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Global Goods and Services Tax: A Macro-Economic Perspective

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Abstract

This article provides a comprehensive analysis of the global implementation of Goods and Services Tax (GST) to understand the diverse GST models adopted and examine their impact on key economic indicators.Through a detailed analysis of GST frameworks in selected countries such as Australia, Canada, India, Maldives, New Zealand and Singapore. The study analyses common trends and differences in tax structures, registration processes and the treatment of exempted goods and services. The findings of the study reveal a consistent pattern of increased tax revenue and GDP growth post-implementation of GST. Additionally, the study explores the impact of GST on trade dynamics, employment levels, foreign direct investment (FDI) inflows and savings rates across these nations. While the impact on inflation varies among the countries. Overall, the findings highlight the importance of well-planned implementation of GST as it is a crucial tax reform contributing to economic growth and stability on a global scale.

Keywords: Goods and Services Tax, National income, Tax revenue, Foreign direct investment, International trade, Savings, Inflation.

Introduction

The Goods and Services Tax regime is also known as Value Added Tax in general internationally. Most of the countries replaced their previous tax regimes with the GST to remove cascading effects, sustain economic growth, and maintain international competitiveness. The GST has been implemented in around 160 countries of the world. France was the country to implement the Goods and Services Tax in 1954. Different countries have implemented different models of GST. Some countries have introduced GST as a single national tax where both the Centre and State combine their levies. On the other hand, some countries are following a dual model of GST where tax is levied by both the central and State governments. When a country moves towards a new fiscal or tax reform the first question raised is regarding the efficiency of the new tax regime. Tax policy takes a major place in the economic development of respective countries. The tax policy can contribute to the country's revenue, redistribution, and political presentation. The preferences of these factors are different in each country according to their urgency of needs. Development requires money to finance it and the financial needs must be fulfilled by the tax policy.

Macroeconomic factors such as national income, government revenue, international trade, employment, savings, investment, and inflation have a significant influence on different sectors of the economy. The tax revenue must fulfil short-term needs such as immediate problems of development, the need for investment to address human development issues like poverty, health, and education, and long-term requirements such as maintaining institutions and government. High national savings indicate higher productivity and a better standard of living. Taxation significantly impacts the volume and composition of savings as the increasing tax rate reduces the saving potentiality. Redistribution is another main aspect where the tax policy matters. It should fulfil the needs of the poor and lift them out of poverty. By achieving the demands of revenue, the tax policy can increase the country's development potential. A country's tax regime plays multiple roles in the international flow of goods and services as it impacts both direct and indirect taxation. Foreign Direct Investment plays a vital role in the economic growth of a country as it facilitates the smooth flow of goods and services across international borders. It also encourages resource transfer and knowledge exchange between countries, creating more job opportunities. Taxation and inflow of FDI are significantly related. The tax rate is one of the important determinants of FDI as it affects the preferences and investment decisions of foreign entities.

Objectives

1. To study and understand the GST models implemented in different countries.
2. To analyse the impact of GST on key economic indicators such as GDP, trade, savings, investment and inflation.

Methodology

The data was collected based on the relevance of research questions. The secondary data for this study was obtained for two years namely pre- and post-GST implementation in respective countries under the study from different web data sources such as World Bank open data, macro trends dataset, Nasdaq data link and official statistical reports of the respective countries. Descriptive statistics were used to analyze the impact of GST on key economic indicators.

Limitations

1. This study is restricted to only six selected countries.
2. This study examines the impact of GST implementation only on selected five key economic indicators.

Review of literature

Mintz, J., & Wilson, T. A. (1994) argue that as an alternative to the current indirect tax GST would simplify the tax system and generate increased efficiency by eliminating the taxation of business inputs and capital goods. It seems best to modify the current system to reduce complexity without imposing another set of large transitional costs upon the public.

Prokop, D., & Dean, J. M. (1999) explain how an attempt made to liberalize the trans-border trucking industry in Canada and the United States failed because of Canada's Goods and Services Tax (GST) and the United States Federal Excise tax (FET), where, the intention was to reform the customs acts of both countries as they related to point to point, domestic transport by foreign trucks, a type of transport that is called cabotage. The reform attempt failed because of the nature of the two taxes.

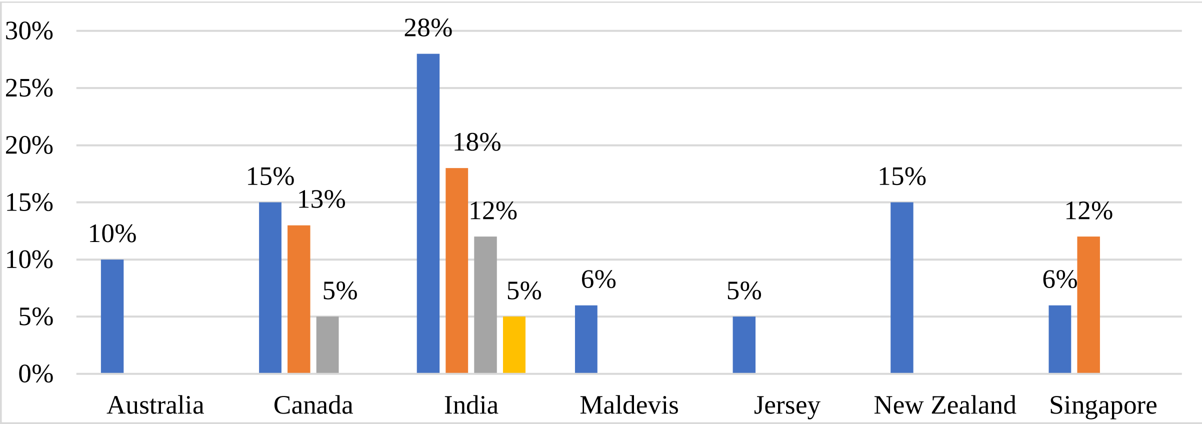
White, D. (2007) argues that New Zealand generated sound VAT/GST policy and administration ideas that have influenced VAT/GST systems around the world for many years. He draws recommendations from New Zealand's 20th-anniversary conference which gave suggestions for future research and work on the VAT/GST and suggests that there are good short and medium-term reasons for policymakers, professionals, administrators, researchers and educators in all VAT/GST countries to pay more attention to the tax.

Shodhaganga (2010) analyzes the problems and prospects of GST all around the world and identifies the major hurdle to be crossed in implementing the GST is enacting the Constitutional amendment to enable the centre to expand the tax base to include wholesale and retail transactions and to empower the States to levy the tax on services and suggests that the most important requirement for introducing the GST is the setting up of the Centralized agency to settle the IGST claims and work as a clearing house and also identifies the major challenge in the introduction of GST in the country is building the capacity of the administration to implement the new tax. The tax administration at both the Central and State levels will have to be increased to deal with the new tax regime.
Guptha, S., *et al* (2017) analyzed the Goods and Services Tax internationally and found that the GST tax structure will subsume previously existing indirect taxes and in the long term, it will help in increasing output, several employment opportunities and boost GDP. Implementation of GST will reduce the cost of production and will make domestic products more competitive in national and international markets.

GST rate structure in selected countries

The rate structure of the GST regime is not uniform around the world as it is determined based on the economic and political conditions of the respective countries. Most of the countries follow the GST structure which is implemented at a single tax rate all over the country as it reduces the complexity of computation and collection. However, some political and economic atmospheres do not support the uniform tax rate as the administrative and financial power will be distributed between several authorities.

Figure 1: GST rates in the selected countries



Source: Author-generated

Figure 1 displays the GST rate structure of the selected countries. India's GST structure has the highest rate of 28%. In India, GST is taxed at four rate slabs such as 5%,12%,18% and 28%. Australia implemented the Goods and Services tax on 1st July 2000 at the standard rate of 10% and maintained the same rate till the date. Canada introduced the GST tax regime on 1st January 1991 at 15%. In Canada, the rate differs according to provenances as 5% and 13%. The government of Jersey implemented GST at the rate of 3% in 2008, which was increased to the current standard rate of 5% in 2011. New Zealand introduced GST at the rate of 10% on 1st October 1986 then it was increased to 12.5%. In 2010, it increased the current standard rate of 15%. The government of Singapore implemented GST on 1st April 1994 at the rate of 3% then it was raised to 4% in 2003 and to 5% in 2005. In 2007, the GST rate was raised to the current standard rate of 7%. Maldives implemented GST on 2nd October 2011 at the rate of 3.5% for general goods and services then increased to the current rate of 6% in 2012. The tourism GST was 8% in the beginning and increased to 12 % in 2014. The countries with GST tax regimes implemented GST with low rates and gradually raised to the current rates following their economic needs.

GST frameworks in selected countries

The six countries under the study where GST is the sole or primary indirect tax were selected to analyze the impact of GST more effectively as these countries with similar GST frameworks allow them to compare and contrast their experiences and outcomes more adequately. A detailed examination can be conducted by narrowing the focus to six countries.

India

India implemented the Goods and Services Tax on 1st July 2017 to eradicate the cascading effect of the previous tax system and to provide a common national market for goods and services. Goods and Services Tax in India was implemented with a theme of 'One nation – One tax' which replaced multiple indirect taxes levied by Central and State governments. The Goods and Services Tax (GST)in India is a value-added tax levied on most goods and services sold for domestic consumption. The GST is paid by consumers, but it is remitted to the government by the businesses selling the goods and services. Goods and Service Tax (GST) is a comprehensive tax levy on the manufacture, sale, and consumption of goods and services at a national level under which no distinction is made between goods and services for levying of tax. In India the taxable goods and services are placed under four slabs, they are 5%GST, 12%GST, 18%GST, and 28%GST respectively. These slabs are decided by the GST council and are revised periodically. The GST council has fitted over 1300 goods and 500 services under these four tax slabs of 5%, 12%, 18%, and 28% under GST. This is aside from the tax on gold which is kept at 3% and rough precious and semi-precious stones that are placed at a special rate of 0.25% under GST.

India has adopted the concurrent dual model of GST where both the central and State governments levy CGST and SGST on the same basis. CGST is administered by the Central government and SGST is administered by the State government. Under the concurrent dual GST model GST is classified as Central Goods and Services Tax (CGST) a tax imposed and collected by the Central government on the intra-state supply of goods and services, State Goods and Services Tax (SGST) a tax imposed and collected by State government which equivalent to CGST. It is levied on the intra-state supply of goods and services. An equal proportion of CGST and SGST is imposed on the intra-state supply of goods and services which are collected simultaneously by Centre and State governments where the tax revenue from CGST goes to the Centre and tax revenue from SGST goes to respective states, Union Territory Goods and Services Tax (UTGST) which is similar to SGST, where SGST levied and collected by State governments and UTGST is levied by Union Territory governments. It is the tax levied on the intra-Union Territory supply of goods and services and governed by the UTGST Act,2017. UTGST is imposed on Union Territories which do not have their legislature except Delhi and Puducherry as they have their legislature thus SGST will be levied and Integrated Goods and Services Tax (IGST) is a tax levied on interstate supplies of goods and services. IGST is imposed on the supply of goods and services across two or more States / Union Territories and administered by the IGST Act,2017. Tax revenue from IGST will be shared between Central and State governments. IGST is paid by the recipient and collected by the supplier then paid to the Central government. IGST applies to both imports and exports where exports are zero-rated. The GST threshold limit is set by the GST Council. The business whose turnover exceeds Rs.40 lakh for normal category states and Rs.20 lakh for special category states are liable to register themselves under the GST regime. All the taxpayers registered under GST are eligible to claim input tax credit charged on delivery of goods and services purchased that are already used or to be used in the course of the business. GST portal in an official website of the Government of India. The taxpayers registered under GST can access their GST details once they complete the registration and login process. Through this portal, taxpayers can pay GST, file returns, and apply for a refund. The Ministry of Finance of the Government of India has established GST seva Kendra to provide free GST assistance to taxpayers.

Australia

The Goods and Services Tax in Australia was implemented on 1st July 2000 by the federal government at the rate of 10% in place of the wholesale tax system to eradicate the complexity that existed due to multiple state and territory taxes. The threshold limit to register under GST is $75,000 for the business and $1,50,000 for non-profit organizations per year. The business involved in taxi and cab services should register under GST regardless of their turnover. A GST-registered business should charge GST on taxable goods and services to their customer which they provide. The input tax credit is provided to registered businesses for their expenditures as well as capital purchases.

A registered business needs to file GST periodically with their business activity statements monthly, quarterly, or annually and the tax amount should be paid to the tax office. When the excess amount is paid the actual GST refund will be paid. Goods and services like salaries, wages, fresh unprocessed food, medical services, education courses, and childcare are exempted from GST. Goods and services like rental income and financial services are input taxed which are not charged under GST. In the real estate sector, new residential and commercial properties are charged under GST but resale of the same existing property is not charged. Processed food and real estate agents are subjected to GST. The GST in Australia is administered by the Australian Tax Office (ATO). It is a statutory agency and principal revenue collection body of the Australian government. Australian federal taxation system, superannuation legislation is administered by ATO.

Canada

Goods and Services Tax in Canada was introduced on January 1st, 1991. The GST system is applied to the federal and 13 provenances of Canada. The multi-level GST broadly follows the tax model of the European Union and the Organisation for Economic and Development (OCED). GST was implemented in the place of Manufacturer's Sales Tax (MST) which was unseen by the consumers as it was being levied on manufacturers. The government realized that removing MST and replacing it with GST would make the nation more competitive as MST was an obstruction to the export competitiveness of the manufacturing sector.

The Canadian GST model has been classified as Goods and Services Tax (GST), Provincial Sales Tax (PST), Harmonized Sales Tax (HST), Quebec Sales Tax (QST), and Retail Sales Tax (RST). GST refers to federal tax which is levied by the federal government in every provenance in Canada. PST is Provincial Sales Tax levied by every provenance. HST is Harmonized Sales Tax which is a combination of GST and PST. In the selected provenances GST and PST are not levied separately but HST is imposed as one combined tax. QST is the provincial sales tax applied in the Quebec provenance. The merchants in this provenance are required to pay both GST and QST for all sales. RST is the Retail sales tax in the provenance of Manitoba where merchants need to pay both GST and RST.In Canada, the GST rates are

different and divided according to the place of supply. Basic groceries are taxed at zero rate (0% of GST/HST) in every provenance. The other rates are different for each provenance such as 5%, 13%, and 15%. GST is applicable for everyone on their purchase of taxable properties and services, when these properties are utilized for commercial activities GST registrants can recover the GST through an input tax credit mechanism. The GST registrants are liable for GST collected on their taxable supplies and the GST paid on their inputs. When the supplier has paid an excess amount of tax on inputs than collected on supplies it will be refunded to the registrant. GST is a multi-level tax that is imposed at each stage of the manufacturing and supply process. Individual consumers bear the ultimate burden of the GST as they are not registered under ETA and they are not eligible to claim input tax credit for their purchases.
In Canada, tax collection and administration are done by the Canada Revenue Agency as the revenue service of the government of Canada. It is responsible for tax laws, tax policy, international trade legalization, various social and economic benefits, and incentive programs delivered through the tax system. The Canada Revenue Agency collects GST of 5% in all provenances. In Quebec, Revenue Quebec administers Quebec’s own QST under the agreement with the federal government.

Maldives

Goods and Services Tax in Maldives is the tax that is charged on the value of goods and services supplied inside the territory of Maldives. GST was implemented on 2nd October 2011 and is administered by the Gods and Services Tax Act (Law number 10/2011). In Maldives, GST is distinguished as Tourism GST and GST in general. It makes a clear difference between supplies of tourism goods and services and supplies of other goods and services. In the beginning, the GST tax rate was at 3.5% from 2nd October to 31st December 2011. It was then increased to 6% on 1st January 2012 which is the current rate for general goods and services. Tourism GST was 8% in the beginning and was increased to 12% from 1st November 2014. Some goods and services are taxed at 0% such as essential goods and services exported from Maldives and some goods are exempted from GST such as electricity, water facilities, postal services, education, health services, medical services, and financial services.
The taxpayers need to register themselves if the total value of goods and services supplied exceeds MVR 1 million (one million rufiyaa) per annum. Importers of goods to the Maldives and suppliers of tourism goods and services are required to register even if the value of their supplies does not exceed the threshold limit. Registered persons can file returns with the tax authority following the taxable period calculate the total tax amount as per the act and pay before the deadline. Registered taxpayers get a tax identification number when registered. If the excess amount of tax is paid taxpayer can claim the return of such excess amount paid. Tax collection and administration in Maldives is done by a separate and independent legal body called ‘Maldives Inland Revenue Authority (MIRA), under the Tax Administration Act established in 2010. MIRA is responsible for enforcing and implementing taxation policies, providing technical advice regarding tax policies to the government, and establishing convenient mechanisms of taxation utilizing modern technology.

Singapore

GST in Singapore is a broad-based consumption tax levied on the import of goods and supplies of goods and services. It is an indirect tax that is expressed as a percentage applied to the selling price of goods and services provided by GST-registered businesses in Singapore. GST was implemented on 1st April 1994 in Singapore at the rate of 3% with the view of not increasing it for the next 5 years. In 2002, according to the recommendation of the economic review committee, it was necessary to reform tax policies and raise the GST rates to bring in new investments. In 2003, the GST rate was increased to 4% and 5% in 2005. It was again raised to 7% in 2007 which is the current rate in Singapore. Most of the goods and services are taxed under the standard rate of 7% and some goods and services like exports of goods and international services are changed at zero rate (0%). Sale and lease of residential properties, financial services, investment in valuable metals, and digital payment tokens are exempted. Before implementing GST, Singapore was under the corporate income tax and personal income tax system which was charged at a higher rate of 40% which was an obvious obstruction to international competitiveness.

In 1986, the Economic Committee of Singapore suggested shifting from a direct tax system to an indirect tax system to maintain international competitiveness attract investments, sustain economic growth, and create profitable employment for the citizens of Singapore. To register under GST two forms namely GST F1 and GST F3 along with the necessary documents must be submitted to the tax authority. GST F1 is the registration form and GST F3 is an additional form that is required when the business includes a partnership. The registration process ID is different for overseas companies, group registration, and divisional registration. Overseas registrants should appoint a local agent for the process and apply a letter. The process will be completed in 3 weeks after that the registrant will receive a GST registration letter which includes their GST number, filing frequency, filing due date, and instructions to file returns which are filed online. The GST-registered company should charge GST to their customers on the supplies at the standard rate. The charged and collected GST is known as output tax which is paid to the tax authority of Singapore. The GST that a company incurred on business purchases, expenditure including imports is called input tax. If the business is eligible for claiming input tax they can get an input tax credit, this mechanism ensures that only the tax value added at each stage of the supply chain is taxed. The administration and collection of tax are handled by the Inland Revenue Authority of Singapore (IRAS). In global matters of taxation IRAS represents Singapore. IRAS being the Singapore government's principal revenue collection body collects income tax, GST, property tax, stamp duties, and casino tax.

New Zealand

GST in New Zealand is a tax added to the price of most goods and services which includes imports too. It is a value-added and consumption tax for consumer goods and services in New Zealand. It is a broad-based tax system with few exemptions. The new GST was replaced by previously existing sales tax on goods and services. GST was introduced in conjunction with making big changes to personal taxes and removing many excise taxes on imported goods. GST was introduced on 1st October 1986 at a rate of 10% then it was increased to 12.5%. In 2010 the rate was increased to 15% which is the current rate applied to the final price of the product or service being purchased. Some goods and services are exempted such as financial services, residential rent, charity, or donated goods with non-profit intentions. The businesses selling exempted goods are not required to register themselves. The goods and services with 0% rates for which no tax will be collected but it should be reported on the sales in the return such as exports, and sale of land between GST-registered businesses.

Taxpayers with a business turnover of at least $60,000 in the last 12 months and expect at least $60,000 in the next 12 months should register themselves to pay GST. After registering for GST, the taxpayer should choose filing frequency such as monthly, two monthly, or six monthly, and accounting basis such as payment basis, invoice basis, or hybrid basis. The registered business should charge GST to their customers on the sales of goods and services file returns and maintain tax records. GST refund should be calculated at the time of filing. Refund is the difference between the amount of GST collected and GST paid. If the collected GST is more than the paid GST the balance must be paid while filing GST on the other hand paid GST is more than the collected GST refund will be made. The financial activities like collecting taxes, and advising the government on tax policy are done by the Inland Revenue Department which is the public service department of New Zealand. It was established as the Land Tax Department in 1978 and was renamed as Land and Tax Department in 1892. In, 1952 it came to be known as the Inland Revenue Department when the stamp duties department was merged with the same.

Analyzing the Macroeconomic effects of GST

Macroeconomic factors including national income, government revenue, international trade, employment, savings, investment and inflation hold significant impacts on the diverse landscape of economies. When a country introduces a new fiscal or tax regime questions are arisen regarding its potential effectiveness. Tax policies act as a key element in a country's economic journey. The tax policy of a country plays a major role by impacting revenue stream, wealth distribution and political narratives. Countries around the world implemented GST to address inherent flaws that existed in previous tax frameworks. This segment evaluates the impact of GST implementation on a spectrum of macroeconomic indicators in chosen countries.

Table 1: Comparative analysis of Key economic indicators pre and post-implementation of GST in the countries under the study.

Countries / Macro-economic variables			Australia	Canada	India	Maldives	New Zealand	Singapore
National income (Billion US$)		Before GST	389.10	593.92	2294.80	2.59	24.68	60.60
		After GST	415.58	610.32	2651.47	2.77	30.60	73.69
		Growth (%)	6.80 ↑	2.76↑	15.53↑	6.94↑	23.98↑	21.60↑
Tax revenue (%GDP)		Before GST	22.4%	14.2%	11.1%	9.5%	29.7%	16.3%
		After GST	23%	14.4%	11.4%	13%	30.2%	16.6%
		Growth (%)	2.68↑	1.41%↑	2.70↑	36.84↑	1.68↑	1.84↑
International trade (Billion US$)	**Exp**	Before GST	71.29	149.46	439.64	7.4	7.23	97.97
		After GST	80.70	149.14	498.26	12.2	8.15	122.47
		Growth (%)	13.20↑	-0.21↓	13.33↑	64.86↑	12.72↑	25.01↑
	Imp	Before GST	65.20	116.5	480.17	1.95	7.76	91.98
		After GST	71.55	118.1	582.02	1.41	8	110.55

	Growth (%)	9.72↑	1.37↑	21.21↑	-27.6↓	3.09↑	20.18↑
Unemployment rate	Before GST	6.87%	8.15%	5.42%	11.29%	3.8%	3.07%
	After GST	6.28%	10.31%	5.36%	10.47%	4.1%	3.03%
	Growth (%)	-8.50↓	26.50↑	-1.11↓	-7.28↓	7.89↑	-1.31↓
Gross Savings rate (%GDP)	Before GST	19%	18%	31%	12.68%	19.14%	44%
	After GST	21.5%	15%	32%	5.18%	19.76%	48%
	Growth (%)	13.16%↑	- 16.7%↓	3.23%↑	- 59.13%↓	3.24%↑	9.09%↑
Foreign Direct **Investment** (%GDP)	Before GST	2.6%	1.4%	1.9%	8.4%	0.9%	7.7%
	After GST	2.7%	0.6%	1.5%	15.3%	1.3%	11.6%
	Growth (%)	0.1%↑	0.8%↓	0.4%↓	6.9%↑	0.4%↑	3.9%↑
Inflation	Before GST	1.48%	4.78%	4.95%	6.15%	15.42%	2.29%
	After GST	4.41%	5.63%	3.33%	5.12%	13.21%	3.10%
	Growth (%)	1.98%↑	17.78% ↑	- 32.7%↓	- 16.72%↓	- 14.3%↓	35.37%↑

Source: Author generated

National income

National income represents the total value of goods and services produced by a country within a given period specifically a year. It indicates the overall economic growth and prosperity of a nation. National income constitutes income gained from various sources like wages, profits, rents and interests. GDP guides policymakers and monetary authorities in making decisions to manage the economy's well-being. A rise in national income indicates economic development and a rise in the standard of living of the respective citizens. On the other hand, a decrease in the national income indicates economic issues that require attention and solutions. Tax revenue is a major income source of the government through which it funds essential activities. Table 1 depict that the implementation of Goods and Services Tax led to a consistent increase in the national income across selected countries. Australia's GDP rose from $389.10 billion to $415.58 billion indicating a growth rate of 6.80%. Canada experienced a rise from $593.92 billion to 610.32 billion showcasing a growth rate of 2.76%. India's GDP surged from $2294.80 billion to $2651.47 billion marking a growth rate of 15.53%%. Maldives experienced growth from $2.59 billion to $2.77 billion showcasing a growth rate of 6.94%%. Singapore saw growth from $60.60 billion to $73.69 billion with a growth rate of 21.60%. New Zealand experienced remarkable growth from $60.60 billion to $73.69 billion reflecting a higher growth rate of 23.98%. These figures indicate the effectiveness of GST as a revenue-efficient tax system in each country.

Tax Revenue

Government revenue comprises the income of the revenue received by the government from both tax and non-tax sources. Tax revenue stands as the primary source of income derived through taxation. Tax revenue is derived from various forms of tax and it is a prime indicator showing how well the government controls the economy's resources. It plays a vital role in funding government expenditures such as public services, infrastructure development, social welfare programs and national defence. An increase in tax revenue indicates the government's ability to spend more funds towards the development of key factors that drive economic growth and development. Table 1 show how the implementation of GST has led to an increase in tax revenue across the selected countries. Australia's tax revenue rose from 22.4% to 23% of GDP, Canada's from 14.2% to 14.4%, India's from 11.1% to 11.4%, Maldives's from 9.5% to 13%, New Zealand's from 29.7% to 30.2% and Singapore's from 16.3% to 16.6%. The Maldives witnessed the highest growth rate of 36.84% followed by India, Australia, Singapore, New Zealand and Canada with a growth rate of 2.70%, 2.68%, 1.84%, 1.68% and 1.41% respectively. This analysis indicates that each nation under the study witnessed a rise in tax revenue after implementing GST and highlights the positive impact of GST depicting its effectiveness in contributing to government finances

International Trade

Trade or exchange of goods and services across borders is referred to as international trade. Imports and exports are the two main components of international trade that constitute a country's balance of trade. International trade plays a vital role in a country's economic advancements fostering global competitiveness by widening market access and providing consumers with a wide selection of products at competitive prices. International trade enables countries to utilize the available resources to specialize in manufacturing particular products where they have a comparative advantage and importing those requiring scarce resources. Moreover, it nurtures the creation of job opportunities, promotes innovation and technical advancements and facilitates the exchange of ideas and cultures among nations ultimately contributing to global economic integration and prosperity. The varying effects of implementing GST on exports of the countries under the study are depicted in Table 1 that except for Canada, all the other countries witnessed an increase in total exports. Australia's exports rose from $71.29 billion to $80.70 billion. India experienced a rise from $439.64 billion to $498.26 billion, Maldives from $7.4 billion to $12.2 billion, New Zealand from $7.23 billion to $8.5 billion and Singapore from $97.97 billion to 122.47 billion. In contrast, Canada's exports decreased slightly from 149.46 billion to 149.14 billion with a negative growth rate of -0.21%. The Maldives experienced the highest growth rate of 64.86% followed by Singapore, India, Australia and New Zealand with a growth rate of 25.01%, 13.33%, 13.20% and 12.72% respectively. This analysis indicates that a rise in exports will drive aggregate demand attract higher levels of foreign investment and promote technological advancement within the economies.

Table 1 also illustrates the impact of implementing GST on the imports of selected countries. Among the six countries, notable rises were observed in Australia, Canada, India, New Zealand and Singapore. Total imports increased from $65.20 billion to $71.55 billion in Australia, from $116.5 billion to $118.1 billion in Canada, from $480.17 billion to $582.02 billion in India, from $7.76 billion to $8 billion in New Zealand and from $91.98 billion to $110.55 billion in Singapore. However, Maldives experienced a decline from 1.95 billion to 1.41 billion in total imports indicating a negative growth of -27.6%. India witnessed the highest growth of 21.21% followed by Singapore, Australia, New Zealand and Canada with growth rates of 20.18%, 9.73%, 3.09% and 1.37% respectively. Even though a rise in imports initially raises concerns about economic health, simultaneous growth in both imports and exports indicates economic strength and a sustainable trade balance.

Employment

The term employment means the state of having a paid job or it is a situation where a person who is able and willing to work gets a full-time paid job. It plays considerable importance in a nation's economy. When an individual is employed, income earned by him will enable him to spend money on goods and services creating domestic demand and improving their quality of life. Notably, there is a significant relationship between tax rates and employment. Higher tax rates increase the tax burden and discourage the employee from working harder. This discouragement can intimidate employer from expanding their workforce. The unemployment rate is a key indicator closely monitored by economists and policymakers that measures the percentage of the labour force that is unemployed and actively seeking employment. A high unemployment rate indicates a lack of job opportunities, underutilization of labour resources and a potential economic downturn. On the other hand, lower unemployment rates indicate a strong job market, economic growth and increased consumer spending.

Table 1 show how implementation has impacted employment in the selected countries with the help of one of the primary economic indicators named unemployment rate. Among the six countries under the study, four countries except Canada and New Zealand have experienced a decrease in the unemployment rate after implementing GST. The unemployment rate was 6.87% in Australia before GST then decreased to 6.28% after GST, the unemployment rate was 5.42% in India then decreased to 5.36%, the unemployment rate was 11.29% in Maldives and then decreased to 10.47%, the unemployment rate was 3.07% in Singapore and decreased to 3.03%. On the other hand, the unemployment rate was 8.15% in Canada and rose to 10.31% and the unemployment rate was 3.8% in New Zealand and rose to 4.1% after implementing GST. A lower unemployment rate indicates the well-being of an economy. However, implementation of GST cannot be considered as the sole reason for the rise as in the late 1980s s Canada went through a serious recession which deepened through 1991 and 1992 leading the unemployment rate to rise to two digits.

Foreign Direct Investment:

Foreign direct investment refers to the monetary value of investments made by foreign entities into a particular country. FDI plays an important role in the economic growth of the respective country as it facilitates the seamless exchange of goods and services across international borders. FDI facilitates the transfer of resources and knowledge between nations creating more job opportunities. There is a significant relationship between taxation and FDI inflow as tax rates directly impact the FDI decisions. Lower tax rates often attract higher levels of FDI conversely high tax rates deter foreign investors. Overall, FDI inflows contribute significantly to a country's economic prosperity by promoting investment, job creation and knowledge exchange on a global scale.

Table 1 show how implementation of GST has affected the FDI inflows in the selected countries. All the countries except Canada and India, experienced an increase in the FDI inflows after the introduction of GST. FDI inflow as % of GDP was 2.6% in Australia and increased to 2.7% after GST, FDI inflows as % GDP was 8.4% in the Maldives and increased to 15.3%, FDI inflows as % of GDP was 0.9% in New Zealand and increased to 1.3%, FDI inflows as % GDP was 7.7% in Singapore and increase to 11.6%. On the other hand, FDI inflows as % of GDP was 1.4% in Canada and decreased to 0.6% and FDI inflows as

% GDP was 1.9% in India and decreased to 1.5% after implementing GST. Countries namely Australia, Maldives, New Zealand, and Singapore experienced an increase of 3.85%, 82.14%, 44.44% and 50.65% respectively. Due to the recession accrued in the late 1980s, Canada saw a decline of -57.145% in the FDI inflows. The increase in the FDI indicates an improved investment-friendly environment in the country and it will also facilitate sustainable development of the country.

Savings:

The national savings refer to the surplus of a country's national income over total consumption and taxes. It includes the collective savings of households, businesses and the government. The increase in the level of national income usually indicates the country's well-being and better quality of life for its citizens. Taxation and national savings have a significant relationship, when the tax rates are higher people will have less money to save as it will diminish an individual's saving capacity by reducing the disposable income available for savings and investment. Thus, tax policy directly affects the level of national savings. Understanding and managing national savings effectively is necessary for policymakers as it plays a crucial role in economic growth, investment levels and overall financial stability. By implementing suitable tax policies, the government can create saving friendly environment that will boost economic development and enhance the well-being of citizens.

Table 1 depicts how the implementation of GST has impacted the Gross Savings Rate of the selected countries. Except for Canada and Maldives, other countries have experienced an increase in the Gross Savings Rate. Gross Savings Rate as % of GDP was 19% in Australia and then increased 21.5% after implementing GST, Gross Savings Rate as % of GDP was 31% in India and increased to 32%, Gross savings Rate as % of GDP was 19.14% in New Zealand and increased to 19.76% and Gross Savings Rate as % of GDP was 44% in Singapore and increased to 48%. On the other hand, the Gross Savings Rate as % GDP in Australia and Maldives decreased to 15% from 18% and to 5.18% from 12.68% respectively. Countries namely Australia, India, New Zealand and Singapore saw an increase of 13.16%, 3.23%, 3.24% and 9.09% respectively. On the other hand, Canada saw a decline of -16.67% post-GST, another cause for this decline can be the recession accrued during the period of GST implementation and Maldives saw a decline of -59.13% post GST, the fiscal crisis and high dollarization of the banking sector in Maldives also can be one of the reasons for this huge decline.

Inflation:

Inflation is the rate of increase in the general price level of goods and services in the economy which is reflected in the decline of the purchasing power of money over a given period. Whether inflation is good or bad for the economy is dependent on the economic situation in the country. When there is excess or unused labour and resources in the economy, inflation helps to increase production. As more money leads to more spending which will accelerate aggregate demand and more demand will stimulate production to meet the demand. Policymakers consider 2% or below to be the acceptable rate of inflation. On the other hand, inflation causes an uneven increase in the prices of goods and services which will reduce the purchasing power of the consumers and due to this inequality in income distribution increases. Tax policies have a significant impact on the inflation levels of the respective economies. Tax policy even handed to inflation doesn't exist in the real world. Tax policy is considered to be a great tool that is used by the government to handle high inflation situations.

Table 1 reveal how the implementation of GST affected inflation in selected countries with GST tax regimes around the world. The above data depicts that implementation of GST has raised the inflation in three countries namely Australia, Canada and Singapore. On the other hand, inflation in the other three countries namely India, Maldives and New Zealand decreased after implementing GST. The inflation rate was 1.48% in Australia then increased to 4.41% after introducing GST, the inflation rate was 4.78% in Canada then increased to 5.63% and the inflation rate was 2.29% in Singapore and increased to 3.10%. On the other hand, in India inflation rate decreased to 3.33% from 4.95% after GST, in Maldives, it was reduced to 5.12% from 6,15% and in New Zealand, the inflation rate decreased to 13.21% from 15.42% after implementing GST. In the view of economists, a healthy rise in inflation is good for the respective economies as it will make these countries competitive internationally.

Conclusion:

The analysis of Goods and Services Tax (GST) implementation across selected countries highlights its significant impact on macroeconomic variables. Despite initial challenges and adjustments the implementation of GST has consistently led to increase in tax revenue and contributed to GDP growth. The rise in tax revenue empowers the government to invest in key economic progress and stability. In addition, the study highlights the reformative impact of GST on international trade dynamics, employment levels and foreign direct investment inflows. By simplifying tax procedures and creating a more transparent business environment HST has attracted increased investment and enabled greater participation in international trade networks. The resulting improvement in employment rates and FDI inflows indicate a positive shift towards sustainable economic growth and prosperity. Additionally, the analysis also depicts the subtle influence of GST on inflation and national savings. While some countries experienced inflationary pressure post-GST implementation others witnessed a decline indicating diverse economic contexts and policy responses. Moreover, the study showcases the crucial role of technological advancements as the transition to online tax procedures has not only reduced administrative burdens but also strengthened accountability and transparency in tax administration. In conclusion, the analysis of GST implementation highlights its significance as a tool for economic advancements. GST emerges as a pivotal contribution to economic growth and stability. When executed well, it can be a powerful tool for boosting economies and making them stronger.

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