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# GST- REMARKABLE REFORM BUT FULL OF CHALLENGES

**Mrs. Swati Kedia**
Assistant Professor in Commerce Department
CMK P.G National Girls College, Sirsa (Haryana) -125055

## ABSTRACT

*Taxation system always has been the most essential part of our system. From time to time government has taken vital steps in the reforms of the taxation system .There are endless indirect taxes in present system levied by both centre and state, to remove this multiplicity of taxes and reducing the burden of the tax payer a simple tax is required and that is Goods and Service Tax (GST). Goods and Services Tax (GST) will be a game changing reform for Indian economy by developing a common Indian market and reducing the cascading effect of tax on the cost of goods and services. It is a value added tax that will replace all indirect taxes levied on goods and services by the Government, both Central and States . GST is a consumption based tax levied on sale, manufacturing and consumption on goods & services at a national level. The Goods and Services Tax (GST) will indeed be a further significant improvement – the next logical step – towards a comprehensive indirect tax reforms in the country. This paper presents an overview of GST concepts, advantages along with the shortcomings in execution of GST to be faced by Indian Government. This paper will help an individual to comprehend the basics of GST and most importantly to come across the shortcomings which is the main focus of this paper.*

**Keywords-** Goods and Services Tax, Indirect Tax, Value-added Tax

## Introduction

India being a democratic country and our preamble starts with we the people, welcome people of our country to choose their own government. Therefore here the government formed is Democratic means to the people, by the people and for the people. For any country to survive it is important that they have enough funds so that they can take care of welfare of people. So it is essential for the government to collect the funds from various sources either internally or externally. Externally funds can be collected through welcoming investments in our country and borrowings or grants. Internally funds can be arranged through public debt, borrowings through banks and financial institutions and most importantly is Tax. Taxation system always has been the most essential part of our system. From time to time government has also taken vital steps in the reforms of the taxation system Government has always emphasized that Taxation policy should be so designed as to stimulate both consumption and investment simultaneously. It will help fight depression and unemployment.

Currently, the Indian tax structure is divided into two – Direct and Indirect Taxes. Direct Taxes are levies where the liability cannot be passed on to someone else. An example of this is Income Tax where you earn the income and you alone are liable to pay the tax on it. Income tax is also called as progressive tax as the structure of the tax is such that there are different slabs rates. Assesses has to pay the tax on the basis of in which slab he / she lie. This is done to reduce the inequality of rich and poor. To protect the poor so that they don't lend up paying unnecessary amount to the government and their consumption level is maintained. And rich person contributes his part of income towards the welfare of the other people through tax payment to the government.

Indirect taxes - An indirect tax (such as sales tax, value added tax (VAT), or goods and services tax (GST), custom duty, excise tax etc) is a tax collected by an intermediary (such as a retail store or the manufacturer) from the person who bears the ultimate economic burden of the tax (such as the consumer). The intermediary later files a tax return and forwards the tax proceeds to government with the return.

This means that when the shopkeeper has to pay VAT on his sale, he can pass on the liability to the customer. So, in effect, the customer pays the price of the item as well as the VAT on it so the shopkeeper can deposit the VAT to the government. This means that the customer must pay not just the price of the product, but he also pays the tax liability, and therefore, he has a higher outlay when he buys an item. This happens because the shopkeeper has paid a tax when he bought the item from the wholesaler. To recover that amount, as well as to make up for the VAT he must pay to the government, he passes the liability to the customer who has to pay the additional amount.

**Review of literature**

**Kautilya`s Arthasastra:** His works state that the taxes are often perceived to be a measure for raising resources for the government. In the primitive barter economies of the medieval period in Europe and even in ancient India, the primary objective of taxation was to raise resource for the economy **Dr. R. Vasanthagopal (2011)** studied,"GST in India: A Big Leap in the Indirect Taxation System" and concluded that switching to seamless GST from current complicated indirect tax system in India will be a positive step in booming Indian economy. Success of GST will lead to its acceptance by more than 130 countries in world and a new preferred form of indirect tax system in Asia also. **Nitin Kumar (2014)** studied, "Goods and Service Tax- A Way Forward" and concluded that implementation of GST in India help in removing economic distortion by current indirect tax system and expected to encourage unbiased tax structure which is indifferent to geographical locations. **Akansha Khurana and Aastha Sharma (2016)** in there research paper on GST- A positive reform for Indirect taxation system concluded that the GST will provide relief to producers and consumers by providing wide and comprehensive coverage of input tax credit set-off, service tax set off and subsuming the several taxes. **Mukhopadhyay Sukumar (2005)**: His study reveals that Revenue growth is the most important aspect by which to judge the success of VAT in Haryana. The deemed growth of revenue estimated by the Commercial Tax Department of Haryana, however, has not taken into account a number of positive factors. As Haryana implemented VAT only in 2003, one year is too short a period to judge its efficiency from a revenue point of view. The conclusion is that the design of VAT introduced in Haryana is unexceptional**. Saravanan Venkadasalam (2014)** has analysed the post effect of the goods and service tax (GST) on the national growth on ASEAN States using Least Squares Dummy Variable Model (LSDVM) in his research paper. He stated that seven of the ten ASEAN nations are already implementing the GST. He also suggested that the household final consumption expenditure and general government consumption expenditure are positively significantly related to the gross domestic product as required and support the economic theories.

But the effect of the post GST differs in countries. **Agogo Mawuli (May 2014)** studied, "Goods and Service Tax-An Appraisal" and found that GST is not good for low-income countries and does not provide broad based growth to poor countries. If still these countries want to implement GST then the rate of GST should be less than 10% for growth.

**Objectives of the Study**

1. To help an individual understand the key features of GST.
2. To study the impact of GST on Indian Economy.
3. In what ways GST regime would be beneficial to the individuals.
4. To study the shortcomings and corrective measures to be taken by the Government

**Research Methodology**

To study the concepts, key features along with the shortcomings of Goods and Services Tax I have used both primary and secondary data. The primary data was majorly collected first, based upon my observations of the GST notification manual and second, practical experiences shared by people in various news/newspapers. The secondary data was collected through published and unpublished sources which include- internet, magazines, journals and research publications and so on.

**History of GST**

France was the world's first country to implement GST Law in the year 1954. Since then, 159 other countries have adopted the GST Law in some form or other. In many countries, VAT is the substitute for GST, but unlike the Indian VAT system, these countries have a single VAT tax which fulfills the same purpose as GST.

- ❖ In 2000, GST bill was first initiated by the Vajpayee Government after a long gestation period. An empowered committee was set up headed by Asim Dasgupta, (Finance Minister, and Government of West Bengal) to discuss on the matters of GST.
- ❖ In 2006, the then Finance Minister P. Chidambaram formed an empowered committee of State Finance Ministers to design the roadmap for the implementation of the GST Bill in April 1,2010 However, the Empowered Committee of State Finance Ministers (EC) released its First Discussion Paper (FDP) on the GST in November, 2009. This spells out the features

of the proposed GST and has formed the basis for discussion between the Centre and the States so far.

- ❖ On 6th May 2015, the Lok Sabha passed the much-delayed Constitutional Amendment Bill to introduce Goods and Service Tax (GST), paving the way for a new bill on the uniform tax regime, even as the Congress Party staged a walkout in protest.
- ❖ However, it was not until May2015 that the Bill was passed by the Lok Sabha. The bill was eventually passed by the Rajya Sabha on August 3, 2016, after ratification by the states, received assent from President Pranab Mukherjee, on September 8, 2016. Finally on July1, 2017 the GST Bill formally came into effect.

**What is GST?**

Good and Services Tax (GST) is the move by the government as the India's biggest tax reform in 70 years of independence. It was launched on the midnight of 30 June 2017. It has been introduced to streamline all the different types of indirect taxes that are levied by the Central and State Governments on Goods and Services and implement a "single taxation" system replacing multiple cascading taxes.

At the **Central** level, the following taxes are being subsumed: Central Excise Duty, Additional Excise Duty, Service Tax, Additional Customs Duty commonly known as Countervailing Duty, and Special Additional Duty of Customs.

At the **State** level, the following taxes are being subsumed: State Value Added Tax/Sales Tax, Entertainment Tax (other than the tax levied by the local bodies), Central Sales Tax (levied by the Centre and collected by the States), Octroi and Entry tax, Purchase Tax, Luxury tax, and Taxes on lottery, betting and gambling

**Some key features of GST-**

- ✓ GST (Goods and Service Tax) introduced as The Constitution (One Hundred and First Amendment) Act 2017, following the passage of Constitution 122nd Amendment Bill.
- ✓ The GST is governed by a GST Council and its Chairman is the Finance Minister of India
- ✓ GST is a consumption based tax/levy. It is applied on goods and services at the place where final/actual consumption happens. State where goods are consumed will collect GST, not by the state who supplies the goods. States with higher consumption of goods

and services will have better revenues. So, the co-operation from state governments would be one of the key factors for the successful implementation of GST.

- ✓ It is based on the "Destination principle." That means destination based single tax on supply of goods and services from manufacturer to the consumer.
- ✓ Under GST, goods and services are taxed at the following rates, 0%, 5%, 12%, 18% and 28%.
- ✓ It avoids double taxation. GST is collected on value-added at each stage of sale or purchase of goods and services in the supply chain.
- ✓ Input Tax Credit is the essential element included in GST regime. It is the credit an individual receives for the tax paid on the inputs used in manufacturing the product. So, if there is a 10% tax that the individual must submit to the government, he can subtract the amount he has paid in taxes at the time of purchase and submit the balance amount to the government. This system allow sellers to claim the tax already paid, so that the final liability on the end consumer is decreased
- ✓ Firms with turnover above 20 Lacs need to register themselves under GST regime. Below 20 Lacs turnover need not register themselves.
- ✓ Every month both purchase and sales invoices details need to be entered with GST portal. And the input tax credit will automatically be calculated by the system.
- ✓ It will be managed by both central and state government.
- ✓ Proper IT enabled infrastructure has been developed by the government to overcome any discrepancy. Training for educating people who are already dealing with Tax consulting and the people who are interested in handling GST queries is also arranged by the government.
- ✓ When Goods and Services Tax is implemented, there will be 3 kinds of applicable Goods and Service Taxes: CGST, SGST & IGST.

**How GST will work**

We will try to understand GST working with the help of an example discussed below. But first we need to understand what is CGST, SGST and IGST

CGST (Central Goods Service Tax):- where the revenue will be collected by the central government

SGST (State Goods Service Tax): where the revenue will be collected by the state governments for intra-state sales

Both CGST and SGST will be applicable on the intrastate sales. For example if the goods sold is of 100000 and tax levy is 18% then tax will be charged as 9% CGST 9% SGST.

IGST (Inter Goods Service Tax): where the revenue will be collected by the central government for inter-state sales

Example

A dealer in Haryana (Sirsa) sold goods to a consumer in Haryana (Hisar) worth Rs. 10,000. The Goods and Services Tax rate is 18% comprising CGST rate of 9% and SGST rate of 9%. In such cases the dealer collects Rs. 1800 and of this amount, Rs. 900 will go to the central government and Rs. 900 will go to the Haryana government.

Now, let us assume the dealer in Haryana had sold goods to a dealer in Rajasthan worth Rs. 10,000. The GST rate is 18% on the goods supplied. In this case IGST will be applicable because it is an interstate sale. In such case the dealer has to charge Rs. 1800 as IGST. This IGST will go to the Central Government. As we know that GST is a consumption based tax, so here benefit of tax would be given to the consumer state. So in this case Rajasthan is a consumer state. Whatever tax has been collected under IGST by the centre, a part will be distributed by the centre government to the consumption state i.e. Rajasthan.

We will also try to understand the concept of input tax credit which is another important aspect of GST. It is the credit an individual receives for the tax paid on the inputs used in manufacturing the product. So, if there is a 10% tax that the individual must submit to the government, he can subtract the amount he has paid in taxes at the time of purchase and submit the balance amount to the government. This system allows sellers to claim the tax already paid, so that the final liability on the end consumer is decreased. This is introduced to avoid the problem of double taxation.

Suppose a dealer in Haryana (Sirsa) sold goods to a dealer in Hisar (Haryana) worth 100,000 on which CGST 9% and SGST 9% is applicable. So he will raise an invoice of 100,000 plus CGST 9% SGST 9% on the dealer in Hisar and collect 118000 in total from which he will deposit 9000 in CGST and 9000 in SGST .Now the dealer in Hisar will manufacture the goods with the goods he purchased as a raw material from the dealer in Sirsa and sell it for say 200000 in Rohtak . Again dealer in Hisar will raise an invoice on the dealer in Rohtak at CGST 9% SGST 9% on 200000 that comes to 236000 in which 36000 is tax amount. Out of 36000, 18000 will be deposited in CGST and 18000in SGST. Dealer in Hisar has paid tax on purchase i.e. 18000 and sales i.e. 36000 both that amounts to 54000 (18000+36000). So here under GST regime he can get input tax credit. On sale he has paid tax amount of 36000 but he has already paid 18000 on purchase so he is liable to pay only 18000 as tax amount.

**Registration under GST**

Every business carrying out a taxable supply of goods or services under GST regime and whose turnover exceeds the threshold limit of Rs. 20 lakh in a financial year is required to obtain GST registration. In special category states, the aggregate turnover criterion is set at Rs.10 lakhs. Currently, Assam, Nagaland, Jammu & Kashmir, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Uttarakhand, Tripura, Himachal Pradesh, and Sikkim are considered special category states.

Registration under GST is mandatory for entities undertaking inter-state supply of goods and services irrespective of aggregate annual turnover. For example if a business in Maharashtra supplies goods to a business in Tamil Nadu, then GST registration is required. All entities involved in the supply of goods or services through e-commerce platforms are mandatorily required to be registered under GST, irrespective of aggregate turnover .All entities having service tax or VAT or central excise registration must be registered under GST mandatorily. Existing taxpayers have been provided with provisional ID and password for completion of GST migration formalities and generation of GSTIN by the respective tax departments. A casual taxpayer who occasionally undertakes supply of goods and services having no fixed place of business also needs to register under GST. An example of casual taxable person can be fireworks shops setup during Diwali festival, selling fireworks or a temporary food stall.

Any person who is engaged exclusively in the business of supplying goods or services that are not liable to tax under GST or wholly exempt from tax under GST is exempt from obtaining GST registration. The registration in GST is PAN based and state specific. Supplier has to register in each state or union territory from where he effects supply

**Documents required for Registration**- Pan Card of the Business or applicant, Identity and address proof of promoters, Business registration document, Address proof for place of business, Bank account proof, Digital Signature

**Format for filing of return**

GSTR-1 Statement of Outward supplies of goods and services

Say for e.g. If a person has entered into a transaction of supply of goods, then there must be someone who would be the recipient of the supply of goods. Supplier of the goods would be originating point of the transaction and he would specify, in his return, details of the supply along with the recipient to whom supply has been effected. The return for the inward supplies of the recipient of the supply would get auto-populated with the details provided by the supplier in his return for the outward supplies. Thus, GSTR-1 becomes the base document upon which the entire compliance structure in GST would be based.

GSTR-2 Statement of Purchase invoices

Supplier of the goods and services also make purchases in lieu of the sale being made. So the details of the purchases made will be filled in GSTR-2 which will also update the details of the supplier from whom purchases are made. The supplier would have also furnished the details of the supply and recipient in GSTR-1, details would be auto-populated and communicated to the recipient in GSTR-2A. Recipient (purchaser) would confirm the details filled in by the supplier in GSTR-1 and reflected in GSTR-2A. If he agrees with the same, the transaction would be frozen and GSTR-2 would be prepared. However, if the recipient disagrees then recipient would communicate to the supplier about his disagreements which then would be reflected in GSTR-1A to the supplier. Supplier in turn would have the option to modify the details furnished in GSTR-1 as per the request of the recipient auto-populated before him in GSTR-1A or keep the details unchanged.

GSTR-3 It is a consolidated monthly return and will contain details of tax liability along with the tax collected on outward supplies and tax paid on inward supplies by registered person. It would be auto-populated through GSTR-1 and GSTR-2 of the registered person. There would be minimal manual intervention and system itself would be updating records. This is also called as

Input credit benefit which is generated. Accordingly if shortfall of duty paid then payment of taxes is made and if excess then ledger is credited.

**Advantages**

**Eliminates tax redundancies-** the major highlight of the bill is that it eliminates tax redundancies , a manufacturer pays tax only to the extent of his value addition, not on the whole cost of the good sold, as the raw material supplier would have already paid tax on his goods. Similar tax incidence is applicable on all stages of the supply chain, each paying tax on the extent of value added by them In effect, GST eliminates unaccounted for goods in all stages of the value chain.

But, why is there so much of hue and cry surrounding the GST and its implementation. The reason being uncertainty for how things will work with new procedures and compliances and the impact it would have on sales.

There are some fears in the mind of the people that consumption will get adversely impacted. There may be some short term issues as we align to the new framework, and there would be specific impact to certain sectors. Some segments will get impacted for a shorter period of time and probably some industries would change from the longer term viewpoint. But that is what is needed in this reform.

**Balanced tax slabs**

The other fear that people have is that new tax regime might end up becoming inflationary. But government has taken utmost care while formulating the multiple tax slabs. There will be some things which will be cheaper and some dearer, but on aggregate there may not be widespread inflationary impact. Government has signaled its seriousness in enforcing the anti-profiteering clause, if the need arises.

**Efficient, better market place**

Usually when any change takes place we have lot of worries in our mind like job losses, cost increase, volumes going down. Like for example dematerialization from physical settlement, switching to online trading. These shifts have created a much larger, efficient and better market place. Certainly there were impediments at first, and things were uneasy till we got used to it, and eventually it led to structurally smoother, safer and more efficient systems.

**Transparency**

From the customers point of view GST ushers in a lot of transparency, and also brings down the aggregate price of goods and services. This is primarily because of the cascading impact of taxes and tax redundancies, whereby the end consumers bears the burden of the incremental taxes. Secondly, in the earlier scenario, the states had varying taxes and tax rates, under the One Nation, One tax regime, the tax uniformity gives companies the freedom for setting warehouses and optimizing transport costs, the ultimate beneficiary of which is the common man. Lastly, the GST is estimated to increase the GSP by 100-150 bps in the longer run, higher growth, implies more job opportunities and the common man shall stand to benefit from the same.

GST is a landmark reform which is not only going to change the financial markets in India but also the way, the people run their businesses. GST is going to change the socio-economic fabric of the country. GST has been drafted and levied in such a way that Cenvat chain does not break and there is seamless benefit of taxes to the tax payer as double taxation is avoided GST is a landmark reform which is not only going to change the financial markets in India but also the way, the people run their businesses. GST is going to change the socio-economic fabric of the country. GST has been drafted and levied in such a way that Cenvat chain does not break and there is seamless benefit of taxes to the tax payer as double taxation is avoided

**Shortcomings in GST**

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But at the same time, there are lapses in the scheme of GST which need to be plugged to make it effective and to bring parity and uniformity. It is very important to bring equity, parity, transparency and clarity in the scheme of GST otherwise such a great reform can boomerang and adversely impact the socio and financial system of the country. Some of the corrective measures required to be taken by the Government are listed as under:

1. At Present, these are six slabs of taxation under GST i.e. 0%, 3% 5%, 12%, 18%, 28%. In addition to it, Cess is also imposed on certain luxury goods which takes the effective GST rate upto 50% on certain goods. These different slabs need to be merged into 2 or 3slabs. Different slabs of taxation means that trade will prefer to classify their products into lower tax slabs. This will cause a lot of classification disputes as there is minor difference in the description of goods for putting the same product in different slab. In other parts of the world, there are only 1 to 3 tax slabs which not only give the comfort of doing business but bring more clarity in the law and save a lot of time and loss of man hours. For example, there are more than 40 countries in the world which have only single tax slab. Secondly, the tax slabs are only 2 to 3 in more than 80% countries. Thirdly, the rates of taxation are ranging from 5% to 20% in most of the countries. If we talk about the major economies of the world, the tax rate slabs are as under:-

| | |
|---|---|
| (a) Australia | 0% and 10% |
| (b) Canada | 0%, 5% and 15% |
| (c) Germany | 7% and 19% |
| (d) Japan | 8% |
| (e) Russia | 0%, 10% and 18% |
| (f) U.K. | 0%, 5% and 20% |
| (g) U.S | 0% and 7.5% |
| (h) Singapore | 0% and 7% |
| (i) China | 3 % and 17 % |

Therefore, there is urgent need to reduce the tax slabs and the rates of taxation for putting end to manipulation, loss of man hours and to remove ambiguity of law. This shall bring doing ease of business also.

2. Higher taxation means higher evasion of taxes. The more the tax, there is tendency to evade taxes. As stated above, the GST rate on several products is 28% and goes upto 50%

on certain goods where as in many developed and major countries, the maximum rate of taxation is 15 to 20%. Therefore, there is need to reduce rate of taxation which should not exceed 18 to 20 % on any product.

3. The trade has to file around 37 returns in a year or around 3 monthly returns. This is very cumbersome, difficult and time consuming process. There is need to have faith in trading community and reduce the filing of so many returns to save time and energy. Energy spent on such accounting is not productive and is likely to impact the business growth which ultimately shall impact GDP growth of the country.

4. In certain cases of supply of services, the GST is required to be paid on reverse charge basis. i.e. the receiver of the services has to pay GST. Further, in case of supply of goods from unregistered person to registered person, GST is also liable to be paid on reverse charge basis by the receiver of the goods. This system of payment of GST on reverse charge basis is unique which is perhaps nowhere prevalent in the world. This system is very confusing and appears to be wrong and defective. This system casts more responsibility and compliances burden on the Regd. person whereas unregistered person goes scot free. Therefore there is urgent need to discontinue the system of charging GST on Reverse Charge basis and the GST should be chargeable on the supplier of goods/services..

**Conclusion**

As India gets into the process of implementing its largest taxation reform since independence, of subsuming many indirect taxes levied by both central and state on the goods and services into one tax i.e Goods and Services Tax ( GST). One must acknowledge this remarkable achievement, against the backdrop of such a vast socio-economic and political disparity across a federal polity such as India. It is also expected that Goods and Services Tax will improve the collection of taxes as well as boost the development of Indian economy by removing the multiplicity of taxes and reducing the burden of the tax payer. The idea behind having one consolidated indirect tax is to benefit the Indian economy in a number of ways. It will help in eliminating tax redundancies, improving transparency, maintaining balanced tax slabs and many more. Whenever new change is brought there are lots of worries and concerns which arise in the minds of the people and people resist to accept such change. Same thing happened when GST was introduced but with the time people are trying to understand and learn the mechanism of GST. But at the same time, there are lapses in the scheme of GST which need to be plugged to make it effective and to bring parity and uniformity. It is very important to bring equity, parity, transparency and clarity in the scheme of GST otherwise such a great reform can boomerang and adversely impact the socio and financial system of the country.

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- than 40 countries in the world which have only single tax slab. Secondly, the tax slabs are only 2 to 3 is more than 80% countries. Thirdly, the rates of taxation are ranging from 5% to 20% in most of the countries. If we talk about the major economies of the world, the tax rate slabs are as under:-

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4. In certain cases of supply of services, the GST is required to be paid on reverse charge basis. i.e. the receiver of the services has to pay GST. Further, in case of supply of goods from unregistered person to registered person, GST is also liable to be paid on reverse charge basis by the receiver of the goods. This system of payment of GST on reverse charge basis is unique which is perhaps nowhere prevalent in the world. This system is very confusing and appears to be wrong and defective. This system casts more responsibility and compliances burden on the Regd. person whereas unregistered person goes scot free. Therefore there is urgent need to discontinue the system of charging GST on Reverse Charge basis and the GST should be chargeable on the supplier of goods/services..

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GST is a landmark reform which is not only going to change the financial markets in India but also the way, the people run their businesses. GST is going to change the socio-economic fabric of the country. GST has been drafted and levied in such a way that Cenvat chain does not break and there is seamless benefit of taxes to the tax payer as double taxation is avoided.

But at the same time, there are lapses in the scheme of GST which need to be plugged to make it effective and to bring parity and uniformity. It is very important to bring equity, parity, transparency and clarity in the scheme of GST otherwise such a great reform can boomerang and adversely impact the socio and financial system of the country. Some of the corrective measures required to be taken by the Govt. are listed as under:

1. At Present, these are six slabs of taxation under GST i.e. 0%, 3% 5%, 12%, 18%, 28%. In addition to it, Cess is also imposed on certain luxury goods which takes the effective GST rate upto 50% on certain goods. These different slabs need to be merged into 2 or 3 slabs. Different slabs of taxation means that trade will prefer to classify their products into lower tax slabs. This will cause a lot of classification disputes as there is minor difference in the description of goods for putting the same product in different slab. In other parts of the world, there are only 1 to 3 tax slabs which not only gives the comfort of doing business but brings more clarity in the law and saves a lot of time and loss of man hours. For example, there are more

- than 40 countries in the world which have only single tax slab. Secondly, the tax slabs are only 2 to 3 is more than 80% countries. Thirdly, the rates of taxation are ranging from 5% to 20% in most of the countries. If we talk about the major economies of the world, the tax rate slabs are as under:-

(a) Australia 0% 10%

(b) Canada 0% 5% 15%

(c) Germany 7% 19%

(d) Japan 8%

(e) Russia 0% 10% 18%

(f) U.K. 0% 5% 20%

(g) U.S 0% 7.5%

(h) Singapore 0% 7%

(i) China 3 % to 17 %

Therefore, there is urgent need to reduce the tax slabs and the rates of taxation for putting end to manipulation, loss of man hours and to remove ambiguity of law. This shall bring doing ease of business also.

2. Higher taxation means higher evasion of taxes. The more the tax, there is tendency to evade taxes. As stated above, the GST rate on several products is 28% and goes upto 50% on certain goods where as in many developed and major countries, the maximum rate of taxation is 15 to 20%. Therefore, there is need to reduce rate of

taxation which should not exceed 18 to 20 % on any product.

3. The trade has to file around 37 returns in a year or around 3 monthly returns. This is very cumbersome, difficult and time consuming process. There is need to have faith in trading community and reduce the filing of so many returns to save time

- and energy. Energy spent on such accounting is not productive and is likely to impact the business growth which ultimately shall impact GDP growth of the country.

4. In certain cases of supply of services, the GST is required to be paid on reverse charge basis. i.e. the receiver of the services has to pay GST. Further, in case of supply of goods from unregistered person to registered person, GST is also liable to be paid on reverse charge basis by the receiver of the goods. This system of payment of GST on reverse charge basis is unique which is perhaps nowhere prevalent in the world. This system is very confusing and appears to be wrong and defective. This system casts more responsibility and compliances burden on the Regd. person whereas unregistered person goes scot free. Therefore there is urgent need to discontinue the system of charging GST on Reverse Charge basis and the GST should be chargeable on the supplier of goods/services..