

Goods and Services tax (GST) in India Opportunities and Challenges

Dr. Kamlesh Kumar*

India as world's one of the biggest democratic countries follows the federal tax system too heavy and collection of various taxes. Different types of indirect taxes are levied and collected at different points in the supply chain. The center and the states are empowered to levy respective taxes as per the Constitution of India. The Value Added Tax (VAT) when introduced was considered to be a major improvement over the pre-existing central excise duty at the national level and sales tax. System at the state level. Now the Goods and Services tax (GST) will be a further significant breakthrough in the next logical step towards a comprehensive indirect tax reform in the country. The replacement of the central excise duty of the government of India by Central Value Added Tax (CENVAT) and sales tax. System of the state government by the VAT marked a major milestone in the return process of indirect tax in India. It addressed the cascading effect under the while system by giving set off for tax paid on inputs as well as tax paid on previous purchases and resulted in a major simplification of the rate structure and broadening of the tax base. But both the CENVAT and the State VAT have certain incompleteness. Though a number of initiatives by the various machineries of the central government, the present taxation regime is marked as cumbersome. Complicated and unfriendly it is in this perspective.

G.S.T.: Goods and Service Tax is indirect tax introduced by Sri Narendra Modi, Prime Minister of India on 1st July 2017.

Goods and Service Tax is a comprehensive tax levy on manufacture sale and consumption of Goods and Service. GST is termed as biggest tax return in India. Tax structure it will not be an additional tax, it will include central excise duty, service tax, additional duties of customers at the central level VAT, central sales tax, entertainment tax, oct state, surcharge, luxury tax, lottery tax and the surcharges on supply of Goods and Service. The purpose of GST is to replace all these taxes

*Assistant Professor Deptt. Of Commerce Dr. J. Mishra College, Muzaffarpur

with single Comprehensive tax bringing it all under single umbrella. The purpose is to eliminate tax on tax.

The Rajya Sabha Unanimously passed the constitution (22nd amendment) bill 2014. On 3rd Aug 2016. With 200 votes in favour. All parties except the AIADMK backed the bill. GST would be a comprehensive indirect tax on manufacture consumption and sale of Goods and service throughout India to replace taxes levied by central Govt and State Govt. GST would be levied and collected at each stage or sale or purchase of Goods and services. Taxable Goods and service are not distinguished from one another and are taxed at single rate in supply chain till Goods and services reach the consumer. The easy passage was facilitated by congress after the Govt made key changes including scrapping of one percent manufacturing tax and incorporating clearance provision for compensating state for revenue cost loss for five year. Mr. Arun Jaitley, Finance Minister of India assured the house that the tax rates would kept as low as possible. Today same taxes are levied by the State Govt. and some are levied by Central Govt. How nice will it be of them is only one Unified tax rate instead of All these taxes. GST is applied on Goods and services at the place where actual consumption happens. It is based on the Destination Principle. GST would be levied and collected at each stage of sale or purchase of Goods and Services. Goods and services are not distinguished and are taxed at single rate in supply chain till the Goods and services reach consumer. It is the consumer of Goods and service who bears the tax. The manufacturer as wholesaler or retailer will pay the applicable GST rate but will claim back through tax credit mechanism.

Administrative responsibility would be generally rest with single authority to buy tax on Goods and services. Under the current system levies are charged at multiple points and by different authorities for example at the police check points by State Govt agencies at Inter-State borders. This encourages corruption that a common nation wide tax is expected to eliminate. It is believed that It would make the tax Procedure more fair transparent and efficient. The current tax structure does not allow business person to take tax credit. There are many chances of overlapping or doubling of taxation at every step of supply chain. This will be eliminated with the implementation GST. Indian Govt. is opting for dual system of GST. This system will have two components which will be known as :-

- (i) Central goods and service Tax (CGST)
- (ii) State Goods and service Tax (SGST)

The current taxes like excise duties service, Tax, custom duty, etc. will be merged under GST. The taxes like sale tax, entertainment tax VAT and other State taxes will be included in GST

Feature of GST :-

- GST will subsume central Indirect taxes like excise duty services tax etc. and also state levie like VAT, octroi entry tax luxury tax etc.
- It will have two components central GST levied by centre and State GST levied by the States.
- Only centre may levy and collect GST on supply in case of Inter state trade and collection of tax will be divided between centre and State.
- A two rate structure will be adopted It means lower rate for necessary items and Goods of basic importance and a standard rate for Goods in General There will also be special rate for precious metals and a list of exempted items.
- Over lapping of tax, tax will be eliminated with GST.
- Both Goods and Service are taxed in same manner in chain of supply till. They are reached to consumer They are not distinguished under GST

Objectives of GST :-One of the main objectives of GST would be eliminate the Cascading impact of Taxes on production and distribute cost of Goods and services. The exclusion of cascading effects i.e. tax on tax. Will significantly improve the competitiveness of original Goods and services which leads to bential impact to the GDP growth It is felt that the GST would service a superior reason to achieve the objective of streamlining indirect tax regime in India which can remove cascading effects in supply chain till the level of final. Consumers only where all such above mention indirect taxes are completely included in GST. It is understood that alcohol tobacco and petroleum product.

Objective of the Study

1. To study the inexplicit opinions among the Manufactures, traders and society about the Goods and Services Tax (GST).
2. To study about the Challenges of Introduction of Goods and Service Tax (GST in India)
3. To study on Prospects in Implementation of Goods and services Tax (GST) in India.

Table 1 : Taxes At the Centre And State level Are Being Subsumed into GST.

S. No.	At the Centre	State Level
1	Central Excise Duty	a. Subsuming of State Value Added Tax/Sales Tax
2	Additional Excise Duty	b. Entertainment Tax (other than the tax levied by the local bodies), Central Sales Tax (levied by the Centre and collected by the States).
3	Service Tax	c. Octroi and Entry tax
4	Additional Customs Duty commonly known as Countervailing Duty and	d. Purchase Tax
5	Special Additional Duty of Customs	e. Luxury tax, and

The above table shows list of taxes centre and state level are being subsumed into GST Keeping in mind the federal structure of India, there will be two components of GST – Central GST (CGST) and State GST (SGST). Both Centre and States will simultaneously levy GST across the value of chain. Tax will be levied on every supply of goods and services. Centre would levy and collect Central Goods and Services Tax (CGST), and States would levy and collect the State Goods and Services Tax (SGST) on all transactions within a State. The input tax input credit of CGST would be available for discharging the CGST liability on the output at each stage. Similarly, the credit of SGST paid on inputs would be allowed for paying the SGST on output. No cross utilization of credit would be permitted.

Table 2 : List of Asian Countries Implementing Vat/GST

No.	Country	GDP Per Capita (World Bank, 2011, USD)	Year of Implementation	Current Rate (%)
1	Bangladesh	743	1991	15.0
2	China	5,445	1994	17.0
3	India	1,509	2005	12.5
4	Iran	NA	2008	5.0
5	Japan	45,993	1989	5.0
6	Jordan	4,666	2001	16.0
7	Kazarkhstan	11,357	1991	12.0
8	Kyrgyzstan	1,124	1999	20.0
9	Lebanon	9,413	2002	10.0
10	Mongolia	3,129	1998	10.0
11	Nepal	619	1997	13.0
12	Pakistan	1,189	1990	16.0
13	Papupa New Guinea	1,845	2004	10.0
14	South Korea	22,424	1977	10.0
15	Sri Lanka	2,835	2002	12.0
16	Taiwan	NA	1986	5.0
17	Tajikistan	935	2007	20.0
18	Turkmenistan	5,497	1993	15.0
19	Uzbekistan	1,546	1992	20.0

The above table shows List of Asian Countries Implementing VAT / GST Worldwide in almost 160 countries there in GST / VAT, Under the GST scheme, no distinction is made between goods and services for levying of tax. This means that goods and services attract the same rate of tax. But at present India is planning tax rate at 5%, 12% and 18% which will bring 8 Lakh Crore revenue to the government. Under the GST scheme, a person who was liable to pay tax on output, whether for provision of service or sale of goods, is entitled to get input tax credit (ITC) on the tax paid on its inputs. Thus, it would definitely a positive reform for the. Indirect tax system in India.

Table 3 :States in India Who confirm Goods And Service Tax (GST) Constitution Amendment Bill.

S. No.	State	Passed On
1	Assam	12 th August, 2016
2	Bihar	16 th August, 2016
3	Jharkhand	17 th August, 2016
4	Himachal Pradesh	22 nd August, 2016
5	Chhatisgarh	22 nd August, 2016
6	Gujarat	23 rd August, 2016
7	Madhya Pradesh	24 th August, 2016
8	Delhi	24 th August, 2016
9	Nagaland	26 th August, 2016
10	Maharashtra	26 th August, 2016
11	Haryana	29 th August, 2016
12	Sikkim	30 th August, 2016
13	Telangana	30 th August, 2016
14	Mizoram	30 th August, 2016
15	GOA	31 st August, 2016
16	Odisha	1 st September, 2016
17	Puducherry	2 nd September, 2016
18	Rajasthan	2 nd September, 2016
19	Andhra Pradesh	8 th September, 2016
20	Arunachal Pradesh	8 th September, 2016
21	Meghalaya	9 th September, 2016
22	Punjab	12 th September, 2016
23	Tripura	26 th September, 2016

The table shows List states in India who confirm of implementing goods and service tax (GST) Constitution amendment bill in their

respective states by doing so it will bring harmonization of taxation system in India.

Benefits of GST :-

1. GST provide comprehensive and Wider coverage of in put credit set off you can use service tax credit for the payment of Tax on sale of Goods etc.
2. CST will be removed and need not pay At present there is no input tax credit available for CST.
3. Many Indirect taxes in state and central level by GST you need to pay a single GST Instead of all.
4. Uniformity of tax rates across the States.
5. Ensure better compliance due to aggregate tax rate reduces.
6. By reducing the tax burden the competitiveness of Indian. Product in international market is expected to increase and There by development of the nation.
7. Prices of Goods are expected to reduce in the long run the benefits of less tax burden would be passed on to the consumer.

GST : OPPORTUNITIES :-The Introduction of Goods and Service tax (GST) in India is now on the horizon. The constitution Amendment Bill to replace existing multiple indirect taxes by Uniform GST across India.

1. The current Indirect tax structure is major impediment in India Economic growth and competitiveness. Tax barriers in the form of CST entry tax and restricted input tax credit have fragmented the Indian market cascading effects of Taxes on cost make indigenous manufacture less attractive complex multiple taxes increase cost of compliance In this scenario the introduction of GST is considered.
2. Removal of Tax barriers on Introduction of Uniform GST across the country with seamless credit will make India. A common market leading to economy of scale in production and efficiency in supply chain. It will expand trade and commerce GST will have favorable impact on organized logistic industry and modernized warehousing .
3. Electronic processing of tax returns refunds and tax payment through GST NET without human intervention will reduce corruption and tax evasion Built in check on business transactions through seamless credit and return processing will reduce scope for black money generation leading to productive use of capital.

4. Major beneficiary of GST would be sectors like FMCG parmaconsumer Durable and Automobiles and warehousing and logistric industry.
5. High inflationary impact would be on telecom banking and financial services air and read transport construction and development of real estate.

GST : CHALLENGES :-

1. Note ban has huge impact on the Goods and services Tax (GST) a serious doubt on implementing GST by the central Government targeted deadline of 1 April, 2017.
2. The impact of the November 8 demonetization of high value currency of their respective Economics to underline that it is not the appropriate time to implement that could have a Unstable effect on the Economy.
3. The centre continues to be Uncompromising on the issue of Jurisdiction over accesses the States maintain.
4. Political reasons are deterring the fate of GST. Which is not the correct thing because ideally GST is an economic and tax reform and economic and tax reforms should not be dictated by political.
5. Manufacture trades and society are eagerly waiting not only for the date of Introduction of GST but also for the rate application to the products and services.
6. GST will also have impact on cash How and working capital cash flow and working capital of business organizations. Which maintain high inventory of Goods in different states will be adversely attached as They will have to pay GST at full rate on stock transfer from one State to another currently CST / Vat is payable on sale and not stock transfers.
7. Implementation of GST in unorganized sectors i.e. unregistered firm will be Unfavorable to Government.

Research Methodology :-The Researchers used an exploratory research technique based on past literature from respective journals, annual reports, newspapers and magazines covering wide collection of academic literature on Goods and Service Tax. According to the objectives of the study, the research design is of descriptive in nature. Available secondary data was extensively used for the study.

Conclusion :-It can be concluded from above discussion that GST will bring one Nation and one Tax market provide relief to producers and

consumers by providing wide and compressive coverage of input tax credit set off service tax set off and subsuming the several taxes Efficient formulation of GST will lead to resource and revenue gain for both centre and states majorly through widening of Tax base and improvement in tea. Compliance It can be further conducted that GST have a positive impact and various sectors and Industry. Although implementation of GST regains concentrated efforts of all stake holders namely, central and State Government, trade and industry Electret processing of Tax returns refunds and tax payment through GST NET without transactions through seamless credit and return. Processing will reduce scope for black money generation leading to Productive use of capital. Therefore It is necessary on the part of the Government to educate conduct proper training contirous. Seminars and workshop on GST is need of the hour. There is Threat of inflation too and states may face reduction in their financial resources But over all it will be a great change. It is a good sign that in 1st month after introducing GST rupees 92, 283 crores was collected which is excess of the farget There will be no any variation of any Goods and services from one State to another State in India.

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