

A global glance on growth of GDP (Gross Domestic Product) AFTER implementing GST (Goods and Service Tax)

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Abstract

Goods and Service Tax is one of the most harmonized regime in the world more than 175 countries were adopted this regime at present scenario (2023) and it also called as Value Added Tax (VAT) in the world. France was the first nation to implement the GST at 1954; it eliminates the tax evasion and cascading effect. This regime creates changes in the economic growth of the nations. The economic growth of the nation is probably explored by their GDP. Hence the present study the consistency if the GDP of the selected countries which has implementing GST in recent years. The data were collected from secondary sources and analyzed by using Mean, SD and CV.

Key Words: GST, GDP and Global.

Introduction

In the world a nation's economic strength probably depends on the tax structure i.e. fiscal policy and it play a pivotal role for mobilization of the resources for the economic development. According to the most recent estimates from the International Centre for Tax and Development, total tax revenues account for more than 80% of total government revenue in about half of the countries in the world and more than 50% in almost every country¹. GST is a well harmonized tax regime in the world and it called as VAT in some other countries; at present more than 175 countries were adopted this regime. France was the first nation introduced the GST to the world in 1954². It is a consumption based tax imposed on goods and services implementing for the purpose of avoid the cascading effects and to stamp out the tax evasion. Nevertheless the GDP of the nation is also the crucial phenomenon for economic activity of the nation. This regime obviously creates changes the corporate sector and it facilitate to deal with the extent of the export and import transactions. A country's GDP probably increase from the tax revenue besides GST or VAT is the exclusively regime to attain it.

Statement of the problem

GST is a well harmonized tax system in the world. This regime implementing still exists from the 1954 onwards. Most of the countries get huge tax benefits by adopting this tax policy. It induce the researchers whether this regime provides gradual growth in GDP of the top economic growing countries in the world in recent years and it facilitates them to deal the economic recession in future at a glimpse. The study posed the following research question:

- Is there any growth in the GDP of the top ten countries in the world after implementing GST?
- Is there the consistent growth in GDP after GST implementing countries?

Objective of the study

To analyze the growth of GDP after implementing GST

Scope of the study

The present study examined consistency in growth of GDP of GST implementing countries in recent years. There are 195 countries the world among them 175 countries implementing GST. The present study has been selected top ten economic growing countries in the world. Data were collected from official website of IBRD from 2018-22 and other web sources.

Limitation of the study

The present study analyses the consistency in growth of GDP of GST implementing countries in recent years only. The study has been selected top ten countries only by adopting Judgement sampling method.

Review of literature

The existing studies scrutinized the Global glance about GST and its features compared with Indian tax regime.

Yogita Beri (2017)³ has conducted a study on Goods And Service Tax (GST) – A Global Scenario with the aim to scrutinize the significance of GST, justify the GST in India on the basis of global experience. This Study was based on descriptive research method and data were based on Government published records and available secondary sources. The study found that GST was the prominent tax regime in the world, 160 countries were adopted. India implemented at 2017 the rationale of this regime brought transparency and induces more countries to implement including developed countries.

Mahesh Koolwal and Sachin Sharma (2020)⁴ examined the Gst Model: Indian And Global Perspectives. The aim of the study was to understanding the theme and evaluated the peculiars of GST laws. This study was based on descriptive and conceptual. The data were collected from secondary sources like Government, magazines and other web sources. The study has found that most of the countries GST rates are based on single rate tax. Among the 160 countries high tax rate implemented by Netherlands and lowest tax rate implemented by Canada and Jersey. All those countries are faced positive and critical changes after implementation of GST. It unified the Indian market with rest of the world and it pinpoint the existing studied point, GST has long term influence and the model is inadequate to account for the growing importance of services trade in both local and foreign commerce.

Taufik Abd Hakim *et.al* (2022)⁵ scrutinised the Impact of direct and indirect taxes on economic development: A comparison between developed and developing countries. The study has based on empirical research method and data were collected from the secondary sources of 90 developing countries and 47 developed countries, analyzed by regression and Hasuman test. The study has found that low population and limited migration in high-income countries seem to promote more social and economic problems, whereas higher population growth may slow down the development in low-income countries and the correlation between developing and developed economic growth and tax structure was negative.

The existing studies illustrated that GST regime a great phenomenon for both developing and developed countries in the world to promote the economic growth to attain sustainable development. It stimulate the researchers to study the GST on GDP in the world at glance and examined their consistency in GDP after implementing GST.

Research methodology

The reliability and validity of the present study was described by the researchers as follows:

Source

The present study was based on secondary data collected from official web portal of IBRD from 2018-22 and other web sources and journals.

Sample size

Top ten economic growth rate countries were selected for the study by Judgement sampling method. Here the Judge is IBRD.

Statistical tool

The data analysed by Mean, SD and CV.

Analysis and interpretation

The consistency in growth of GDP of GST implementing countries in recent years has been analyzed by using Mean, SD and CV (Coefficient of Variation).

- The top ten selected countries were shown in Table 1
- GDP, Mean, SD and CV of the selected countries were shown in Table 2

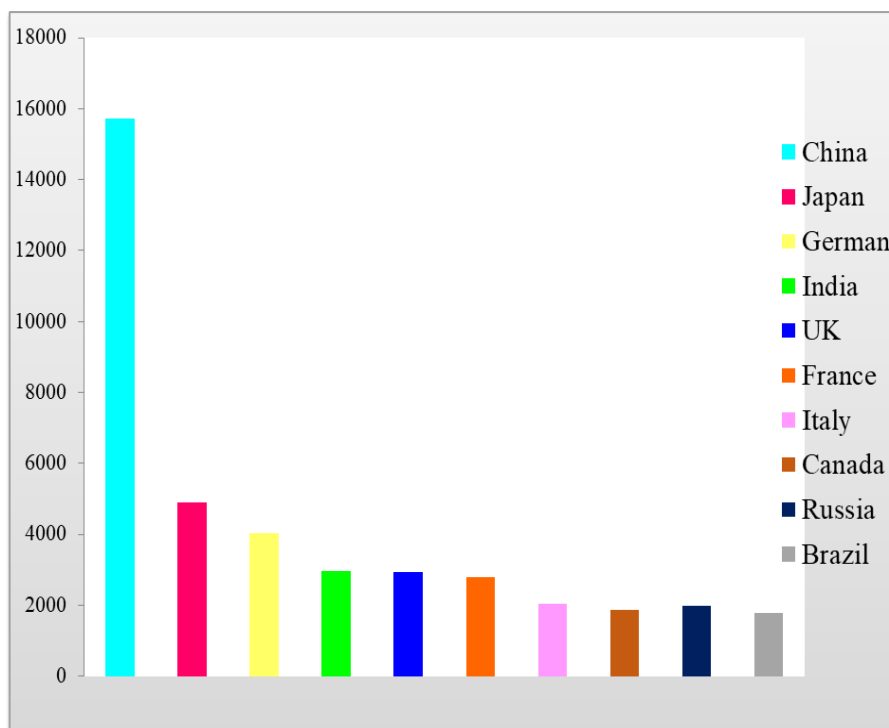
Table 1
Top Ten Countries implementing GST or VAT

S. No.	Name of the Country	Years
1	China	1994
2	Japan	1989
3	Germany	1968
4	India	2017
5	United Kingdom	1973
6	France	1954
7	Italy	1973
8	Canada	1991
9	Russia	1991
10	Brazil	1964

Table 2
Consistency in Growth of GDP after Implementing GST from 2018-22

Years	2018-19	2019-20	2020-21	2021-22	2022-23	Mean	SD	CV (%)
China	13894.82	14279.94	14687.67	17734.06	17963.17	15711.93	1972.22	12.55
Japan	5040.88	5118.00	5048.79	5005.54	4231.14	4888.87	369.93	7.56
Germany	3976.25	3888.66	3886.56	4262.77	4075.4	4017.92	157.28	3.91
India	2702.93	2831.55	2667.68	3176.29	3385.09	2952.71	314.34	10.64
UK	2878.15	2857.06	2704.61	3131.38	3071.00	2928.39	172.60	5.89
France	2792.22	2729.17	2635.92	2957.42	2784.02	2779.75	117.24	4.21
Italy	2092.88	2011.52	1895.69	2115.76	2010.43	2025.25	86.54	4.27
Canada	1725.30	1743.73	1647.60	2001.49	2139.84	1851.59	209.01	11.28
Russia	2653.01	1695.72	1488.12	1836.63	2240.42	1982.78	464.76	23.44
Brazil	1916.93	1873.29	1476.09	1648.70	1920.09	1767.02	197.38	11.17

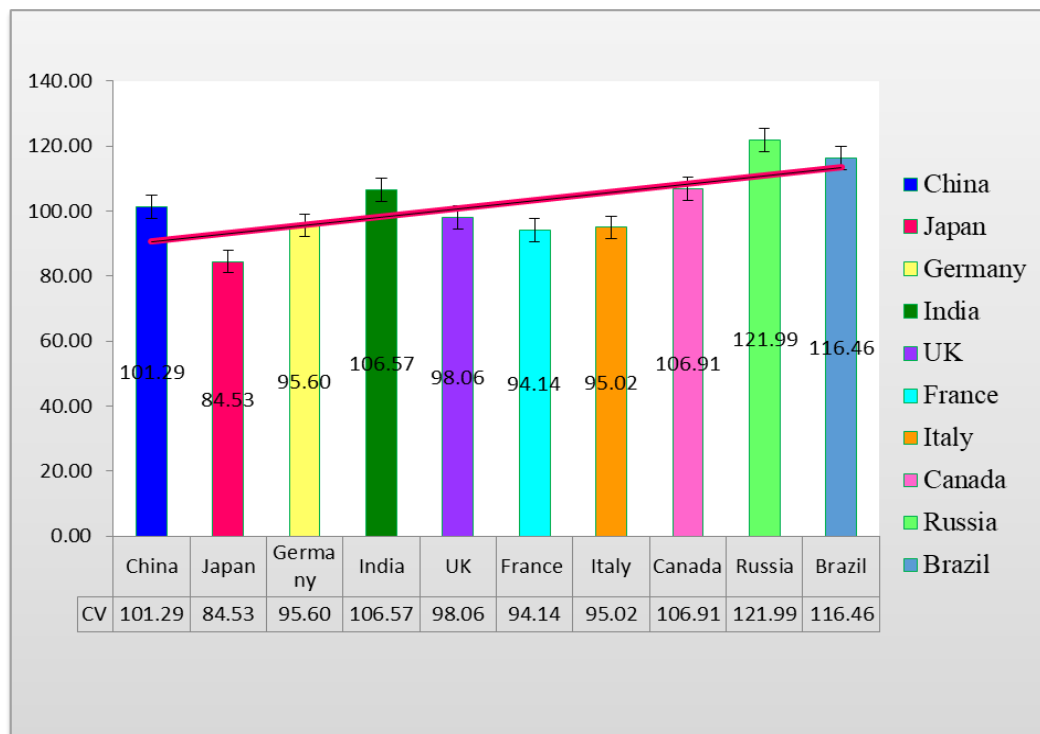
Figure 1



The Table 2 and Figure 2017 illustrates that the consistency in growth of GDP after GST of the selected countries during 2018-22. Based on the result the consistency of Germany was

flawless and it leads in top position. The consistency of France, Italy and UK are excellent during the study period. Among the selected countries Germany sustains their GDP rate during the pandemic too. The percentage of CV is slow down for Japan. In overall the country's economic growth rate proved that are too good.

Figure 2



The above Figure illuminates the Trend line of the top ten countries from 2018-2023.

Findings

Among the selected countries China mean value is excellent. Nevertheless their consistency on GDP is need to be enhanced

The consistency of Germany, France, Italy and UK are phenomenal.

The GDP of Japan and India are good enough

The study found that all the selected countries GDP growth knock down by COVID-19 except GDP of Germany

Suggestion

The countries should sustain their economic position to face upcoming diplomatic problems with their consistent growth.

Conclusion

The present study examined the “A Global Glance on Growth of GDP (Gross Domestic Product) After Implementing GST (Goods and Service Tax) from 2018- 2023 of top ten economic growth rate countries. The study has found that the consistency in growth rate of GDP. The result revealed that the GST is a harmonized tax regime, the unique features of this regime facilitates the countries to sustain their economic growth.

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