



RESEARCH ARTICLE

GST – GOODS AND SERVICES TAX.

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Abstract

GST is a single indirect tax for the whole nation, one which will make India a unified common market. It is a single tax on the supply of goods and services, right from the manufacturers to the consumers. It is a broad based consumption tax. Under GST country will move to ‘One Nation, One Tax’ regime. Under GST, GST Council has approved four main tax slabs.....5%, 12%, 18% and 28%. that aim to lower tax incidence on essential items and to keep the highest rate for luxury and demerit goods. The main aim of the paper is to highlights the various features of GST, what is GST, How it is Implemented by the Govt, why GST is needed, which are the main taxes subsumed under GST, what are the main benefits and demerits of GST. According to the finance minister ArunJaitley, GST will boost Economic growth by as much 2 percent. This will, in turn, reduce the budget deficit and help the Govt to allocate more funds for development project. To study the objectives, secondary tools were used, which includes Books , Journals, Newspapers, Internet, Google scholar.

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Introduction:-

“GST BILL KA KRO SWGAT, ISSE MILEGI ECONOMY KO TAKAT”

The Goods and Services tax (GST), India’s biggest tax reform since Independence, was rolled out on 30th June 2017 midnight in the parliament’s central Hall. GST is being magnified as a system of taxation by which Economy will take an upward swing and further it will ease the trade and industry with respect to the indirect tax system of the country. “Only One” indirect tax has to be paid by the trade and industry and all the other indirect taxes will be subsumed in GST.

Research Methodology:-

1. Secondary tools are used to collect the information.
2. Use of books, Journals, Newspapers, Internet is being done to collect the relevant information.

What Is Gst:-

It is a single indirect tax for the whole nation, one which will make India a unified common market. It is a single tax on the supply of goods and services, right from the manufacturers to the consumers. GST is a broad based consumption tax. Many developing and emerging economies have been transforming their tax revenue bases by progressively moving from direct taxes to consumption taxes such as GST in recent year.

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Currently tax rates differ from state to state. GST will ensure a comprehensive tax base with minimum exemptions, will help industry, which will be able to reap benefits of common procedures and claim credit for taxes paid. The GST council has approved four main tax slabs 5 percent, 12 percent, 18 percent and 28 percent that aims to lower tax incidence on essential items and to keep the highest rate for luxury and demerit goods. The lowest rate of 5% will be on items of mass consumption which are used particularly by common people. 12% and 18% will accommodate most of the goods and services. 28% is levied mainly on white goods such as refrigerators, washing machines etc.

Why Gst Needed :-

GST will break the complicated structure of separate central and state taxes which often overlap with each other to create a uniform taxation system. Which will be applicable across the country. Now Taxes will be implemented more effectively since a network of indirect taxes like excise duty, Service tax, Central Sales tax, value added tax (VAT) and octroi replaced by one single tax. The state still have a say in taxation, as the number of taxes reduced to three with Central GST (CGST), State GST (SGST) and Integrated GST (IGST) for inter-state dealings.'

Important Features Of Gst :-

1. GST is a value added tax, levied at all stages of the supply chain , right from manufactures to final consumption.
2. GST is applicable on the supply of goods and services, as against the concept of tax on the manufacture and Sale of goods or provision of services.
3. GST has applied to both goods and services barring a few exceptions.
4. GST is a destination based consumption tax i.e., tax would accrue to the taxing authority which has jurisdiction on place on consumption.
5. Inter-State supplies within India would attract an Integrated GST.

Taxes Subsumed Under Gst :-

Central Level :-

1. Central Excise duty
2. Additional excise duty
3. Service tax, additional custom duty commonly known as countervailing duty.
4. Special additional duty of customs.
5. Cesses and surcharges (excepts clean and energy cess)

State Level :-

1. State Value added tax/ sales tax
2. Central sale tax
3. Entertainment and Amusement tax
4. Octroi and entry tax
5. Purchase Tax
6. Luxury tax
7. Taxes on Lotteries, betting and gambling
8. State cesses and surcharges in so far as they relate to Supply of goods and services
9. Taxes on advertisements

Positive Aspect Of Gst :-

1. GST helps to eliminate 'tax on tax' or the cascading impact of tax, thus bringing down the overall cost of goods.
2. It can bring more transparency and better compliance.
3. More business entities will come under the tax base. This may lead to better and more tax revenue Collections.
4. Companies which are under unorganized sector will come under tax regime.
5. Number of Departments will reduce which in turn may lead to less corruption.
6. In the current regime , tax rate vary from state to state. So companies often choose warehouses for their inventory based on tax considerations. Under GST, the country will move to 'One Nation, One Tax' regime, giving companies freedom to set up their own warehouses to optimize cost and improve customer services.
7. Transportation cost could also fall due to reduction in long and winding queues at border check points and other entry point within and between the states.
8. GST could also boost exports by making Indian goods competitive in global markets.

9. GST boost India's GDP by 1.5-2% over the long term.
10. GST will deliver significant benefits by improved taxation efficiency and ease of doing business and will convert India into one common market.

Negative Aspect :-

1. GST is being referred as a single taxation system but in reality it is dual tax in which state and centre both collect separate tax on the single transaction of sale and service.
2. Small traders may not have access to internet and computers and may be left out.
3. GSTN and IT network for GST, can have privacy and security related issue.
4. Local dealers have to pay CGST in addition to SGST.
5. The collection of RNR (Revenue Neutral Rate) is very difficult and further Govt. wants to enhance its revenue, hence rate of tax will be a problem.
6. A system can make a revolution in the economy of the country is "Rarest of the Rare" thing.

Conclusion:-

In the end we can say that GST has successfully implemented by the Govt. But still there are some challenges before GST in India such as: legacy Issues, non harmonization of tax rates, lack of automation, lack of skilled officials, Lack of Cross verification with other administration, lack of mechanism to control evasion, impact on prices. Apart from this we can say that GST is a Commendable move of the Govt of India. which provides benefits to consumers and strengthening the sense of nationhood and unity.

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