

A CONCEPTUAL STUDY: ISSUES AND CHALLENGES OF GOODS AND SERVICE TAX IN INDIA

*Written by Ms. Pooja Goel**

Assistant Professor, Mangalyam Institute of Management and Technology, Greater Noida

ABSTRACT

Introduction of Goods and Services Tax (GST) is one of the huge and progressive aberrant assessment changes in India's set of experiences since autonomy. The Goods and administration charge was examined in parliament practically over 10 years before it was carried out. The GST enactment before its execution confronted obstruction from the state governments because of the dread of loss of income to the state governments. The GST was presented in India on July 1, 2017. The GST is as yet going from changes and changes. The current GST has certain issues in the framework. The GST has not ready to completely oblige the requests of controlling defilement, forestalling tax avoidance and improving simplicity of working together in India. Nonetheless, the public authority is continually observing the GST progress through the GST board and rolling out the essential improvements as and when required. The accompanying examination centers around getting significant experiences about the issues and prospects of GST post execution in India.

KEYWORDS: GST, SERVICE TAX, CENVAT, IGST

1. INTRODUCTION

GST is an expansive based, single, extensive expense demanded on assembling, deal and utilization of products and enterprises at each retail location, in which, the merchant or specialist co-op may guarantee the information credit of assessment which he has paid while buying the merchandise or benefiting the assistance; the last buyer will accordingly bear just the GST charged by the last vendor in the store network. With the presentation of GST at the National level, the extra weight of CENVAT and administrations duty would be thoroughly taken out and significant Central and State assessments will get subsumed into GST which

will decrease the assortment of expenses.

Hence it denotes a significant improvement over the past arrangement of VAT. Once more, the straightforward and complete chain of set-offs, GST will help extending the inclusion of duty base and improve charge consistence. This may prompt higher income which further outcomes in bringing down of taxation rate. Despite the fact that there are numerous obstacles to be crossed before the execution of GST like agreement over rates, sacred revision, pay component for States missing out on income, fluctuating models, debate goal and so forth the Central government has emphasized its responsibility towards the appropriation of a 'impeccable' GST for the endurance of the India's economy notwithstanding expanding worldwide rivalry resulting to globalization and liberalization. Regardless of the different obstructions to the proposed change, until the time GST is executed, it is beneficial to survey its positive effects on the different advancement regions in India. The Goods and Services Tax (GST) will to be sure be a further huge improvement – the following sensible advance – towards an exhaustive backhanded expense changes in the country.

Introduction of Goods and Services Tax (GST) is one of the huge and progressive backhanded expense changes in India's set of experiences since freedom. The Goods and administration charge was talked about in parliament practically over 10 years before it was carried out. The GST enactment before its execution confronted opposition from the state governments because of the dread of loss of income to the state governments. The GST was presented in India on July 1, 2017. 2017 through the execution of One Hundred and First Amendment of the Constitution of India by the Indian government. Preceding GST there were a few indirect expenses present in country. A portion of these indirect duties were exacted by the focal government though some were collected by the state governments. GST depends on the guideline of "One country, One Tax". (GST Council, 2018)Following to its though, GST supplanted a few of this indirect expenses with the exception of some charges like traditions, stamp obligation and so forth.

Following is the List of taxes subsumed under GST

Table 1: Taxes Subsumed under GST

Central Government taxes subsumed under GST	State Government taxes subsumed under GST
Central Excise Duty	VAT/ Sales Tax
Additional Excise Duties	Entertainment Tax
Service Tax	Luxury Tax
Countervailing Duty	Tax on lottery, betting and gambling
Surcharge and Cess levied by centre	Surcharge and Cess levied by states
Central Sales Tax	Octroi and Entry tax
	Purchase Tax

Following is the List of taxes which are not subsumed under GST:-

The Main goal behind the execution of GST was to present an improved on tax collection framework which will give simplicity of working together and clear route for financial turn of events. Anyway India's Implementation of GST has certain provisos and entanglements which are should have been tended to. In any case the principle core behind the GST act will be lost. In this Research Paper, the specialist has made an endeavor to discover significant experiences on the issues and prospects of Goods and administration charge in India post its execution. The Study is exploratory research which will help specialist discover the region where consideration is needed from the public authority.

1.1 Salient Features of Proposed GST System in India

Double GST: Both Center and States will at the same time demand GST across the worth chain. Duty will be imposed on each supply of merchandise and ventures. Focus would impose and gather Central Goods and Services Tax (CGST), and States would exact and gather the State Goods and Services Tax (SGST) on all exchanges inside a State. The information tax break of CGST would be accessible for releasing the CGST obligation on the yield at each stage. Also, the credit of SGST paid on information sources would be considered paying the SGST on yield. No cross usage of credit would be allowed.

Between State Transactions and the IGST Mechanism: The Center would demand and gather the Integrated Goods and Services Tax (IGST) on all between State supply of products and enterprises. The IGST system has been intended to guarantee consistent progression of information tax reduction starting with one State then onto the next. The between State merchant would pay IGST on the offer of his merchandise to the Central Government in the wake of changing credit of IGST, CGST and SGST on his buys (in a specific order). The trading State will move to the Center the credit of SGST utilized in installment of IGST. The bringing in seller will guarantee credit of IGST while releasing his yield charge obligation (both CGST and SGST) in his own State. The Center will move to the bringing in State the credit of IGST utilized in installment of SGST.

1.2 Objective Based Consumption Tax: GST will be an objective based assessment. This infers that all SGST gathered will normally accumulate to the State where the buyer of the merchandise or administrations sold dwells.

Focal Taxes to be subsumed:

- i. Central Excise Duty
- ii. Additional Excise Duty
- iii. The Excise Duty imposed under the Medicinal and Toiletries Preparation Act
- iv. Service Tax
- v. Additional Customs Duty, generally known as Countervailing Duty (CVD)
- vi. Special Additional Duty of Customs-4% (SAD)
- vii. Cesses and overcharges to the extent that they identify with supply of merchandise and ventures.

State Taxes to be subsumed:

- i. VAT/Sales Tax
- ii. Central Sales Tax (imposed by the Center and gathered by the States)

- iii. Entertainment Tax
- iv. Octroi and Entry Tax (all structures)
- v. Purchase Tax
- vi. Luxury Tax
- vii. Taxes on lottery, wagering and betting
- viii. State cesses and overcharges to the extent that they identify with supply of merchandise and ventures.

2. LITERATURE REVIEW:-

(Goyal, 2018) has said that since 1947 GST has been the most considerable expense change in India. The scientist has brought up certain trap like that the consistence of GST is exceptionally perplexing and lead to disarray among citizens. Additionally there are various expense rates in India's GST Structure Instead of a solitary standard rate. The scientist additionally feels the need of overhauling the IT framework for the compelling GST execution.

(Agrawal, 2018) has made investigation on the benefits and negative marks of the GST in India. The analyst has reasoned that the GST will help the monetary development of the country and improve the simplicity of working together in India. GST will get proficiency the coordination and store network of the country and will expand the much required state based equality in the countries tax assessment framework

(Nayyar and Singh, 2018) has expressed that the GST is one of the greatest assessment change in India and it will tie the whole country under a solitary tax assessment framework rate. The analyst has said that the GST will expand the duty assortments for India and will break every one of the boundaries between focal government and state governments in regards to tax assessment and consequently will prompt India's Economic turn of events. The specialist additionally featured the difficulties zones where the public authority need to center upon for the achievement of GST

(Vij, 2018) has given spotlight on the issues in the current Goods and assessment framework and expressed that the money managers are dealing with issues of month to month returns, GSTN entrance, numerous duty sections and the GST has neglected to control defilement and tax avoidance as new methods of tax avoidance are coming in. The paper features in transit forward and the activity needed by government so GST demonstrates as shelter for the country and not mischief the monetary advancement of the country

(Yadav and Shankar, 2018) has clarified that the GST Structure carried out in India is one of a kind. The GST structure in India depends on government guideline and is worked through a body named as GST gathering. This body has money priest, everything being equal, though account pastor of the country as its executive. The specialist features that the achievement of the assessment relies upon different elements like flexibility by Industry, innovation foundation and limit of the public authority officials to do investigating. This change will be investigated by whole business local area from the world for its outcomes.

2. OBJECTIVES OF THE STUDY

- i. To comprehend the GST charge framework presented in India.
- ii. To recognize the issues in the current Goods and administration charge framework carried out in India.
- iii. To get significant experiences on the future possibilities of the Goods and Service Tax in India.

3. RESEARCH METHODOLOGY

The research is an exploratory study on the problems and prospects of products and administration charge post its execution. The examination is simply founded on optional information. The scientist has made endeavor to survey the accessible information on GST post its execution and attempted to discover significant bits of knowledge from the information. The auxiliary information for these investigations was accumulated from

sources like different government site, Journals, Conference procedures and different distributed articles.

GST STRUCTURE IMPLEMENTED IN INDIA:-

India has adopted unique dual GST Structure where the taxes are levied at two levels i.e. central government and state government. There are 3 types of taxes which are applicable under this system.

- a) **CGST:** Central Government collected CGST on an intra-state sale
- b) **SGST:** State Government collected SGST on an intra-state sale
- c) **IGST:** Central Government Collected IGST for inter-state sale

As far as the tax rates are considered, India has adopted multiple tax rate slabs for different products ranging from 0% to 28 %. Following figure explains the tax rates slabs of GST applicable in India.

4. ANALYSIS OF STUDY

4.1 Governing Body of GST

GST Council: In the GST system, a Goods and Services Tax Council is being made under the Constitution. The GST Council will be a joint gathering of the Center and the States. This Council would work under the Chairmanship of the Union Finance Minister and will have Minister accountable for Finance/Taxation or Minister designated by every one of the States and UTs with Legislatures, as individuals. The Council will make suggestions to the Union and the States on significant issues like expense rates, exclusion list, edge limits; and so on The suggestions made by this Council will go about as benchmark or direction to Union just as State Governments. One-portion of the all-out number of Members of the Council will comprise the majority of GST gathering. Each choice of the Council will be taken by a greater part of at least three-fourths of the weighted votes of the individuals present and casting a ballot as per the accompanying standards:-

- i. The vote of the Central Government will have a weightage of 33% of the all out votes cast,
- ii. The votes of the multitude of State Governments taken together will have a weightage of 66% of the complete votes cast in that gathering.

This is to secure the interests of each State and the Center when the Council takes a choice and is in the soul of co-usable federalism.

GST Council is the overseeing body for observing and execution of GST in the country. GST Council comprises of account clergymen from each state and association regions as individuals and the focal government's money serve as the Chairman. GST Council gathers input and ideas from partners and makes a vital restorative move.

4.2 Problems In the Current Good and Service Tax system implemented in India

Complex Structure: - India's have adopted a complex GST Structure which has multiple tax rates of 0%, 5%,12%,18% and 28%.

Table 3: Statistics on number of GST tax rates applicable

Number of Countries	Applicable GST Tax Rates
49 countries	Single tax rate
28 countries	2 Tax Rates
05countries including India	4 Tax Rates

Source: World Bank Biannual development updates report of India

(World Bank, March 2018) The above table shows that 49 countries have single tax rate for GST, 28 countries has 2 tax rates whereas only 5 including India has 4 tax rate for GST. High number of taxes increases the confusion for the tax payers.

2) Exemptions: - There are bunches of Exemptions given in India's GST Structure. More the quantity of exclusions, more is the intricacy. Expense Evaders take advantage of these exclusions for tax avoidance. Likewise this outcomes in helpless Tax to GDP proportion of the

country. As per (Ernst and Young, 2018) information that India has one of the greatest edge limit on the planet for GST.

3) Frequent Amendments: - There are extremely incessant changes and corrections done to GST in India which has brought about expanded intricacy and vulnerability among citizens. (Suneja, 2018) More than 376 changes happened in the main year after execution. The progressions are required and acceptable on piece of government that the public authority is adaptable to change according to prerequisites however too many continuous changes and revisions can be mistaking for the citizens and hard to keep track with.

4) Higher duty Rates:- According to (World Bank, March 2018) The GST charge rates which are appropriate in India are the most elevated in the Asia and second most elevated on the planet. This features the way that one hand government is putting trouble on the citizen and though on the opposite side they are giving exclusions.

5) Ambiguous Provisions: - GST has numerous Ambiguous arrangements which are exceptionally hard to decipher. Numerous arrangements like inversion of credit, credit blockages, twofold levies where customs are there and lost or overlooked temporary arrangements has expanded the equivocality of GST. Additionally still there are a few items which doesn't have any reasonable arrangement. This hazy grouping of items prompts disarray and hence it can prompt prosecution

6) Compliance and Technical Problems: - The GSTN gateway has parcel numerous glitches and to record the GST returns is an extremely drawn-out measure. For improving duty income, it is a lot of significant on piece of government to work on the GSTN entry and give citizens a more easy to understand insight in documenting the government forms. After all improvement in charge organization was the critical objective of GST and on the off chance that it is left unachieved the essential target of the GST fizzles. (Mittal, 2018) GST gathering needs to discover perpetual answer for this consistence issues.

4.3 Future Prospects of the GST in India:-

It has nearly been over a year since GST has been executed in India (Agrawal, 2018). There was distinctive assumption from the GST. The Business people group expected simplicity of working together from GST though the end purchasers anticipated marked down costs from the GST. The GST Success has been blended the extent that both the gatherings are thought of. GST succeeded in improving the simplicity of working together yet the model of GST embraced in India is a lot of complex one which can be additionally rearranged. GST likewise brought about decrease of costs of specific products while it additionally brought about the expanded costs of some different wares. Consequently GST cannot be named as a total disappointment or achievement. Anyway government has shown the eagerness to change the GST law according to the input and it is exhibited in the ceaseless changes made by the GST Council. The path forward for GST from here will zero in on the accompanying zones

- a) Expansion of the duty base by eliminating the exclusions and bringing more items under the GST ambit
- b) Rationalization of the expense paces of GST. The pieces of 12% and 18% can be converged to 14% or 16%. The 28 % section can be gradually eliminated later on. These will clear path for the one country one duty.
- c) As More items are brought under GST's ambit by lessening exceptions, the GST committee can settle on bringing down the standard GST charge rates
- d) Simplification of the GSTN entryway should be done in future so the citizens should get an easy to use GST return documenting measure
- e) The GST information accessible ought to be investigated and the territories of assessment spillages ought to be recognized. At that point legitimate move should be made to check this spillages

As these progressions are executed in the forthcoming few years, The GST model of India will turn out to be substantially more useful for the country.

5. CONCLUSION

India following a long term standby has at last executed the Goods and administration charge framework. It's practically over one year from the GST Implementation. The GST is as yet

going from changes and changes. The current GST has certain issues in the framework. The GST has not ready to completely take into account the requests of controlling defilement, forestalling tax avoidance and improving simplicity of working together in India. In any case, the public authority is continually checking the GST progress through the GST board and rolling out the fundamental improvements as and when required. In the above investigation, we attempted to get understanding on the issues of the GST and the future possibilities of the GST. In the coming years, is normal from the public authority that they will address the issues and work on the GST. The country's advancement is a lot of ward of the tax assessment framework it receives. A more improved on GST will clear route for monetary advancement of the country.

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