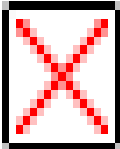


Shyam and GST

ÂJULY 04, 2022

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WHEN

I opened my eyes it was nearly mid-morning. I sprang from my bed and summoned Shyam. I could see, from my room, the breakfast table neatly laid out.

"Shyam, I called out ."

"I knew you will be late for breakfast today, Sir, because of yesterday's hangover, if I am permitted to use that expression."

I stared at Shyam. But in the next ten minutes I was at the breakfast table. There was the day's paper neatly folded and kept in a tray. There was a small pack of assorted breads, a few packets of jam, a bottle of honey, a bowl with a couple of boiled eggs, a few cereal meal jars, a box of neatly sliced cubes of enticing paneer and a sachet of buttermilk.

Then suddenly I had a strange feeling going down my spine. Some of these packs, jars and the honey bottle had no markings at all. I stared at Shyam for the second time. As a faithful valet, Shyam could read my mind.

"Henceforth, some labelled products will be costlier Sir: please read the morning paper Sir."

He took the tray from the table and then presented the paper to me. I unfolded the paper. The headline screamed:
'GST hiked on household goods; labelled food to attract tax and cost more'.

"The expression 'branded' is to be replaced by the word 'prelabelled' in the tax books Sir; Hence, hereafter, cereals, honey, paneer, wheat flour etc. packed and labelled will pay 5% GST Sir. Therefore, it is better to go for unpacked and unlabelled food, Sir. I thought I can train you from now onwards Sir"

"Shyam, what about the quality of unlabelled and unknown products? I never compromise on quality. Does the government want to encourage its citizens to consume unknown and unlabelled food items and not mind their health?"

"I note your concern Sir; from market sources I learn that this move is to curb the misuse of tax benefit available for unbranded goods by some producers of branded products, Sir"

"Well, Shyam; but then the proper course will be to reign in them and bring them on track with the mighty force the government has at its disposal; why remove the benefit altogether and make every hapless citizen pay additional tax for the mischief of a few producers or make them look for unlabelled food items to cut cost and risk their health?"

"I am in agreement with you, Sir; if I may say so, it is like-to trim the foot to fit the shoe."

I continued:

"The paper says, 'pre-packaged and prelabelled products are not eligible for tax exemption'. So at least we can get these items prepacked but not labelled. Am I right Shyam?"

"No Sir, my understanding is that the products should be unpacked as well as unlabelled to get tax concession"

"Shyam, are you saying that we should buy wheat flour in loose form, oats as loose grains and buttermilk in flowing form to cut down the cost?"

"It looks so Sir: whether the word 'and' is used in a conjoined sense or a disjointed sense here, we can leave it to the tax collectors and the legal luminaries to fight and settle Sir."

"Erâ€¦in 10 years' time?"responded.

Shyam ignored the question and continued.

"Loose flour and flowing food are only one part Sir. Tax on machineries for cleaning and grading eggs, milking machinery and other dairy machinery is up from 12% to 18% Sir; tax on machinery for cleaning, sorting, grading pulses, grains etc. and other milling machinery is also up from 5% to 18% Sir."

"Are you suggesting poultry products, dairy products, cereals, pulses etc., all will become costlier in the near future?"

"Yes sir, when there is tax reduction, government with its anti-profiteering measures makes traders pass on the benefits to customers. When there is tax increase, to be fair to the traders, we can expect them to pass on the tax increase to us, voluntarily, without any overseeing mechanism Sir."

I decided not to respond further and started nibbling a piece of bread. It looked that Shyam kept fewer spoons and forks today.

"Shyam, why you are miserly with forks today?"

"When your friends Raj and Yash came, you remember, we had a big party Sir; that time, with so many souls around, some cutlery went missing; I am investigating the matter Sir."

"By the way, we can immediately order fresh boxes of spoons and forks and a couple of knives. Tax on spoons, forks, cake servers, skimmers, blades, knives etc., is increasing by 50% Sir"

A tax saving plan from Shyam. **"Plunge into it"** I ordered,

"In fact next week is Raj's birthday and I should leave for his place by weekend; make my hotel booking and gift wrap the gilded flower vase nicely. Now let me drench myself in a nice warm shower and come back refreshed."

But it turned out to be one of the worst nightmares I ever had in the bathrooms. The lights in the bathroom were not working and no hot water flowing in the pipeline. After I emerged drained and exhausted from the bathroom, I demanded an explanation from Shyam.

"I'm sorry to tell you this Sir, the solar water heater in the terrace was damaged yesterday, as a sixer was hit by an upcoming cricketer from the next street and the ball landed on the solar panel in the terrace; thenâ€¦ the LED lights got burnt out because of a short circuit Sir."

"Replace all", I was impatient.

I will carry out your orders immediately Sir, only for your information, the tax on solar water heaters and LED lights and lamps also have gone up."

"Shyam, but these are nonconventional energy appliances. It is the avowed policy of the government to promote widespread use of such nonconventional energy devices. Actually, earlier there were tax cuts on these. Why hike the tax on them now?"

"I appreciate your points Sir. I am made to understand that this is because of some inverted tax structure on the components used. Same situation for milking machines, milling machines, spoons et al Sir."

"Look Shyam, then the option logically to be followed will be to reduce the tax incidence on the components that go into these products or at least provide concessional tax to these parts based on their use. In this rationalisation, ultimately, I end up paying a higher tax on the final product. Therefore, I am the loser and the government is the beneficiary."

"Alternatively, they can refund the excess credit available to the producers as they are doing right now, Sir"

"As of now, it looks that rationalisation is a convenient path to more revenue generation", I quipped.

Shyam looked set to divert the conversation from the 'inverted structure.' In a measured tone he started,
"Shall I make arrangements for your travel and hotel booking for Raj's birthday function Sir?"

"Yes go-ahead"

"Sir; understand from the hotel reception that there will be tax on the hotel room rent."

"Last week when I travelled there was no tax."

"Yes sir, but from now onwards even for hotel rooms which cost less than rupees one thousand per day, the guests have to pay GST."

"Shyam, with all these, I will become a poor man very soon."

"I have a suggestion Sir"

My eyes lit up.

"You can 'WhatsApp' Mr. Raj stating that you are tied up with an important engagement that sprang up suddenly and hence could not spare yourself for the memorable event. Instead, you can send the gilded flower vase as a gift parcel"

"Nice idea Shyam"

"But here also there's a hitch Sir."

"What is this again?"

"I understand that except post cards and envelopes weighing less than 10 grams, for other postal articles one has to pay tax on the postal charges incurred."

"You are making a hole in my pocket, Shyam"

"No Sir, I'm not making it"

"Whoever it is, now we need funds; bring the cheque book"

"Sure, I will do Sir. Incidentally, there is only one leaf left out in the cheque book. We have to order a fresh one. Shortly it will come with 18% tax Sir. Why don't we shift to online transactions, Sir?"

I loathe the alertness to be displayed while doing online transactions. It doesn't suit a laid-back lifestyle ingrained in my blood. Signing the cheque with my cherished fountain pen suits me.

"Probably, government wants one and all to shift to online transactions."

"Shyam, don't tell me that government wants to reduce the tax revenue by imposing a tax on a commodity. Such tax rate tinkering is not used as an instrument for effecting policy changes."

"I do agree Sir; But as it is, already fewer people use cheques; their strength is bound to come down at least partially."

Shyam continued.

"I totally forgot to mention one more rate change which will be of particular interest to you Sir; GST for printing, writing or drawing ink is increased from 12% to 18% Sir; I suggest we buy a few bottles of ink for your fountain pen before the new rates are effective."

"Shyam, you mean we resort to hoarding? I am on another level; printing ink cost will go up; hence printed cheque will cost more; to top it, I will pay GST to get the cheque book from the bank. To draw my money from the bank I need to spend money, Shyam"

Shyam interjected. ***"Even cheque in loose form will attract tax Sir."***

"Well, Shyam, what I learned from you this morning is that over all my output tax will considerably go up in the near future. Did I get it correctly Shyam?"

"Absolutely correct Sir; while your tax contribution is bound to go up, Sir at the same time your income may not keep pace with it, Sir."

"Shyam, you know someone has said; 'I don't know if I can live on my income or not' – the government won't let me try it –"

"It is Bob Thaves, the famous cartoonist, Sir."

And then Shyam started clearing the table.

[The views expressed are strictly personal.]

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