The male members have responded to the questionnaire more than female members

What are the legislations available with the government other than gst.

Gst is only the way of reducing the petroleum prices on daily demand

#### **Limitations:**

One of the major limitations of the study in the sample frame. One of the major limitations of the study in the sample frame. There is a major constraint in the sample frame as it is limited. We collected 209 responses through an online survey due to COVID-19 pandemic. The survey was conducted by sending online forms to the people. The Convenient sampling method is followed to carry out the survey. All our respondents are literates. Thus, it proves to be difficult to extrapolate it to a larger population. Therefore we are accepting the alternative hypothesis ,Hence there is a significant relationship between age and their opinion about the gst in petroleum.

#### **VII. CONCLUSION**

So, In conclusion, the main aim was to deeply analyze the impact of petroleum under goods & service tax. This research was conducted to know about people's opinion regarding the study on petroleum under goods and service tax. The focus of this research is to give certain knowledgeable facts among people regarding the various governmental initiatives made available for petroleum under goods and services tax. Since petrol prices are very high nowadays. This paper is about the future of petroleum under the GST regime in India and other countries. Petrol and diesel prices have been increasing by Rs 7.3 per liter Prices since the GST rollout in July. There is no legal impediment to inclusion under petroleum products As GST, the GST Council has already registered them under the new one Tax government, but taxation has been postponed. It is Mentioned in the Central Goods and Services Tax Act, 2017 Chapter III Revenue and Revenue Collection. This is a result of the current government imposing taxes on petroleum products and reducing taxes. One of the major limitations of the study in the sample frame. One of the major limitations of the study in the sample frame. There is a major constraint in the sample frame as it is limited. So, there is a need for a monitor for the government since petroleum products are a scarce resource in our country.

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