GST: MAJOR BENEFITS AND ISSUES FOR INDIA

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ABSTRACT

Goods and services is very comprehensive structure when it is implemented in India. It is one of the huge step towards the growth of the nation. It is one of the greatest tax revolution which is good for integrate the state and national economy to boost the development of the nation. Under the structure of VAT, companies and business were paying multiple taxes, so their profit level were affecting. Multiple tax system is one of the major barrier for economic development of the nation. Now, after implementing GST, there is single tax system. GST will create an environment which is business friendly.

Keywords: Goods and Services Tax, VAT, Development, Indian Economy

INTRODUCTION

The Goods and Services Tax (GST) is an idea that disentangles the huge tax structure by supporting and improving the economic development of a nation. GST is an indirect tax require on production, selling and consumption of products and services at a national level. GST will be an indirect tax at all the phases of production to realize consistency in the system.

On bringing GST into reality, there would be amalgamation of Central and State charges into only single tax payment. It would likewise upgrade the position of India in both, Indian and also foreign market. For the consumers, GST would lessen the burden of taxation, which is presently forecasted at 25-30%.

Under this framework, final tax is payable by the purchaser but a input credit system guarantees that there is no falling of taxes-tax on tax paid on inputs that go into production of merchandise.

Keeping in mind the end goal to stay away from the multiple taxes, for example excise duty, VAT etc. GST would bind together these taxes and make a uniform market through the nation. Combination of different taxes into a GST framework will realize an effective cross-use of credits. The present framework taxes manufacturing, while the GST aimed to tax consumption.

REVIEW OF LITERATURE

1. Poonam (2017) had cleared that GST would be an essential step in the field of indirect tax system. The cascading and dual taxation impact can be eliminated by combining central and state taxes. Consumer's taxation rate will roughly lessen to 25% to 30% when GST is applicable. After introduction of this idea, Indian produced items would turned out to be more competitive in Indian and foreign markets. This taxation framework would instantly support economic growth. GST with its very clear features will provide easy administration. In this paper the researcher has attempted describe the idea of GST and its present status in India. Paper has attempted to give
details about framework of GST. The study also stated the advantages and challenges of this framework with reference to India.
2. Shefali Dani indicated in this study that GST regime is not a proper attempt justify indirect tax structure. Roughly more than 150 nations have adopted GST. According to researcher Government of India must examine the GST framework set up by different nations and furthermore their limitations before making this reality. It is certain that GST will simplify current taxation system and will eliminate inefficiencies created by current indirect tax system if there is consensus in various issues like, electricity, real estate etc.
3. Dr. G Sunitha and P. Satischandra had highlighted the concept of GST, its effect on Indian economy and the benefits in their paper “Goods and Service Tax (GST): As a new path in Tax Reforms in Indian Economy”.
4. Dr. R. Vasanthagopal highlighted that GST will definitely will be a step towards a growing economy in his paper “GST in India: A Big Leap in the Indirect Taxation System” in the year 2011.
5. Garg concluded in his article “Basic Concepts and Features of Good and Services Tax in India” that GST will make Indian economy stronger and will lead towards economic development.
6. Nitin Kumar (2014) mentioned in his research paper that implementation of GST will try to remove all the shortcomings of present tax structure in India in his research paper “Goods and Service Tax in India-A Way Forward”
7. Rathod M (2017) in his paper “An Overview of Goods and Service Tax (GST) In India” concludes that GST will be a step towards a developed India benefiting to many parties and entire nation.

OBJECTIVES
1. To analyse the concept of Goods and Services Tax.
2. To study the major benefits and issues of GST in India.

ADVANTAGES OF GST

To the Consumers
1. The major advantage of GST is that it decreases the cost of product and services. So consumers will get the products and services in lesser cost as compared to prices as per previous tax structure under VAT. It will result in increasing purchasing power and capacity of savings.
2. It will increase the employment opportunities in India.
3. There will be uniformity in prices throughout the country.
4. It will increase transparency in the tax system.

To the Producers
1. Under the VAT, there were some complexities because of which cost of the product increases. Under the framework of GST, these limitations are eliminated, so it will reduce total cost of product. Thus, producers will be able to sale their products at lower cost and it will increase sales as well as profits.
2. National market will be developed.

To the Government
1. GST is simple to understand and implement, income of the customers will be increased so that they can save more, and Government can get more investments from the customers.
2. Maintenance cost will be reduced because there will be no requirement of keeping multiple records.
3. Tax evasion can be reduced because there will be same SGST and CGST.
ISSUES AGAINST GST IN INDIA

1. The fundamental issue against GST is relating to compensating State Governments. Under VAT, indirect taxes were levied by central and state governments, which was contributing major part of earnings to the state governments. Now, because of GST, state governments have to be relied upon Central government and Financial Commission. State government are supposed to face losses.
2. It may be possible that current tax in some products are higher than it was in previous taxation system.
3. All type of credit is available online only, so the small businesses may find it hard to use it.

CONCLUSION

While comparing issues with its benefits, it can be said that its benefits are more as compared to its issues. GST will give Indian economy a solid and smart taxation system for economic growth. But to picking up those advantages nation should have built solid mechanism. The goal of GST is to supplant VAT; GST will tackle every one of the complexities which was under VAT. It will offer benefits to different parties like producers, consumers and Government.

REFERENCES