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HOW DOES SIN TAX REGULATE THE USE OF SIN GOODS IN INDIA- Pradheepa V¹**ABSTRACT**

We know about the word TAX. It's a legal obligation of every citizen. It is imposed by the government to the people. The collected amount used for the purpose of the welfare of public. The Rate varies from goods to goods. The government collects taxes from two ways 1.Direct tax 2. Indirect tax. Here we will deliberate about SIN TAX. Generally sin means "MORALLY WRONG". Here sin tax is a tax , It is Imposed by a government to a special products like tobacco, cigarette to wean people off bad habits. This Article basically deals about HOW DOES SIN TAX REGULATE THE USE OF SIN GOODS IN INDIA.

WHAT ARE THE GOODS CONSIDER AS A SIN GOODS;

Sin goods are goods which consider harmful to the society. Alcohol ,tobacco, candies, drugs, soft drinks, fast foods, coffee, sugar, gambling and pornography these are the examples of sin tax.

SIN TAX

Sin tax is a tax Imposed by a government to the goods which are consider hazardous to the society. A sin tax is an excise tax [GST] on specific goods and services due to their ability, or perception, to be harmful or costly to society. Sin taxes are typically added to liquor, cigarettes, and goods that are considered morally hazardous. Because they generate enormous revenue, state governments favor sin taxes. Society accepts sin taxes because they affect only those who use sin taxed products or engage in sin taxed behaviors. When individual states run a deficit, a sin tax is generally one of the first taxes recommended by lawmakers to help fill the budget gap.A sin tax is a type of Pigovian tax, which is levied on companies that create negative externalities with

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their business practices.² The government used the revenue collected from sin goods for making awareness programs, advertisements on the bad and evil results of smoking , chewing tobacco, drinking alcohol etc. This taxes considered as Regressive tax because low and high income earners both paid same amount of tax for sin goods.

REASON BEHINND IMPOSITION SIN TAX

We well know it's a tax imposed towards the hazardous goods, The Tax imposed to the harmful goods often higher than other tax because The Tax helps to reduce the use of hazardous products among the people especially teenage students and family men. They earn low income and they spend the money for their temporary pleasure like drinking alcohol, chewing tobacco etc.. If the government imposed a higher rate of tax on the sin goods it may have the chance to reduce the users interest upon the goods. And it make companies producing these products pay higher taxes, which is used for the purpose of welfare programs.

SIN TAX AND INDIAN GOVERNMENT

After Enforced GST in India July 1, 2017 It has challenged many Tax Reforms. For public health, a big bang impact of GST is the tax on 'sugar –sweetened aerated and flavored water' which is now pegged at 40 per cent. These beverages, which include all the coals and such junk drinks, with high sugar and hardly any nutrients, will have an additional 12 per cent over the luxury tax slab of 28%. This cess is reserved for what is called the sin category of goods.³

According to article 246 [1] Notwithstanding anything in clause[2]and [3] ,parliament has exclusive power to make laws with respect to any of the matters enumerated in List I in the Seventh schedule of the constitution.⁴ A sin tax [also known as a sumptuary tax] is an Excise tax. Excise taxes are comes under the union list, It's a tax on manufacture or production of goods like tobacco, pan masala, alcohol ect.

The observation of the Apex court in **UNION OF INDIAN AND OTHER V. VKC FOOTSTEPS [Decision dated 13.09.2021 in civil Appeal No.4810/2021]** at para 29 is as follows 'with the enactment of 101st constitutional amendment , Entry 84 of the Union list has been restructured to incorporate duties of excise on the following goods manufactured and

² Meaning of sin goods, sin tax-<https://howtoexportimport.com>

³ Sin tax for redemption-<https://www.cseindia.org/sin-tax-for-redemption-7005>

⁴ Indian constitution 1950- professional bare act

production in India namely A] Petroleum crude B]High speed diesel C]motor speed (commonly known as petrol) D]natural gas E]aviation turbine fuel F] ‘TOBACCO AND TOBACCO PRODUCTS’(emphasis supplied) The contention of the petitioner that Article 246 and 246A are not mutually exclusive and to the extent special power under article 246A is exercised there is denudation of power under article 246 is liable to be rejected. No doubt, it has been contended that there is a clear distinction between source of power and field of legislation cannot be construed as a source of power. It must be noted that article 246 continues to be the source of power even post-introduction of article 246A. The amendment to Entry 84 List I whereby field of legislation indicating levy of duty of excise on goods manufactured or produced relating to tobacco and tobacco products does indicate the conscious intention to preserve the exercise of power under Article 246 even after introduction of Article 246A.⁵

Indian government levies high tax on sugar-carbonated beverages. Under the current tax regime, the sin goods which attract additional cess include tobacco products, pan masala, tobacco products fall in the highest GST slab of 28%, However, tobacco leaves are taxed at 5%, Fruit-based fizzy drinks attract 12 percentage cess over the luxury tax of 28%. Due to using the sin goods, it causes a lot of death among the society especially people between the age group of 20 to 30. Schools and college students are highly influenced by sin goods. As per the national health missions official website, India is among 181 countries that signed the WHO framework convention on tobacco control. It recommends at least 75 percent tax on the retail price of all tobacco products including cigarettes. According to the union budget 2023, Finance minister Nirmala Sitharaman announced to increase 16% of custom duty on cigarettes.

‘TAXES ON CIGARETTES WILL BE HIKED BY 16 PERCENT’ – Said by finance minister. The announcement made many negative impact on the share of cigarette companies, including Godfrey Philips India and ITC Ltd. The shares of both companies fell over 5% after the announcement by Sitharaman. So the Net tax in cigarette would increase by 0.07 per stick to 0.12 per stick.⁶

MERITS OF SIN TAX IN INDIA

1. REDUCTION IN THE USE OF SIN GOODS

⁵ R M Dhariwal(Huf) vs Union of India on 4 January,2022 para 67 of the judgment read- indiankanoon.org

⁶ Budget 2023; Taxes on cigarettes hiked by 16%- <https://www.zeebiz.com>

Yes sin tax helps the government to reduction the regulation of sin goods in the society , If the tax is high on some harmful products people will a chance to loss the interest of using such products. Because of using tobacco, drinking alcohol, pan masala would cause cancer, lever failure and many incurable disease to the people who used that at the same time smoking smell of cigarette would cause disease to the people who smell the smoke. Therefore sin goods not only affect the using people it causes lost to the public also.

2.IT HELPS TO REDUCE DOMESTIC CRIME :

We well know about the drinker person, the person one who don't know what has happened in the tonight . In Indian it is commonly happening the disputes between husband and wife , son and father, mother and son . many adults are addicted by the sin goods which causes unhappy situation in many family after drunk the person lost their conscience they done what he thought but which may disturb the other members of the family. But if the harmful goods are high ,such goods may hated by the users.

3. INCREASING GOVERNMENT REVENUE:

Tax imposed to the sin goods like tobacco ,alcoholic drinks ,etc.. are directly went to the hand of government it helps to increase the revenue of the government. The tax collected from such goods used for the awareness programs which are about against the use of sin goods.

CONCLUSION

After we analyzing the facts about the sin tax in India we have Reached the conclusion how sin goods are regulated by the sin tax. It is necessary to collect the tax because The Tax creates the tax burden to the person who uses the sin goods. But the pity truth in India lots of people ready to paid the high cost of amount for the sin goods especially Alcohol . If the approximate rate of bottle is 200 many underground agents are bought the Alcoholic Items and sold it for RS.250 or Rs.270 , the person who couldn't go to the wine shop, buying the drinks, expensive rate because they are totally addicted or to swallowed into the sin goods. Yes we can agree SIN Tax is needed it helps to reduce the sin goods users in the society at the same time It cannot abolish sin goods and sin goods free society.