

A DETAILED STUDY ON IMPACT OF GST IN INDIA

POONAM SHARMA

Research Scholar, Rabindranath Tagore University, Bhopal (M.P) India
22poonamsharma1991@gmail.com

ABSTRACT

The Goods and Services Tax (GST) is a value added tax to be implemented in India, the decision on which is pending. GST is the only indirect tax that directly affects all sectors and sections of our economy. Ignorance of law is no excuse but is liable to penal provisions, hence why not start learning GST and avoid the cost of ignorance. Therefore, we all need to learn it whether willingly or as compulsion. The goods and services tax (GST) is aimed at creating a single, unified market that will benefit both corporate and the economy. The changed indirect tax system GST-Goods and service tax is planned to execute in India. Several countries implemented this tax system followed by France, the first country introduced GST. The GST Implementation is not yet declared by government and the drafting of GST law is still under process and a clear picture will be available only after announcement of Implementation. In 2011, the previous United Progressive Alliance (UPA) Government also introduced a Constitution Amendment Bill to facilitate the introduction of the GST in the Lok Sabha but it was rejected by many States. In this article we discussed the pros and cons of the GST in the Indian Regime.

Keyword: Coordinating GST, VAT, UPA, Government and Implementation

INTRODUCTION:

The proposed Goods and Services Tax (GST) is said to replace all indirect taxes levied on goods and services by the Government, both Central and States, once it is implemented. The GST will consolidate all State economies. It will be one of the biggest taxation reforms to take place in India once the Bill gets the official green signal. MEANING-GST .The GST is basically an indirect tax that brings most of the taxes imposed on most goods and services, on manufacture, sale and consumption of goods and services, under a single domain at the national level. In the present system, taxes are levied separately on goods and services. The GST is a consolidated tax based on a uniform rate of tax fixed for both goods and services and it is payable at the final point of consumption. At each stage of sale or purchase in the supply chain, this tax is collected on value added goods and services, through a tax credit mechanism. DEFINITION OF GST “GST is a tax on goods and services with value addition at each stage having comprehensive and

continuous chain of set of benefits from the producer's / service provider's Darling and Dagger of GST In Indian Regime IMIRJ, II (1) ISSN: 2456 - 4613 148 point up to the retailers level where only the final consumer should bear the tax.

OBJECTIVES:

1. Ensuring availability of input credit across the value chain
2. Minimizing cascading effect of taxation
3. Simplification of tax administration and compliance
4. Harmonization of tax base, laws, and administration procedures across the country
5. Minimizing tax rate slabs to avoid classification issues

SCOPE OF GST

- All goods and services are covered under GST Regime except Alcoholic liquor for Human Consumption,
- Tobacco Products subject to levy of GST and Centre may also levy excise duty GST Council yet to decide the incidence and levy of GST on following

- a) Crude Petroleum
- b) High Speed Diesel (HSD)
- c) Motor Spirit (Petrol)
- d) Natural Gas e) Aviation Turbine Fuel

Positive Impact of GST in India

- GST will add to the government revenues by extending the tax base. All indirect taxes will come under one roof.
- It will curb circulation of black money. This can happen only if the "kacha bill" system, normally followed by traders and shopkeepers is put to check.
- GST will create corruption free environment in the country.

GST will provide credit for the taxes paid by producers in the goods or services chain. This is expected to encourage producers to buy raw material from different registered dealers and is hoped to bring in more vendors and suppliers under the purview of taxation.

Negative impact of GST in India:-

- The number of GST returns that each firm has to file is quite high which requires ample staff for maintaining the documents.
- For effective implementation of GST tax administration Staff – both at central and state levels – would require to be trained properly in terms of concept, legislation and procedure.
- Being a new tax, it will take some time for the people to understand it completely.
- It is a consumption based tax, so in case of services the place where service is provided needs to be determined. Proper invoicing and accounting needs to be done to ensure better compliance.
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Literature Review

1. World Bank (2018) and all other research study on “GST in India” concluded that the Indian GST system is among the most complicated ones in the world, with its high tax rates and a larger number of tax rates and negative impact on its economy.
2. Rathod M (2017) in his paper “An Overview of Goods and Service Tax (GST) In India” concludes that GST will be a step towards a developed India benefiting too many parties and entire nation.
3. Nitin Kumar (2014) mentioned in his research paper that implementation of GST will try to remove all the shortcomings of present tax structure in India in his research paper “Goods and Service Tax in India-A Way Forward”
4. Monika Sehrawat and Upasana Dhanda (2015) in “GST in India: A key tax reform” concluded that introduction of GST will undoubtedly boost the Indian economy but focus should be given on rational design of GST model and timely implementation.

Research Methodology:-This study is descriptive in nature because here we have explained the probable impact of GST on different sectors. For this secondary data has been collected through different articles, research papers and reports published about GST. So this study highlights opportunities and challenges going to occur to different sectors due to GST

Objectives of the Study

- To study the positive and negative impact of GST on Indian Economy.
- To study about Goods and Service Tax and its impact on the economy.

Data Collection:-This paper is a descriptive paper based on secondary data collected from different books, news-paper articles and research journals.

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