International Journal of Science and Research (IJSR)
ISSN: 2319-7064
SJIF (2022): 7.942

Analysing Competing Jurisdictions on Indirect Tax Regime and Gender Equality/ Inequality

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Abstract: ***This paper is divided into two sections for the purposes of clarity and full coverage of the subject. In the first section of the study, the author compares the indirect tax regimes of Singapore and Malaysia with that of India to quickly grasp the peculiarities of the former and assess the applicability of the latter. These nations were selected because Singapore has successfully implemented indirect taxes whereas Malaysia has eliminated its indirect tax regime. Examining the indirect tax regimes of these nations can aid in comprehending the best practices and corrections required for India's newly imposed indirect tax structure. In the second section of the study, the author intends to highlight the gender imbalance inherent in indirect tax regimes of countries such as India and the United Kingdom. Insofar as their policies regarding indirect tax regimes and gender equality are concerned, both countries exhibit several deficiencies. To remedy this, the author also offers policy recommendations that would benefit both countries.***

Keywords: Indirect Tax, Gender, Equality, Inequality

Part I: Analysing Competing Jurisdictions on Indirect Tax Regime

1. Introduction to Indirect Tax Regime

The import and export duty, excise, sales tax, Value Added Tax (VAT), service tax, entertainment tax, electricity duty, tax on passenger fares and freights, and other types of taxes fall under the category of indirect taxes. Indirect taxes are placed on goods and services based on their manufacture, sale or purchase, or provision of services. [i] In contrast to direct taxes, which are intended to be shared by the taxpayers themselves, these are referred to as indirect taxes because the tax burden is passed on to the consumer. Direct taxes are designed to be absorbed by the government itself. [ii]

It has been more than a decade since the Kelkar Task Force initially introduced the concept of a Goods and Services Tax in 2004. In the end, the previous Minister of Finance of the Union of India, Shri P. Chidambaram, made the announcement that the Goods and Services Tax (GST) will begin on April 1, 2010. Since then, there have been several missed deadlines regarding the GST. On July 1, 2017, the Indian government passed the 101st Amendment Act to the Constitution of India in order to begin implementing the Goods and Services Tax (GST) on the same day. [iii] This was done in preparation for July 1, 2017. Now its inception in France in 1954, the Goods and Services Tax (GST) has since spread to more than 160 countries around the world. The GST was first applied internationally. Countries have either implemented a national or dual GST system, depending on the socioeconomic patterns of their nations (Imposed by both Centre and state).

Before the Goods and Services Tax (GST) was implemented, India's tax system had a well - deserved reputation for being extremely complicated. However, since the Goods and Services Tax (GST) was implemented, the complexity of the system has been much reduced. It encompasses all indirect taxes, which contributes to the removal of the cascading effect of taxation in its entirety. The Indian tax system is a three - tiered federal characteristic that is decided by the central government, state governments, and local municipalities. Each level of the system is responsible for collecting revenue in its respective area. According to what is written in the Constitution, "no tax shall be imposed or collected except by the authority of law. "[iv] As a consequence of this, supporting legislation is required for each tax that is collected. For James Wilson to compensate for the financial losses that the Indian government had sustained as a direct result of the 1857 Military Mutiny, taxation was first established in India in the year 1860. In 1918, a new tax took its place, but just four years later, in 1922, that law was overturned and another one was passed in its stead. This statute stayed in effect during the entire fiscal year 1961–1962, although undergoing several amendments. The Tax Act of 1961 was ultimately passed into law thanks to collaborative efforts with the Ministry of Law. On April 1, 1962, the Tax Act of 1961 became law and began to be implemented. The Income Tax Act has undergone a significant amount of revision ever since that time.

The dual Goods and Services Tax (GST) system is utilised by the countries of India, Canada, and Brazil. The Products and Services Tax, often known as the Value - Added Tax (VAT), is a broad - based form of tax that is levied in Singapore on all imports as well as all sales of goods and services. The Goods and Services Tax (GST) rate in Singapore is currently set at 7%. The value - added tax, sometimes known as the GST, has been done away with in Malaysia. On June 1, 2018, the contentious Goods and Services Tax (GST) rate was cut to 0%, and on July 31, 2018, the Malaysian government officially repealed the GST in parliament. [v] The Goods and Services Tax (GST) was replaced by sales tax and service tax as of September 1, 2018.

Indirect tax Structure of certain competing countries

GST structure in India

The Goods and Services Tax, sometimes known as the GST, is a comprehensive indirect tax that is dependent on the destination of the product or service and is levied at the national level. The major objective of the Goods and

Services Tax (GST) was to consolidate several different indirect taxes into a single tax. The Goods and Services Tax is a value added tax that is applied to all goods and services and was thoughtfully developed. It is the most ingenious approach there is to rectifying distortions and levying taxes on consumption. In 2003, the Kelkar Task Force on Indirect Tax recommended a general sales and use tax (GST) that was comprehensive and was based on the VAT notion. The EC (Empowered committee) released its First Discussion idea on GST in November of 2009. [vi] A group for the design of the Goods and Services Tax was established in November of 2012. On December 19, 2014, Mr. Arun Jaitley delivered a speech to the Lok Sabha in which he presented the Constitution Bill, 2014. The Constitution Bill was passed by the Lok Sabha on May 6, 2015, and it was thereafter submitted to a Select Committee of the Rajya Sabha that consisted of 21 members.

The Constitutional Amendment Bill was passed with amendments by the Rajya Sabha on August 3, 2016. In September of 2016, the Bill was approved by a majority of the State Legislature, which was necessary because it required the approval of at least fifty percent of the State Assemblies. “The Constitution Act of 2016 was established after the bill received the president's signature on September 8, 2016, making it law. On April 12, 2017, the CGST Bill 2017 and the IGST Bill 2017 were both signed into law. The President of the United States has given his approval to both the UTGST Bill of 2017 and the GST Bill of 2017. The GST council was established as the principal group responsible for making decisions so that GST planning could be completed. ” The GST council is required to carry out its various responsibilities in accordance with the provisions of the Constitution Act of 2016, which states that they are to be guided by the necessity of establishing a unified GST structure and the development of a harmonised national marketplace for goods and services.

There are two categories of people who can register for the GST: 1. Casual Taxable Persons 2. Interstate Suppliers 3. Persons registered under former statutes 4. Non - Resident Distributor of Input Services, Reverse Charge Payer, etc. Every supplier who makes taxable deliveries of goods or services, or both, and whose annual turnover exceeds the threshold limit is required to register for the Goods and Services Tax (GST). This is what is meant by the term "compulsory registration. " Those states that have a threshold limit of 10 lakh for both goods and services are Manipur, Mizoram, Nagaland, and Tripura. Those states that have a threshold limit of 20 lakh for both goods and services are Arunachal Pradesh, Meghalaya, Sikkim, Uttarakhand, Puducherry, and Telangana. Those states that have a threshold limit of 20 lakh for services but 40 lakhs for goods are Jammu and Kashmir, Assam, and Registration on a Volunteer Basis It is not necessary for businesses to register for the Goods and Services Tax (GST) if their annual revenue is less than 40 lakh or 20 lakhs, but it is essential for businesses whose revenue is greater than these thresholds. [vii]

A piece of paper called as a return must be submitted to the administrative body by each taxpayer as part of their obligations. The following returns need to be filled out by every registered person who is not an input service distributor, a non - resident taxable person, or a person who is due to pay tax under section 10 of the tax code: Outward Supplies: For taxpayers with a quarterly turnover of up to $1.5 million - GSTR 1, on or before the 10th of the following month, whichever comes first. After the tenth day, but no later than the fifteenth day of the month following the tax period, the GSTR 2 form must be submitted. GSTR 3 is due on or before the 20th of the next month for the monthly return. [viii] The following is the method by which the late filing penalty for GST has been specified: If a provider misses the deadline for providing supply data and filing a return, they will be subject to a fine of one hundred rupees (INR) for every day that the failure continues, up to a maximum of one thousand rupees (INR). A supplier who misses the deadline for filing the annual return is subject to a penalty of Rs 100 each day, up to a maximum of 0.25 percent of his turnover in the state where he is registered. This maximum penalty cannot exceed the whole amount of his turnover.

GST structure in Singapore

In Singapore, a broad - based value - added tax is levied not only on the importation of goods but also on virtually all the country's vendors and service providers of goods and services. The only things that are exempt from this rule are the buying and selling of residential real estate, the importing of precious metals, and most financial services. There are no taxes imposed on the sale of products or provision of services to foreign nations. Before it was lowered to 30 percent in 1986, Singapore's corporate income tax was at 40 percent during most of the country's history. The Goods and Services Tax (GST) was then put into effect on April 1 at a uniform rate of three percent. The percentage went up in 2004, going from 4 percent in 2003 to 5 percent the following year. According to the announcement made on February 15, 2007, the rate of the GST would be 7% beginning on July 1, 2007.

“When the total taxable turnover for a quarter and the three quarters prior to it reaches $1 million, a company is required to register retrospectively since it has met the threshold for mandatory registration. It is done on a prospective basis when there is sufficient reason to assume that the taxable turnover will exceed one million dollars in the following 12 months. In other words, when there is adequate cause to expect that. If a supplier has an annual revenue of less than one million dollars, registration can be done voluntarily; however, if the annual revenue is greater than the threshold amount, registration is mandatory. For this exemption, registration is not necessary at any time. A supplier must have a turnover of more than one million dollars and supply commodities that are not subject to taxation to be exempt from registration requirements. ” [ix]

The Goods and Services Tax (GST) will not need to be paid by taxpayers to the supplier. Businesses that have been registered for GST are obligated to file tax returns related to GST. You are required to submit online GST tax reports on a regular basis, either monthly or quarterly. The tax return for the GST and the payment of the GST amount are both due two months following the end of the GST accounting period. Even if there are no GST transactions within a given accounting period, a nil return must still be submitted because it is required by law.

Visible difference in both GST structures

With respect to the Customs Fees and Excise Taxes Singapore, Singapore is, for all intents and purposes, a duty - free port. There are no customs fees imposed on goods leaving Singapore; nonetheless, certain items entering the country are subject to tariffs. These items include gasoline, automobiles, cigarette products, and alcoholic beverages. In India, excise duty is levied on goods that are produced or manufactured domestically, whereas custom duty is levied on goods that are sold in India but were produced in another country. [x]

In Singapore, documents pertaining to the transfer of company shares and real estate properties are subject to stamp duty. This holds true for Singapore. In Singapore, there are three main types of duties that must be paid for the sale, purchase, acquisition, or dispose of real estate: Stamp Duty Paid by the Purchaser (BSD) Imposition of Extra Stamp Duties on Purchasers (ABSD) 3. Seller's Stamp Duty (SSD). Stamp duty is an indirect tax imposed by the governments of India's different states on the transfer of movable property located within that state. In addition, this tax is imposed by the government on all forms of legal papers. There is no uniform stamp tax rate among the states.

2. Progress of indirect tax regime of competing countries

Impact of India's indirect tax regime

In July of 2017, when the GST was finally implemented, the total amount of income collected was $94, 063. At the 21st meeting of the GST Council, which took place in September 2017, it was suggested that the rates of forty different commodities be changed. As a result, the tax bracket on a few goods was lowered from 12 percent to 5 percent, from 28 percent to 18 percent, and from 28 percent to 5 percent. Following the implementation of the new rates in October, the total amount of revenue collected decreased from 93, 414 in September to 83, 346 in October. [xi] During the 23rd meeting of the GST Council, which took place in November 2017, the tax rate on 177 different products was reduced from 28 percent to 18 percent. They brought the tax rates down from 28 percent to 12 percent, applying it to two different products. They maintained their position in the 28 percent tax bracket for 50 goods. They changed the tax rates on 54 different products, lowering them from 12 percent to 5 percent, 18 percent to 5 percent, and so on. The new tax rates were implemented in the month of December, which resulted in an increase of 5, 895 (86, 318 minus 80, 808) in the total amount of revenue collected as compared to the previous month of November.

The twenty - fifth meeting of the GST council took place in the month of January in 2018. They suggested cutting the prices of two different things by 18 percent, which is a reduction of 28 percent. The rate of the Lesser 1 goods tax should be decreased from 28 percent to 12 percent. Eight of the prices will be reduced by 18 percent, bringing them down to 12 percent. Price reductions of 18 percent to 5 percent have been applied to four different goods. The discount on one item was cut in half, from 12 percent to 5 percent, while the discount on another item was increased from 12 percent to 18 percent. During the month of February, the rates were in place; as a result, there was a decline in the total amount of income collected, which went from 86, 318 in January to 85, 174 in February. The amount of income that was collected in the month of March in 2018 increased significantly and reached a total of $1, 03, 458. [xii] The 28th GST Council Meeting was held in July of 2018, and as a result of the meeting, the tax rate on thirteen different types of goods was lowered from 28 percent to 18 percent. There were eight changes made, bringing the total percentages of those items down from 18 percent, 12 percent, and 5 percent to 0 percent. There were only a few things that had their tax rate decreased from 12 percent to 5 percent. As of the beginning of August 2018, the rates were in effect, which resulted in a fall in the amount of revenue collected from $96, 500 in July to $93, 960 in August.

Indirect tax regime in Singapore

This nation has altered its tax rates three times, from 3% at the time of installation to 4% in 2003, 5% in 2004 and 7% in 2007. It will be collected and analysed how the alteration of tax rates affects the collection of revenue. This information will be gathered by the Inland Revenue Authority of Singapore and authorised by the government of Singapore. Regarding India, the GST council meeting reports would be collected for study. These are available on the official website of the GST council, which offers information about the number of commodities that have been moved between tax bands. The collected data will be compared to the government's monthly revenue reports. Then, it will be determined whether changing tax rates or transferring items from one tax category to another is better for the national treasury and businesses.

Assumedly, Singapore's GST revenues have climbed annually from S$ 2, 166, 493, 000 in 2002 - 03 to S$ 10, 962, 571, 000 in 2017 - 18, a total growth of 406 percent. However, a 1 percent decline is observed between the years 2016 - 17 and 2017 - 18. In 2003, when the GST rate was increased to 4 percent, revenues climbed by 36 percent compared to the prior year. Additionally, a 1 percent rise in the rate increased the revenue by 17 percent compared to 2003 - 2004. In 2007, the rate was hiked to 7 percent, resulting in a 54 percent increase in revenue compared to the previous year. This consistent increase in tax income cannot be attributed entirely to the rise in economic tax rates. [xiii]

From the period of adoption until the present, the tax base has grown steadily. It began in 2004 with 65, 559 firms and currently includes 98818 GST - compliant businesses. This implies a fifty percent increase in the tax base since 2004. Consequently, the expansion of the tax base also contributes to the rise in revenue. This increased compliance rate despite an increase in tax rates is indicative of the country's robust and straightforward implementation mechanism.

Indirect tax regime in Malaysia

On 1 April 2015, it implemented a GST regime with a single 6 - percent rate, but on 1 June 2018, a newly elected administration revoked it. Qualitative evaluations of GST revenue collection, implementation, and compliance will be done to determine the reasons behind these failures. Based on these findings, recommendations for improving the Indian GST tax structure are expected. Since the introduction of the Goods and Services Tax (GST) in 2015, the government's revenue has increased by 17 percent. (Department of Statistics, Malaysian). Malaysia had previously relied heavily on oil revenues; however, the volatility of oil prices has forced the country to broaden its sources of income. Because of this, it was decided to implement GST. But in its prior indirect tax scheme, the Sales and Service Tax (SST), the tax rates for goods and services were 6% and 10%. [xiv]

Although the tax rate on commodities was reduced by 4% (the GST rate was 6%), the taxation on goods of common use resulted in an overall increase in consumer expenses. Diversification and income growth were both achieved, but the goals were not. After SST was abolished, the first nine months of GST in 2015 brought in revenue of RM 27 billion. There was a significant increase in revenue collection in 2016 and 2017. Moreover, as can be seen in the graph below, Malaysia is becoming less and less dependent on oil - derived profits. The GST was removed in Malaysia following the election of a new government, despite a gain in income and a decrease in oil dependency.

3. Identifying the problems with India's indirect tax regime

When Singapore's revenue is compared to India's, it is evident that India has performed better. After the year 2020, Singapore's budget predicts that the GST rate will increase from 7 percent to 9 percent. Upgrading the many components of India's GST regime is anticipated to boost revenue collection, which has been inconsistent. As Malaysia has demonstrated, a single, regressive rate for the GST will increase the cost of living. Also anticipated to increase is population cohort inequality, notably in India. Moreover, according to recent data, India's top 1 percent owns 78 percent of the country's wealth.

Using a single tax system, like Singapore and Malaysia do, will accentuate this disparity, and make the situation even more challenging. Therefore, India did the right thing by introducing many tax levels. As an origin - based tax, India's VAT system has a cascading effect, unlike Malaysia's GST, which is based on consumption. In Malaysia, the cascading effect of SST was not detected. In contrast to the adoption of GST in Malaysia, [xv] the GST in India has resulted in lower prices for a variety of goods. However, neither regime's complexity has changed. For India to realise the benefits of the Goods and Services Tax (GST), these challenges must be resolved. There is still a significant distance to travel until India's GST teething problems are resolved. However, it has gotten off to a strong start and must maintain its pace. The following are notable indirect tax loopholes in India:

- A single rate on all goods and services makes the regressive feature of the GST far more apparent to individuals with lower incomes.60 percent of the goods and services used to compute the Consumer Price Index were subject to the Goods and Services Tax (CPI). As a result, the inability of the GST to be revenue neutral was detrimental to the common man.
- Complicated: The original SST regime was a one - stage tax mechanism imposed at the import or manufacturer level in a single supply chain stage. Exporters and other providers of services have access to simple drawback systems. The implementation of GST at every stage of a transaction created confusion and complexity for small businesses. The public's rejection of the GST regime was precipitated by the Input Tax Credit mechanism and the blocking of operating capital.
- The world's oldest prime - minister, Mahathir Bin Mohamad, was elected because he promised to remove the GST regime, which had pushed up the price of common goods in Malaysia. Under political pressure, a law abolishing the GST act was passed within 100 days of his election, contributing to the demise of the GST regime.

4. General Suggestions and Recommendations

India can learn from Singapore how to boost the percentage of people who comply with the GST, which will allow it to raise its revenue. In India, the introduction of the Goods and Services Tax (GST) led to an increase of 167 percent in the number of people who did not file the requisite forms, despite a growth of 32 percent in the number of people who were obliged to file GST returns. [xvi] This suggests that the number of people who do not file their taxes is growing at a higher rate than the tax base. Because of this, implementing Singapore's straightforward and user - friendly approach to tax compliance will broaden the tax base, which will ultimately lead to an increase in revenues.

A recent government notification increased the GST exemption ceiling for submitting returns (total turnover) from 20 to 40 lakhs, and from 10 to 20 lakhs for the north - eastern region. This was done rather than raising the tax base. It is estimated that this will result in a loss of 5, 200 crore due to the erosion of tax revenue caused by an increase in the limit. Because of this, it is possible to state that the GST regime should prioritise broadening the tax base by implementing a user mechanism that is business - friendly and increasing the compliance rate. This will result in improved revenue prospects and will make the process of complying with the GST regime simpler.

Part II: Analysing Gender Equality in Indirect Tax Regime of Competing Jurisdictions

Understanding gender equality and taxation

Gender equality and taxation have long been hot topics in the public policy discussion over public finances, development financing, and the duty of government to its citizens. In order to sustainably fund poverty reduction and economic growth initiatives, developing countries must earn enough tax income, a fact widely acknowledged. With taxation as the primary source of government funding, there is a governance dividend in enhancing government and citizen accountability. Third Millennium Development Goal states that gender equality and women's empowerment are goals. [xvii]

The importance of gender equality and taxation has been widely recognised on an individual basis. However, they are rarely discussed together, and development cooperation has typically ignored potential and current links. Policy measures in the domain of taxation must not have a detrimental impact on gender equality outcomes to enable sustainable economic growth and poverty reduction. For example, tax policies that have little to do with gender concerns could impede efforts to increase female labour force participation. Men and women may be affected differently by how a government raises income. Incorporating a gender equality perspective into tax policy analysis can greatly improve public policy quality. [xviii]

Explicit and subconscious gender biases are present. The granting of tax deductions for male taxpayers but not for female taxpayers, for example, constitutes clear gender prejudice in legislation, regulations, or practises. The tax system (or any tax policy measure) impacts men and women's well - being differently, and implicit biases obscure these differences. In countries that allow joint filing under personal income tax systems with a progressive rate structure, for example, low - income earners are effectively taxed at a higher marginal tax rate. The fact that women's incomes are often lower than those of their husbands tends to make this more of an issue for them. Prejudice against women in the workplace and historical educational discrimination have contributed to this discrepancy in income.

It is not often the case that women have a say in how the financial benefit of joint filing is utilised, even though the combined income qualifies for a lower tax band than solo filing. Women's labour market participation, childbearing behaviour, and economic stability in the case of divorce may be negatively impacted by the higher taxation on women's income. Some tax systems may be better than others when it comes to gender equality. Designing a country's tax system can have a significant impact on the distribution of income, as well as the allocation of paid and unpaid work (allocative effect). [xix]

It is a concern when it comes to the link between direct and indirect taxes. The Value - Added Tax (VAT) may have a gender bias because of women's unique consumption habits. Women in developing countries are more likely than men to have access to health, education, and nutrition - related goods and services. This means that the burden of taxation falls disproportionately on women if there are no exemptions, reduced rates or zero - rating in the VAT system. The same is true for ensuring that small business owners have an adequate tax - free allowance allowed.

Because of their lower salaries, women may be more negatively affected by tax policies that prioritise raising indirect taxes like the VAT over raising direct taxes like income taxes. Reducing corporate and individual income tax exemptions, which disproportionately favour men, could help achieve gender parity in the tax burden through direct taxation. This is mainly due to the fact that they are more likely to be business owners, shareholders, or homeowners who are eligible for these deductions. Tax systems in developing countries can be made more fair by increasing the proportion of direct taxes to total receipts, but this will also lessen the relative tax burden on disadvantaged women. [xx]

Gender inequality and indirect taxation in India

Prior to the beginning of the structural adjustment programme in 1991, India's tax policy was dominated by the challenge of how to generate sufficient revenue to alleviate poverty and raise living standards while safeguarding national enterprises. As a result of fiscal reforms made since 1991, both direct and indirect tax rates have decreased substantially. They have also created a new debate regarding the impact of tax reform on women, particularly about direct taxes. This chapter analyses India's complete tax structure, including a series of tax changes and their gender - related implications, to better comprehend these and other tax policy outcomes. Several hypothetical policy changes that could enhance gender equality are provided, and their consequences are examined in the conclusion. [xxi]

The Indian tax code has the potential to significantly affect the lives of women. In one of the few instances in which taxes have been employed as a form of affirmative action, certain aspects of India's tax structure and recent reforms have publicly benefited women. Is this genuinely advantageous for women, especially those from low - income households? The central and state governments of India are exploring the establishment of an integrated goods and services tax during the current fiscal year. How will this new system effect women and low - income households? If the reforms do not consider the unjust burden that indirect taxes already impose on women, especially those in low - income households, these women will certainly bear a significant portion of the reform's negative effects. Now that author has covered some contextual issues connected to gender and the tax structure in India, author will investigate gender - related difficulties in the Indian tax system. author begins by examining direct taxes, namely the PIT system, followed by an incidence analysis of indirect taxes such as VAT, excise taxes, and fuel taxes.

Deep - dive into gender inequality in indirect taxation

As each of India's 28 state governments and 8 union territories has its own tax system and administration, author analysed the incidence of indirect consumption tax in the middle - income state of West Bengal, where 59% of the state's own tax collections come from VAT. Basic goods, including grains and vegetables, basic clothing, basic household services, basic stationery, and books are VAT - exempt. Fresh vegetables and fruits, together with coarse grains, curd, buttermilk, separated milk, fresh milk, and pasteurised milk, are exempt from VAT. [xxii]

Four percent tax is imposed on biscuits, dry fruits, edible oil, fried and roasted grains, maize starch, glucose, maize gluten, maize germ and oil, pizza - bread, bun, or bread containing any “fruit or vegetable, porridge and cottage cheese, processed meat, poultry, and fish, processed and preserved vegetables and fruits, skim milk powder, dairy whitener, spices, and hydrogenated vegetable oil”. Food consumed in restaurants is subject to the maximum 12.5 percent VAT rate. The state also has a list of things that are free from VAT because they are deemed to have local relevance. Diesel, gasoline, aviation turbine fuel (ATF), crude oil, and alcoholic beverages, which are already subject to sales tax, are excluded from the VAT and taxed at a higher rate. The minimum rates for all of these taxes are 20% throughout all states.

"Except for gasoline and diesel, which are taxed at 25%, all non - VAT - able goods in West Bengal are taxed at a flat rate of 20%. In addition to assessing the tax incidence, it was also analysed the incidence for urban and rural subsamples. It is believed that rural and urban households will have distinct spending patterns and, consequently, tax liabilities. As India's economy is predominately rural, with over two - thirds of the people residing in rural areas and relying primarily on subsistence agriculture, it is essential to analyse the urban and rural sectors separately. In contrast to the other nations in this volume, author was unable to calculate the tax incidence based on the employment status of household members since consumer expenditure surveys do not include information on job status. [xxiii]

Employment surveys are done separately from consumption expenditure surveys; therefore, the two sets of data cannot be mapped. In addition to the data from the 61st round of the National Sample Survey of consumer expenditure, author has collected a subsample of estimates based on all rounds. The study collects information on household characteristics, demographics, and spending on nearly 400 goods. For some commonly purchased items, expenditure data are gathered for a 30 - day reference period, while data are collected for both a 30 - day and a 365 - day reference period for less often purchased items. Quantity and value data are gathered for some objects, but simply values are collected for others. Lastly, for durable consumer goods, only the 365 - day reference period is utilised.

Existing data reveals that the tax incidence is heaviest on the poorest quintile for both urban and rural households, and this regressivity is significantly greater for urban households than for rural households. [xxiv] It also demonstrates that the incidence of VAT is greater than the incidence of the fuel levy and excise tax, and that, unlike excise taxes, the incidence of the fuel levy seems progressive, growing with quintiles of expenditure. However, when split down into the home fuel tax and the transportation tax, author found that the former is regressive. The urban poor face a disproportionate share of indirect taxes, which is driven mostly by VAT. "

"Existing statistics present the incidence of tax by gender of household head and sex composition of the household. Male - headed households, female - headed households, households with a greater number of males (male - dominated), households with a greater number of females (female - dominated), and households with an equal number of males and females are divided into five categories. Considering the incidence based on household headship, author saw that the total incidence of tax is greater for female - headed families than for male - headed households. "[xxv] Families headed by men pay excise and gasoline duty more frequently than those headed by women. When author investigated incidence based on the sex composition of the household, author fond that the aggregate tax incidence is highest in male - dominated houses, followed by households with an equal number of males and females, and lowest in female - dominated homes. Consistent with the male and female headship incidence rates, the number of male - headed families is 8.66 times that of female - headed households. The distribution of incidence varies between urban and rural areas.

In urban India, male - headed households bear a bigger tax burden than female - headed households, however in rural India, the reverse is true. The principal tax on all types of residences is the value - added tax. This result is not unexpected considering the tax structure's reliance on VAT, which provides for approximately 60 percent of total tax revenue. In addition, according to the data, the tax burden is greater for male - dominated, childless households. The incidence is largest in the wealthiest quintile of male - dominated households with children, but larger in the poorest and middle quintiles. Overall, the tax incidence is greater for male - dominated households than female - dominated households across all quintiles, for households with and without children. Additionally, households in the poorest quintile bear the biggest tax burden in male - dominated households, while households in the wealthiest quintile bear the greatest tax burden in female - dominated households. [xxvi]

For male - dominated households, the incidence pattern is U - shaped, with the highest incidence in quintile 1 (2.96), declining to 1.75 in quintile 2 and 1.77 in quintile 3, and rising to 2.78 in quintile 5; for female - dominated households, the incidence pattern is progressive, with the lowest incidence (1.67 in quintile 1) and the highest incidence (2.78 in quintile 5). (2.69 in quintile 5). Within each household category, the tax burden is distributed among quintiles for various commodity categories. "When all items are examined, the tax incidence is much higher for the lowest expenditure quintile across all households. However, a closer inspection of the specific commodities reveals that this higher tax incidence for the lowest expenditure quintile is primarily due to the high incidence of taxes on necessities and beverages (i. e., food, clothing and footwear, fuel, tobacco and alcoholic and non - alcoholic beverages). The quintile with the greatest spending also bears the greatest tax burden for housing, water, electricity, and gas, health care and medicine, fuel, and transportation. However, households with an equal number of boys and females had the highest tax incidence in quintiles 4 (2.184) and 5. (2.944). "

Policy simulations highlighting the inequality

The tax burden is predominantly regressive because of the tax on necessities. In this sense, scholars in this field have undertaken two significant experiments. First, they simulated the effects of zero - rating all food items subject to VAT in the consumption basket, and then they simulated the effects of raising the tax rate on cigarette goods. This simulation of policy had two objectives. As a first step, policy simulations should explore new revenue sources to offset tax losses resulting from the zero - rating of food products. [xxvii] Equality between the sexes and revenue neutrality through fiscal policy are at the heart of the matter. Is it conceivable for the government to increase revenue by taxing tobacco, which is utilised primarily by men, at a higher rate than food? Observing how the indirect tax incidence pattern changes in response to simulated food and tobacco policy reforms was the second goal of this simulation. VAT is applicable to processed foods, restaurant food, packaged goods, edible oils, and spices. The cost of this tax would be severe for the poor, whose nutrition is so highly dependent on food that even essential goods like as spices and oil are subject to a 4 percent tax.

When all food items are zero - rated across quintiles, the full tax incidence pattern should be analysed, as restaurant food has the highest tax rate of 12.5%. By zero - rating food, the overall tax burden for all households is lowered, but the pattern of tax incidence remains same. Even if, for example, food is tax - exempt, a greater proportion of female - headed households are affected. When cigarette taxes are increased, the tax burden on male - headed households is larger than that on female - headed households. [xxviii] In addition to the inequalities in the consumption basket, this result can also be ascribed to the varying prices of these two goods. Most of the tax burden is borne by male - dominated households, followed by homes with an equal number of males and females, and then by female - dominated households.

Gender equality and indirect taxation in United Kingdom

"There has never been a more divisive time in British politics than in 2009 when the government debated how to best balance its budget following the rescue of the country's banking system amid the greatest financial crisis since the 1930s. Tax discussions, on the other hand, have tended to focus on the overall level of taxation and government spending as well as the distributional implications on households themselves. Taxation has gotten little attention from outside of the work of the Women's Budget Group, an independent think tank that provides regular commentary on Chancellor of the Exchequer yearly budgets' gender implications. Women's experiences with tax increases to pay for the 2008 stimulus package or to bail out the banking industry have received scant attention. By analysing several gender - related elements of the United Kingdom's personal income tax system and expenditure taxes, this chapter seeks to narrow this discrepancy. [xxix] Taxes have different effects on men and women in different ways.

In this chapter, we'll look at how taxes affect inequality within and between households, as well as how they reinforce or challenge pre - existing conventions of gender. It follows a brief introduction to today's United Kingdom gender inequality, its tax system, and fiscal developments over the previous three decades, this chapter provides a gender analysis of the United Kingdom's personal income tax system, which includes tax credits. Next, the report will evaluate the impact of expenditure taxes on households of various genders before to the 2008 stimulus package and simulate the stimulus package's effects as well as possible alternative policy options. There are policy proposals and an evaluation of how taxation might be used to reduce gender inequality in the United Kingdom in the final section of the report. "[xxx]

Starting with the structure of expenditure taxes in the UK, as well as essential data and definitions, author will discuss the incidence of indirect (expenditure) taxes. Only the impact of indirect taxes on households can be examined because spending data is always aggregated at this level. This presents the issue of how to establish gender categories for households. Then, after examining how people are distributed across various categories, author will discuss the key findings of the incidence analysis, paying particular attention to instances where there are gendered effects, before simulating actual and potential policy changes to assess the distributional effects of such changes.

Structure of Indirect Taxation in UK

The elements that make up indirect taxation In the United Kingdom, indirect taxes contributed 23 percent of the country's total tax revenue in 2005. Excise duties on alcohol, tobacco, fuel, and gambling (including the National Lottery), customs duties, and a few more specific taxes, such as motor vehicle duties, air passenger duty, insurance premium tax, driving and television licences, stamp duties, and the fossil fuel levy, are the sources of the remaining revenue. These taxes are collected through the government. Since value - added tax and excise taxes are the two types of indirect taxes that result in the greatest amount of revenue, the author's incidence study focuses solely on these two types of taxes. [xxxi] There is a range of three distinct rates and exemptions for the VAT.

Over fifty percent of the typical household's expenditures are on products taxed at the ordinary rate, over thirty percent on things that are exempt or zero - rated, and only a small amount on goods taxed at a reduced rate, which has increased marginally over the past few years. These percentages contrast with the amount of money spent on products taxed at a reduced rate, which has decreased slightly over the past few years. The information that is currently available provides specifics of the commodities that were subject to each rate in April of 2005. Most of the food, domestic fuel, and specific goods that the government may desire to encourage individuals to consume are either zero - rated or reduced - rated under this system. This is the key attribute of this system.

According to the legislation of the European Union (EU), the government may cut the rates that apply to additional products, but it cannot zero - rate them. As a result of this, car seats for children are subject to taxation at a reduced rate of 5 percent, whilst motorcycle helmets are exempt from taxation. This is because the tax - free status of motorcycle helmets was established before these EU regulations come into force. The value - added tax (VAT) that was paid by suppliers on inputs can be recouped for zero - rated goods, but not for exempted items. Most excise charges are particular or unit taxes, which means that they are a set amount that must be paid for each individual unit that is purchased. [xxxii] There are additional products that are subject to an ad valorem tax, which is a percentage tax that is calculated based on the item's current market price, such as cigarettes. The fuel charge is by far the most significant excise fee and the most significant green tax in terms of the contribution it makes to the overall revenue collected by the government.

Gender differences in Indirect Tax Incidence

- **Incidence by type of taxes**: According to current data, female - headed households pay less in taxes and VAT, whereas male - headed households pay more in fuel taxes. Single - breadwinner households had lower total tax, VAT, and excise tax incidence rates than dual - or no - worker households, probably because a larger share of their spending is dedicated to children. The fact that households with male breadwinners pay a greater fuel tax shows that the gendered nature of fuel use is at least in part attributable to men travelling more distances by car than women (Hamilton et al.2002). An examination of the family by its adult sex composition yields a slightly different gendered image. For households with more men than women, the gasoline tax burden is larger, whereas the burden is lower for households with more women. In homes with equal numbers of men and women, nearly all of whom are married, excise taxes are least prevalent. There is little difference in the amount of VAT paid by households of different income levels.

- **Incidence by expenditure quintiles and the presence of children**: Only results from the employment status analysis will be presented in the rest of this analysis of spending taxes. All types of households and nearly all quintiles have lower incidences of total spending taxes when children are present, according to the data that is available. Families in the middle quintiles are the most affected by the total expenditure tax system, with the lowest and highest quintiles having the least impact. Currently available data shows that VAT incidence is lower in the lower half of the expenditure distribution (mostly because food and some other necessities are zero - rated) and is nearly neutral in the upper half, except for those without income. [xxxiii] In lower quintiles, the presence of children reduces VAT incidence less than in higher quintiles. According to existing statistics, both excises and the fuel levy drop in incidence with total expenditure and those children reduce incidence for all household types, but particularly for poorer quintiles. Those in the lowest quintiles are less likely to spend their discretionary funds on things subject to excise duty and the fuel charge, while those in the upper quintiles spend more (a higher proportion of expenditure in higher quintiles).

Due to their tendency to have larger families, male - headed households had the lowest incidence of VAT. In contrast, households with two or more breadwinners and households without income pay the highest rates of excise duty and fuel levy, especially in the bottom quintiles. If children are not considered, the discrepancy between the tax costs of various households is reduced. The highest incidence of value - added tax is borne by families in which no one is employed, primarily older citizens and couples, whereas households with male wage earners suffer the biggest burden of excise taxes and the fuel levy. [xxxiv]

- **Incidence by commodity groups**: The information that is currently available demonstrates how the tax incidence of certain commodity groupings changes between quintiles and household employment status categories in various ways. The incidence of tax is simply proportional to the total amount that is spent on the items that fall into these categories when those categories are not subject to excise taxes or reductions in VAT. The commodity groupings that have the highest incidence include transportation, gasoline, recreation, alcoholic beverages (especially whisky and spirits), tobacco, non - utility housing expenditures, and eating out. When contrasting different types of work, the incidence of tax due to differences in expenditures on transportation - related goods and services, alcoholic beverages, tobacco products, and clothing is the most variable. As was mentioned earlier, the data that is currently available indicates that households with male earners (dual - earner or male breadwinner) have the highest incidence of tax on gasoline for transportation.

This is possibly since men travel further distances by automobile than women do, while women are more likely to use public transportation (Hamilton et al.2002). The difference is especially noticeable in the quintiles that are at the bottom of the distribution, which also have the highest incidence overall. For all the households that fall into the lowest quintile, the tax on transportation fuel accounts for more than 2.5 percent of their overall expenditures. The alcohol tax has the most of an impact on households with two incomes as well as households with no income at all. The tax on alcohol influences roughly one percent of total expenditures, which is a reasonably low percentage when compared to other factors.

5. Conclusion and Suggestions

For India

Using a gender perspective, this chapter examined India's indirect taxation. Indirect taxes were only considered for West Bengal in this study. According to the author's findings, West Bengal's indirect tax system is regressive on average, but households' characteristics have a substantial impact on the amount of taxes they pay. [xxxv] As a result, while statistics show that households headed by a woman bear a greater tax burden, this is not the case for households where women hold a majority position. According to the data, the VAT on essential consumer products is disproportionately more expensive for low - income households in some household categories. Expenditure in the lowest quintile was found to have a higher tax burden on necessities and food and beverage purchases.

Furthermore, the tax burden on housing, water, electricity and gas, fuel and transportation, and health care and medicine were higher for the top expenditure quintile. In an Indian culture, the latter is particularly difficult to decipher. Poorer households may pay less in consumption taxes on these goods since the official modern health care system is inaccessible to these poorer households, particularly in non - rural regions. In the same way, taxes on housing, electricity, and gas consumption all have the same effect. An integrated goods - and - services tax is being considered by the Indian government and all its state governments for implementation in the 2010/11 fiscal year, so this study is very timely.

Author's study for West Bengal shows that tax burdens on women and lower - income households may be disproportionate if rate structure or tax design are not calibrated effectively. Clearly, I've only touched on a single facet of fiscal policy in this essay. When it comes to indirect taxes, low - income people may benefit from programmes like food subsidies and gasoline subsidies. But the findings demonstrate that any increase in indirect taxes must take gender and poverty into consideration.

For United Kingdom

Indirect taxation and direct taxation are two major categories of measures that are used to alleviate gender inequality. Gender disparities between and within households have been reduced because of efforts to make the distributional impact of such taxation more egalitarian. The goal of others is to modify people's behaviour to eradicate the existing inequalities between the sexes. [xxxvi] There are several situations where these two goals are in direct conflict. Changes in tax policy that encourage behaviour, such as increased labour - market participation, which is now dominated by men, are likely to benefit men more directly in terms of income distribution.

One of the few expenditures tax regimes in the world that explicitly considers gender is in place in the United Kingdom. Female hygiene products were exempt from the value - added tax due to their gender - specific nature. However, the presence of children in the household tends to skew expenditure taxes in favour of women. The presence of children reduces the incidence of VAT since many products eaten by children are exempt from VAT and because children are categorised as adults in the analysis. Women are more likely than men to have children, which decreases the burden of VAT on families headed by women. However, incidence is lowest in households where the primary earner is a man, which have the most children. Only the inter - household distributional aspects of gender inequality can be addressed with indirect taxation. [xxxvii]

The UK system is regressive in terms of income, as are all indirect tax systems, although the regressivity of VAT is eased by the exemption of taxation on most groceries and children's clothes. If you're in a low - income home, or if you have many women or children in your household, you're more likely to consume sugar products and confectionery, which aren't zero - rated "merit" goods like meals. Non - tax initiatives should be introduced to enhance household income and promote healthier eating habits. Tax credit reform, for example, could be employed. With no account for any changes in behaviour, simulations showed that a rise in the fuel tax would have the greatest impact on households headed by men. For these and other reasons, a gender - impact study can be used to support a rise in gasoline costs. But the government should go back to a system where gasoline taxes automatically raised each year, if this is accompanied by big improvements to public transit, which women use far more than men (Hamilton et al.2002). Long - distance commuting should also be restricted in the United Kingdom, as it inhibits men's participation in childcare. [xxxviii]

This is an example of indirect taxes used to influence men's behaviour. It's true, though, that the lower quintiles would be disproportionately impacted by the increase. It would put a strain on the finances of some of the poorest families and may even harm the health of women and children if an increase in the fuel tax was ineffective at reducing automobile use. Women's breadwinner households, low - income ones, and those with at least one unemployed parent, including many single moms, bear the brunt of the tobacco tax in the United Kingdom. Instead of decreasing taxes, author believes that increasing them will be more effective at reducing tobacco use in the long run. This is especially true for low - and moderate - income households, for whom lowering taxes would be counterproductive. Increasing tobacco tax rates should be studied before any conclusions can be drawn, but it is also obvious that additional initiatives to reduce cigarette use, particularly among mothers, should be examined.

According to the author's analysis of the effects of the tobacco tax, anti - smoking campaigns should target families with children. Middle - income households are more likely to have a large percentage of men, which suggests that alcohol use may be influenced by the cost of the beverage (Santos 2009). Young individuals in the United Kingdom are particularly vulnerable to alcohol misuse. The Chief Medical Officer has advocated a minimum unit price for alcohol sales to avoid alcoholism (Donaldson 2009). Maintaining the current strategy of raising alcohol tariffs each year and other measures to discourage use is recommended. Policy changes other than tax reforms may be more effective in transforming gender roles and results, especially when combined with tax reforms, at least in the United Kingdom. [xxxix] Tax increases should be accompanied by public transit improvements and programmes to reduce alcohol abuse and female smoking etc. . Childcare costs and availability, wage gaps between men and women, and working conditions for part - time jobs might all be improved to decrease the impact of tax credits on the labour market.

The tax system will never be able to address the profoundly rooted challenges of gender roles in the job market and in family caregiving. Tax reforms could have a positive impact on the economy in the long run. There is a gender issue with government revenues and expenditures in and of itself, as was noted at the opening of this chapter. To achieve a more gender - equitable society, we need a more progressive tax system that raises more money for public services like high - quality child and elder care, well - funded family - friendly policies (e. g., paid parental leave and limited working hours), high - quality training, efficient and reasonably priced public transportation, and effective equal opportunity monitoring. [xl]

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