

A Comprehensive Analysis of Goods and Services Tax (GST) in India

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Abstract - The term "Tax" which is imposed by the govt. on public for welfare of society. It is mandatory financial burden impose on individual or legal entity. It is the concept where the money paid by the public to the govt. which is used to provide public services. The Goods and Services Tax (GST), come in force and adopted by india on July 1, 2017, is regarded as a major taxation changes till date adopted in India since independence. GST was planned to be implemented in April 2010, but was postponed due to political issues and conflicting interest of stakeholders. The primary objective behind development of GST is to subsume all sorts of indirect taxes in India like Central Excise Tax, VAT/Sales Tax, Service tax, etc. and implement one taxation system in India.

Need of GST is required because in any welfare state, it is the prime responsibility of the Govt. to fulfill the increasing developmental needs of the country and its people by way of public expenditure. Money raised by taxation to carry out many functions such as: Infrastructure, Education, Health, Military, Defense and other socio-economic objectives of the Govt.

A tax may be defined as a "pecuniary burden laid upon assesses to support the govt, a payment exacted by proper authority to whom the power is given by the constitution. A tax is not voluntary payment or donation, but it is a contribution which is given by the people to the govt for the welfare of the society. In simple words, tax which is given to the govt by the public for providing public services.

The key words: Tax, Indirect Tax, Goods & Service Tax (GST), Taxation Reforms, GST Council

I. INTRODUCTION

In the GST Regime, the major indirect taxes have been subsumed in the ambit of GST. The present concept of manufacture or sale of goods or rendering of services are no longer applicable since the tax is now levied on "Supply of Goods and/or Services". Indirect taxes are a major source of tax revenues for Govt. worldwide and continue to grow as more countries move to consumption oriented tax regimes. In india, indirect taxes contribute more than 50% of the total tax revenues of Central and State Govt. It is levied on commodities at the time of supply, manufacture or purchase or sale or import/export thereof. Hence, it is also known as commodity taxation. Tax imposed on commodities and services causes an all-round price spiral. In other words, indirect taxation directly affects the prices of commodities and services and leads to inflationary trend. Generally, the indirect taxes are regressive in nature. The all class of people to pay the same rate of taxes on certain goods.

India has adopted a dual GST which is imposed concurrently by the Centre and States, i.e. Centre and States simultaneously tax goods and services. Centre has the

power to tax intra-State & States are empowered to tax services. GST extends to whole of India including the State of Jammu and Kashmir. Following is the mean of CGST/SGST/IGST:

CGST Stands for Central Goods & Service tax, it is levied & collected by the central govt.

SGST Stands for State Goods & Service tax, it is levied & collected by the state govt.

IGST Stands for Integrated Goods & Service tax, it is levied & collected both by the central govt. & state govt of respective states. It is basically charged on inter-state supply of goods or services.

II. RESEARCH METHODOLOGY

This paper is based on exploratory research technique and data cited in this paper were collected via secondary sources available like statistical data available on various websites of Indian Government like Finance Ministry (finmin.gov.in), GST Council (gstcouncil.gov.in), GST Council Archives (gstindia.com), and many more ; literature review from journal papers ; annual reports ; newspaper

reports ; and wide collection of magazine based articles on GST. Based on the analysis of above mentioned data collection sources, the objectives of the study are defined and research design is drafted which is highly descriptive in nature.

III. OBJECTIVES OF THE RESEARCH UNDERTAKEN

The research has been undertaken and presented considering the following Objectives:

To gain an basic understanding of GST taxation system evolution.

To Understanding the Introduction of GST in India

To furnish the information for future research on GST based taxation system.

To evaluate the advantages and challenges surrounding GST.

IV. GENESIS OF GST IN INDIA

16-07-2004 Dr. Kelkar Task Force recommended the need of a National GST

28-02-2006 Union FM moots the idea of GST from April, 2010

19-12-2014 Constitutional (122nd Amendment) Bill, 2014 introduced in Lok Sabha

The talks of ushering in GST gained momentum in the year 2014 when the NDA Government tabled the (122nd Amendment) Bill, 2014 on GST in the Parliament on 19th December, 2014.

08-09-2016 It is introduced as Constitution (101st Amendment) Act, 2016. The GST is governed by GST Council and its Chairman is Union Finance Minister of India – Arun Jaitley

12-04-2017 Central GST Legislations- CGST Bill 2017, IGST Bill 2017, UTGST Bill 2017, GST (Compensation to states) Bill 2017 received assent of President and Bills enacted.

01-07-2017 Implementation of GST across India

GST is all set to roll out by 1st July 2017

V. BENEFITS OF GST IN INDIA

GST is a win-win situation for the entire country. It brings benefits to all the stakeholders of industry, Govt. and the consumer.

1. Creation of unified national market: GST aims to make India a ordinary market with common tax rates and procedure and remove the financial barriers thus paying the way for an integrated economy at the national level.

2. Mitigation of ill effects of cascading: By subsuming most of the Central and States taxes into a single tax and by allowing a set-off of prior-stage taxes for the transaction across the entire value chain, it would mitigate the ill effects of cascading, improve competitiveness and improve liquidity of the businesses.

3. Elimination of multiple taxes and double taxation: GST has subsumed majority of existing indirect tax levies both at Central and State level into one tax i.e. GST which is leviable uniformly on goods and services. This will make doing business easier and will also tackle the highly disputed issues relating to double taxation of a transaction as both goods and services.

VI. CONCLUSION

All sectors in India-manufacturing, service, telecom, automobile and small SMEs will bear the impact of GST. One of the biggest taxation reform-GST will bind the entire nation under a single taxation system rate. As forecasted by experts, GST will improvise tax collections and boost up India's economic development and break all tax barriers between Central and State Governments. No doubt, GST will give India a clear and transparent taxation system, but it is also surrounded by various challenges as discussed in this paper. There is need for more analytical based research for successful implementation.

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