ABSTRACT

Goods and Service Tax (G.S.T.) is basically known as a major part of the indirect taxes. So, it should definitely motivate the foreign Investors, by which the global markets should be developed. Naturally this taxation policy should be beneficial for the Foreign Direct Investments (F.D.I.). This taxation policy should be beneficial for Indian economy also. Because by the help of GST ‘Tax Terrorism’ should be reduced. There should not be any type of fraud in tax payment. The most important thing is critical calculation of tax should be minimized. Goods and Service tax is a substitute policy of VAT, Excise duties, Custom duties etc. That's why it is possible for Indian government to collect the maximum tax through GST which will definitely prove a positive impact on the Indian Economy.

Keywords: Liberalisation, Initiative, enlist, anxiety, tediousness

INTRODUCTION

The Indian constitution has just made It’s one of the Important amendment on 3rd August 2016 in Rajyasabha and on 8th August 2016 in Loksabha. The occasion was also very important because on these dates the Goods and Service Tax (GST) was firstly enacted. The parliament has passed four GST legal bills regarding GST on 6th April 2016.

The Loksabha had passed these bills on March 2017. The rates of this bill will be discussed on May 2017. Now it is sure that the GST bill will be implemented in India from 1st July 2017. These four bills are namely The Central GST Bill 2017, The Integrated GST Bill 2017, The GST (Compensation to States) Bill 2017 and The Union Territory GST Bill 2017.

GST is ultimate indirect single tax system. It may be possible that Mr. Arun Jaitley will fix the rates of GST on 18th and 19th May 2007. For GST bill many brilliant economists and well known knowledgeable personalities in the field of Finance suggested that there should a Square Tax Policy, i.e. Tax should be of 5%, 12%, 18% and 28%. The highest percentage of slab should be implemented on luxurious items. Under this system, the consumer pays the final tax. But there is no tax on tax policy.

The estimated GST structure will be succeed only when there is powerful Internet network. But still India is not having that much awareness and knowledgeable people regarding computer. This should be another obstacle which will create the lot of problems in the future.

As everybody knows, the Petroleum products in India Increases Inflation in the economy. Same should be in the case of electricity also. If in future, these both the products will be considered in the luxurious items, these two products should have to pay GST. It should create the lot of problems.
Naturally due this situation, the rates of petroleum products and electricity have been definitely increase. Common man has to pay more than he is paying today.

The Goods and Service Tax (GST) will be implemented in India from 1st July 2017. GST is Ultimate Indirect Tax to be paid on production, sales and services. It is an ultimatum of ‘VAT’ (Value Added Tax). A person providing taxable goods and services, should have to get registered under GST. It should be possible that the small trades should get redemption under GST.

By the help of above data we may say that, GST is really been prove as an important step taken by central government. Before knowing more about GST, It is very necessary part of this research paper that we must get well acquainted with the history of GST in foreign countries and in India.

OBJECTIVES
To study positive and negative aspects of General Sales Tax (G.S.T.)

RESEARCH METHODOLOGY
References taken in this research paper is taken from secondary sources

‘GST’ IN FOREIGN COUNTRIES
France is the founder of GST. He implemented it into his country in 1954. In Taiwan the rate of GST was 5% and it was 25% in Denmark. In 1980s it was introduced by Canada. Australia introduced it in 2000.

HISTORY OF ‘GST’ IN INDIA
The GST was firstly introduced in India in 2000. This year one committee was established to chalk out the structure of GST. Ex finance minister Asim Dasgupta was appointed as a head of the committee. It was really the major step and amendment made in the Central excise duty and sales tax. Instead of these taxes there should be invented a new tax policy was the basic objective of this committee.

To make continuous study on ‘GST’, Kelkar committee was established in 2003. After a continuous and deep study Kelkar committee suggested that, though ‘VAT’ is doing well to collect the maximum amount through the Indirect taxes, but there should be certain amendments is required to strengthen this tax structure. Because many peoples was trying to hide their important transactions to avoid payment of VAT. Finally in early year 2000, government of India took the initiative to make the Single Taxation Policy; i.e. Goods and Service Tax (GST). It is a mixing of central and state taxes into a single tax payment.

PROBABLE BENEFITS OF GOODS AND SERVICE TAX (GST)

1. ‘GST’ should made the taxation process very easy.
2. It should help to minimize all the Indirect Taxes.
3. It should help to make transparency in the transactions
4. The tediousness and complexity of taxation policy should be reduced
5. The prices of goods and services will be stable and elastic.
6. By the business friendly environment, it is possible to introduce new marketing strategy to make entry in global markets.
7. This taxation policy should be helpful to develop liberalisation policy in India. Because this policy should be very beneficial for the implementation of welfare facilities. Due to welfare development the basic needs and the lifestyle of the people should be definitely boost up. This situation may arise the importance of liberalisation policy.
8. The cost of products and services will be remain same as the rate of taxation will be same in all over the country.
9. It will minimise the unnecessary anxiety of taxation between producers and customers.
10. It will help to create corruption free tax policy.

‘GST’ should make the revolutionary change in current taxation policy. No doubt it will really prove as a boon for Indian economy. But, there are certain Probable lacunas of Goods and Service Tax (GST). It is necessary to make a glance on these lacunas.

PROBABLE AND LACUNAS OF GOODS AND SERVICE TAX (G.S.T.)

1. The current service tax is about 6% to 9%. After GST it should rise around 15% to 18%.
2. GST should make adverse effect on Insurance sector. Because GST should boost up various service taxes.
3. GST should increase cost of IT sector.
4. The cost of financial services may be increase up to 18% to 20%.
5. GST should increase the Maximum Retail Price (M. R.P.) of products and services. The common man should again come into problem.
6. The small entrepreneurs should get very much trouble due to GST. As GST will definitely increase the cost of production.
7. The Central government will get more power of chalking of taxation policies than state government.
8. GST will make reverse or boomerang effect on the people who are planning to purchase their own house. Because GST can add up to 7% to 10% cost. That’s why GST is not beneficial for real estate business as well as housing construction business.
9. The norms of GST are so complicated. So, it is not possible to reduce tax corruption and also the black money.
10. GST will definitely increase the cost of petroleum products. So the cost of transportation should be increase.

GST will definitely make the extremely positive changes in the Indian economic Scenario. But, it is very necessary to make a systematic planning process through which the GST campaign should more developed and the lacunas should be minimized.

India is a country of mix economy. The most important income source of our economy is direct and indirect taxes. From many years India is mostly depend on the taxation policy. But, most of the times this taxation policy was amended. It is so because of changing situations viz; Increasing life style of the people, Increasing per head income, increasing rate of Gross Domestic Product(GDP), changing developed scenario of Industrialisation, Increasing employment, Increasing global markets, changing traditional production process, changing diversified government policies regarding self and micro finance, migrated population from rural area to urban area, adoption of foreign technology and management strategy etc. are the few factors due to which India’s taxation policy was ever changing.

CONCLUSION

India is a developing country and all the important gaining factors are directly or indirectly related with the income source of the economy through which the welfare facilities of the government are implemented. It is very difficult for the government to collect the tax from the people. Because many times most of the peoples always try to hide the tax. Due to this dirty psychology of the people in last few years Indian government is making research on taxation policy. The main motto of such research is to find a perfect solution to collect these taxes. Finally Indian government has decided to merge all the Indirect taxes into a single tax—General Sales Tax (GST). No doubt, it will be definitely a major step taken by Modi government because the tediousness and the complexity of various indirect taxation will come to an end. But, there are lot of questions should arise regarding implementation of GST, viz; on what norms ‘GST’ will chalk out its taxation policy? did GST should beneficial for small entrepreneurs? Is it true that, GST will definitely increase goods and services? GST should prove as a boon for India’s taxation policy but what about the direct taxes? Etc. But till we can say that, GST should be more beneficial for Indian taxation policy. By the help of regular research, feedback and
necessary amendment in GST policy, Indian economy will definitely develop and will prove itself as a superpower of 21st century.

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