
Sales Tax On Newspaper In India

Introduction

We all have a slight idea about sales tax. Whenever we purchase an item, the amount to be paid in the bill is higher than the price tag mentioned on the product. This additional amount of money that we pay while purchasing any goods is sales tax. Sales tax can be defined as an indirect tax which is charged while purchasing or exchanging of certain taxable goods, and is charged as a percentage of the value of the product. The sales tax is decided by the Government in power and the policies enforced by the Government.

It is important to note that the amount or tax that we pay to the sellers doesn't belong to them. These sellers have to collect taxes from consumers as a part of their agreement for settling their business in the particular state or city. Every month sellers have to pay this collected money to the state or local government. But, why do we all pay taxes? Government uses this collected tax for the benefit of social or public services like safe roads and bridges, public schools, government servants like police officers, firefighters, cleaners and also for military purposes.

Types of sales tax

Sales tax depends upon the government in power of a individual country but universally these following types of sales tax are considered.

- Retail sales tax. The tax that is charged on the sale of retail goods and is directly paid by the final consumer is known as retail sales tax. This is the most common way used by the state or local government for collecting tax on the products like toothpaste, paper towels, clothing etc.
- Manufacturers' tax. This tax is imposed on manufactures of certain goods. Manufacturers' tax should also be paid by the producers of tangible personal property.
- Wholesale sales tax. Wholesale sales tax is imposed on the dealers of wholesale products or sale of the manufactured goods. Cigarettes and alcohol usually are applicable for this tax.
- Use tax. Use tax is imposed on those consumers who have purchased goods without sales tax. These are purchased generally from the vendors who are not under the tax jurisdiction.
- Value added tax. Value added tax includes every possible way used by the government authorities by which tax can be collected through sales and production of products and services.

Sales tax on newspaper in India

Constitution have been consciously avoiding sales tax on newspaper. According to Entry 92A of the Union list, sales tax were applied to or imposed on inter-state or commerce on various goods except newspaper. And also Entry 54 of the State list imposed sales tax on the sale or purchase of goods other than newspaper. The new Article 246A authorised parliament as well

as the State. GST can be defined in simpler terms as a tax imposed on supply of goods or services or even both except taxes on supply of alcoholic liquor for human consumption as mentioned in the Article 366(12A). After this constitutional amendment, central and state government have the power to impose GST on newspaper.

But as per the GST law, GST is not payable on newspapers. The rate of GST payable on newspaper is nil rate. GST is applicable on printing purpose as when paper or other media is supplied by the client for printing, the GST rate imposed is 5%, and when such paper or media is acquired by the printer himself towards order of client, the GST rate is 12%. The council has approved 5% GST on commonly used goods and services, 12% GST on standard goods and services falling under 1st slab, 18% GST is imposed on standard goods and services falling under the 2nd slab. 28% GST is imposed on luxurious goods and services.

As newspaper is amongst the basic and essential thing for everyone. Every citizen has a right to have the latest information and know the recent happening of their country and world which comes under right to information. So government does not charge sales tax on it because if they charge sales tax then the cost to the buyer increase which will restrict the poor people to buy the newspaper. However the sale of old newspaper is charged with sales tax on it. Also somewhere freedom of speech and expression as well as freedom of press will be violated if charged with taxes.

However GST is imposed upon the advertisements printed in the newspaper. The government of India clarified that selling advertisement space in the print media or newspaper, would attract 5% and 18% of GST. This rate depends on the terms and conditions if the contract signed between newspaper, advertisement agency and the client. If the advertisement agency buys space from the newspaper and sells such space for advertisement to clients on its account, the payable GST would be 5% on the full amount charged by the advertisement agency from the client. Secondly, if the advertisement agency sells space for advertisement as an agent of the newspaper on the availability of commission, then the payable GST would be 18% on the sale commission it received from the newspaper.

Related judgements

Sakal papers Ltd. and Anr. v. Union of India

Sakal papers is a marathi newspaper company with only two shareholders. One of the reader of this newspaper claimed that the daily addition of the newspaper contains six pages a day for five days in a week and four pages on one day. This edition is priced at 7 nP. The Sunday edition consists of ten pages and is priced at 12nP. About 40% of the space in the newspaper is taken up by advertisement matter and the rest is devoted to news, articles, features, Views etc. It is claimed on behalf of the petitioners that one of the special features of the newspaper is coverage of foreign news and despatches on foreign affairs. The Supreme Court in this case struck down the Newspaper (Price and Page) Act, 1956 which authorises the Centre to regulate price in relation to pages and sizes and to regulate allocation of space for advertisements. According to the Court Article 19(1)(a) of the Constitution of India is violated which grants freedom of speech and expression.

Indian express v. Union of India

This petition was filed by the companies, employees, and shareholders as well as trusts engaged in the publication of the newspapers. They challenged the import duty on newsprint under the Customs Tariff Act 1975 and the auxiliary duty under the Finance Act 1981, as modified by notifications under the Customs Act 1962 with effect from March 1, 1981. The Supreme Court of India observed that the government was indeed allowed to impose taxes affecting the publication of newspapers because such publication could be characterized as an industry and must be subject to the same imposition as other industries. However, the court said that the power of taxation violated the freedom of speech and expression under Article 19(1)(a), the restriction on the freedom must be within reasonable limits.

Conclusion

Public has a right to know about all the information about their nation as well as world. Newspaper is one of the means to provide this information to public easily. Newspaper is considered as the basic and important need of the people. Imposing taxes on newspaper can make them expensive for those who are poor. All this necessary information should be reached to all the people of the nation as therefore should be affordable for all. Also imposing taxes on newspaper may somehow violate the fundamental right of right to freedom of speech and expression including right to press. After all it is the decision of the government in power about imposing sales tax on goods and services.

On the other hand, sales tax is an important amount to be paid by the citizens to the state or local government because this amount is used for the better living of the public itself. To provide better services for public like safe roads and bridges, safety purpose like more police officers, firefighters, cleaners and many more. For the very reason government need money and this money is collected as sales tax from all of us. It is the duty of every citizen to pay reasonable amount of taxes to the government on a regular basis.

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