



GOODS AND SERVICE TAX IN INDIA ITS CHALLENGES AND OPPORTUNITIES

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ABSTRACT

The Indian economy is looking at a systematic and focused effort to implement the Goods and Services Tax (GST) without delay. Although the service sector contributes 60% to GDP, the impact of GST on the service sector is likely to be severe. GST is the largest indirect tax reform since independence. With India's ability to change the landscape of indirect taxation and its impact on the economy as a whole, GST is the only indirect tax that directly affects all sectors and components of our economy. Ignorance of the law is not an excuse but they are responsible for the provisions of the panel, so don't start learning GST and avoid the cost of ignorance. So we all need to learn voluntarily or compulsorily. The Goods and Services Tax (GST) aims to create a single, integrated market that will benefit corporations and the economy.



KEYWORDS: *Indian economy, Goods and Services Tax (GST), integrated market.*

INTRODUCTION

The introduction of VAT at the central and state levels is considered an important milestone in India's indirect tax reform. If there is a greater improvement in VAT than the existing central excise duty and state level sales tax system at the national level, then the Goods and Services Tax (GST) is an additional significant achievement that leads to wider indirect tax reform. Initially, it was decided to impose a national goods and services tax, but with the announcement of the first discussion paper by a strong committee of state finance ministers, it became clear that the "double GST" would be implemented in India. The Center and the states will levy taxes on goods and services through them. Nearly a hundred countries have implemented GST. Countries like Singapore and New Zealand are taxed at the same rate. Indonesia has five positive rates, zero rates and more than 30 types of discounts. In China, GST is applicable only for the provision of goods and for repair, replacement and processing services. There is no discrimination between goods and services for taxation under the GST scheme. GST is a multi-tiered tax where the burden of taxation is imposed on the consumers of goods / services. This is called value added tax because value added tax is paid at each stage. Under the GST scheme, a person who is responsible for paying tax on his product, whether it has been provided for service or sale of goods, is entitled to receive input tax credit (ITC) on the tax paid on his input.

Initially, it was envisaged to be a national goods and services tax, however, when a strong committee of state finance ministers issued the first discussion paper on 10.11.2009, it was clarified that there would be a tax, taxes on goods and services from both the Centre and the State "Double GST" in India has brought some GST. In countries like Singapore and New Zealand, virtually everything is taxed at the same rate, while in Indonesia five positive rates, one zero rate and more than 30 In China, GST is applicable only on the provision of goods and repair, replacement and processing services.

CONCEPT OF GST:

Nearly 150 countries in the world have GST or VAT, which means tax on goods and services. There is no discrimination between goods and services for taxation under the GST scheme. In other words, goods and services taxes attract the same rates. GST is a multi-tiered tax where the burden of taxation is imposed on the consumers of goods / services. This is called value added tax because value added tax is paid at each stage. Under the GST scheme, a person who is responsible for paying tax on his product, whether it has been provided for service or sale of goods, is entitled to receive input tax credit (ITC) on the tax paid on his input.

LITERATURE REVIEW:

McMahon P. and the McIntyre A. (2000) authors discussed the difficulties in taxing financial services in indirect taxation due to issues in evaluating these services. The problem is that the margins or returns on financial services are both for lending and bringing together lenders and lenders. However, it is almost impossible for everyone to separately split returns. He further discusses how the 'discount' approach to financial services increases the cost of financial services, as service providers are unable to take advantage of ITC in providing 'discounted' financial services. The paper also discusses other approaches followed by Australia's reduction of ITCs e.g. Currently, ITCs subject to certain conditions are 75% allowed. This paper also discusses the Australian system, which includes concepts such as the provision of services, the location of financial services that are taxed separately.

Poddar and Ahmed E (2011) are discussed how the implementation of dual GST is, in place of the service supply rules of the proposed GST in India, especially the accepted services. Taxes have to be levied between states and the centre. Etc. The authors have discussed the alternatives of implementing double GST, which may be dual GST, national GST or state GST. Concurrent dual GST was a good option only when GST is applied to both goods and services. Another option was explored where central GST would be on goods and services but state GST would be on goods only as it would be difficult to collect GST in services.

Srivastava A.K., Srivastava R.K. and Taqvi S.M.A. (2013) are concluded in their study while the applicability of taxes is the prescribed limit for annual turnover, some goods and services have been exempted under GST. Annual turnover threshold for goods and services will be 10 lakhs for SGST and CGST thresholds for goods will be 1.5 crore and service will have a different threshold, whichever is appropriate. It is assumed that the total CGST and SGST will be 20%.

CHALLENGES:

- **Tax Limit:** The limit on which GST will be levied will be a zone which should be carefully considered. First of all, the edge should not be too short to consider harassing private enterprises and expert colleagues. This similarly creates the position of government property for a reasonable amount of income, which can be more expensive than the combined amount. The main consequence of determining the edge of the assessment is that the administration generally receives a lower income, highlighting the fact that the duty base is seldom covered, and, moreover, that it may affect smaller and all other generating states that currently limit tolls to the VAT system.
- **Types of Taxes:** The most commonly noted costs for GST are Extract Binding, Extract Liability and Extract Liability, Administration Assessment and State Level VAT. Notably, various other state and association fees have not yet come out of GST.

- **Taxation:** The facts regarding the use of GST confirm that it will be the economy of the nation and still the state needs to consider the GST rate. The facts show that the rate of expenditure should be indicated by the state as a precondition for subsidy. At any stage states feel that in order to raise more revenue for extended expenses they must have the ability to draw conclusions on how to generate revenue in a perfect world.
- **Tax Management and Infrastructure:** How to make GST basic is contingent on the state and the organization. The approach to any assessment change or the achievement of administrative measures depends on the fundamental efforts of the framework, which demonstrates a high level of similarity with regulatory measures and arrangements.

Opportunity:

- **Terrible consequences:** This will be an important commitment in exchange for GST. Round tax collection at different state and local levels is mandatory until the current use of the inventory network.
- **Union and State Level Revenue Increase:** Implementation of GST will expand the duty base but will also reduce cost rates and divert diversification, giving higher revenue to both the states and unions.
- **Eliminates the multiplicity of taxation:** One of the major benefits a taxpayer expects from GST is the multiplication of taxes. Reducing the number of taxes in the chain of transactions will help remove the current confusion created by existing indirect tax laws.
- **One point one tax:** Another component of GST is 'focus'. This gives the business network a great deal of comfort and reassurance that they will focus on the business as opposed to stressing out some of the other costs that come up in the later stages. This will help the shipper network to predict their store network, examples, and help shoppers stay serious for the long term, and evaluation will never be a component of cost factors, but business knowledge and progress.
- **Reduce Corruption:** This is a major problem and it has spread all over India. As long as political will does not exist, we cannot have any concrete expectations. This will be a step towards a corruption free Indian Revenue Service.

Silent features of GST:

- **Taxation:** State GST (SGST) and Central GST (CGST) will be levied simultaneously on transactions of goods and services.
- **Levy Usage:** Levy in State GST (SGST) and Central GST (CGST) will be part of State and Centre respectively and cross-use will not be allowed.
- **Tax credit availability:** In respect of taxes on any supply of goods or services or, of course, used or used in business.
- **Tax Destination:** GST is a destination based tax on the use of goods and services. Therefore, the credit of SGST will be transferred to the destination state as Integrated GST (IGST). IGST will apply to all interstate transactions.
- **Assessment:** Under the GST Act, the taxpayer is allowed to make his own assessment and the registered person will be allowed to file a return for each tax period.
- **Threshold Limit:** There will be a tax threshold (currently, 10 lakhs in the North-eastern States and 20 lakhs in the rest of the counties).
- **GST and GSTIN Identification Numbers:** Each registrar or dealer (including exporters and importers) will be given a PAN based TIN number which is the same for both State GST and Central GST.
- **Reimbursement of States:** As per GST Act, provision is made to reimburse the loss of revenue incurred within a period of 5 years from the imposition of Goods and Services Tax.

- **GST Council:** The Council is a judicial body of the States and Centres, represented by the Minister of State or Minister of Taxes and the Minister of Finance of India. The key role of the Council is to make recommendations to the State and the Centre on various provisions of the GST Act.
- **Anti-profit measures:** Prices of goods and services are expected to come down after the implementation of GST laws. The government has taken anti-profit measures to provide such benefits to end users or consumers.
- **Transition:** Expand comprehensive "transition provisions" to facilitate the transition to existing taxpayers in the new indirect tax plan provided.

The GST legislation or the new indirect tax system is expected to benefit all stakeholders, industry, government and citizens. Next, lower the price of goods and services, boost the economy and make our products and services globally competitive.

Benefits of GST:

- Provides comprehensive and comprehensive coverage of GST input credit, you can use service tax credit for this
- Paying tax on sale of goods etc.
- CST will be deducted and no payment is required. There is currently no input tax credit available for CST.
- Many indirect taxes at state and central level are included in GST, you will have to pay a single GST instead of all.
- Tax rates are uniform across the state
- Ensure good compliance as overall tax rates are reduced.
- Of. Reducing the tax burden will increase the competitiveness of Indian products in the international market and hence the country's growth is expected.
- Commodity prices are expected to fall in the long run as lower tax burden will benefit consumers.

CONCLUSION:

In our country since independence, indirect tax reform, GST has been applied to the supply of all goods and services and its combination. Industries in all sectors of the economy, including industry, government and the sector, suffer the effects of GST. All sectors of the economy e.g. Large, medium, small enterprises, intermediaries, importers, exporters, traders, merchants and consumers will be directly affected by GST. Something is ready. GST will create a single, integrated Indian market to strengthen the economy. Experts say GST will improve tax collection and boost India's economic growth and consolidate India through uniform tax rates and break tax barriers between states. By imposing a tax base and reducing exemptions under GST, the tax will be levied equally in production and service.

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