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IMPLEMENTATION OF GOODS & SERVICES TAX IN INDIA: EMERGING OPPORTUNITIES AND CHALLENGES

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ABSTRACT

My paper is a brief description of the historical scenario of Indian taxation and its tax structure. Goods and services tax can be a new story of VAT that provides a comprehensive setoff to reduce input and absorb many indirect taxes from state and national levels. The development of GST has been discussed in detail in my paper as background, silent features, problems, state efforts, etc. The implementation of GST in India is predicted to drive efficient allocation of production items resulting in gains in GDP and exports.

KEYWORDS: *Value Added Tax, Central Value Added Tax, Goods and Services Tax, GDP.*

Introduction

Introduction of GST in India is a historic improvement in the indirect tax authority which may have a structural impact on the Indian economy. The Government of India implemented a significant tax reform in indirect taxes with effect from 1st July 2017. At present, a considerable 140 countries have implemented GST within the world with the objective of taking care of transparency within the system and eroding tax vigilance in a phased manner and further construction of infrastructure facilities. Economic houses, farmers, businessmen and therefore the citizens of each country match the growing expectation. It has changed the total indirect structure such as central excise, custom, entry tax and service tax, etc. GST will compile all taxes together under one umbrella to promote a standard market within the country.

Experts have achieved the benefits of GST

- It will implement a country-one tax regime.
- It will include all indirect taxes at the central and hence state level.
- It will not only broaden the tax regime by covering goods and services but also make it transparent.
- It will free the manufacturing sector from the broader consequences of taxes, thus improving the cost-competitiveness of goods and services.
- It will reduce the cost of goods and services and thus, increase consumption.
- It will create a business-accommodating environment, thus increasing the tax-GDP ratio.

Impact of GST on Indian Economy

- Reducing the tax burden on producers and increasing rapidly through more production. This prevents double taxation manufacturers from producing for their optimum capacity and retarded development. GST will seek this problem by allowing the manufacturer to reduce it.
- Spawned items are being easily transported due to various tax constraints like check posts and toll plazas, a loss that translates into major costs through high requirement of buffer stock and warehousing costs. A taxation system can overcome this roadblock for them.
- A single taxation on producers will also explain in a lower final asking price for the buyer.
- Moreover, there will be more clarity within the system as customers will know exactly what ratio tax is being levied from them and on what basis.

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- GST will increase government revenue by expanding assets.
- Goods/Commodities in GST There is a provision for regard to taxes paid by first producers within the service chain. This is able to motivate these producers to purchase staples from various registered dealers and will enter more and more sellers and suppliers within the scope of taxation.
- GST also excludes custom duty applicable to exports. The low cost of transactions will lead to an expansion of our competitiveness in overseas markets.
- The proposed GST regime, which may include most central and state level taxes, is concessions/concessions against the huge discounts and concessions available in goods and services. An integrated list of discounts is estimated to be kept.

The introduction of goods and services tax will be a truly remarkable step in the field of indirect tax reforms in India. By combining an outsized number of central and state taxes into a tax, it would like to reduce comprehensive or double taxation during a serious way and pave the way for a standard national market. From the buyer's point of view, the most important leadership would be in terms of reduction within the overall tax burden on goods and services. With the introduction of GST, Indian products will also be competitive within the domestic and international markets. The final but not the smallest amount, this tax, due to its transparent nature, would be easier for the administration. However, once implemented, the system holds a grip on great promise in terms of sustaining growth for the Indian economy.

Genesis of GST in India

- In the year 2000, the then Prime Minister presented the concept of GST and constituted a committee to prepare a goods and Services Tax (GST) model for the country. In 2003, the Central Government formed a task force under Vijay Kelkar, which strongly recommended fully integrated 'GST' on a national basis in 2004.
- Thereafter, the then Union Finance Minister, Shri P. Chidambaram, while presenting the Union Budget (2006-2007), announced that GST will be introduced from 1st April, 2010. Since then, GST missed several deadlines and was shrouded by clouds of uncertainty.

However, the introduction of GST picked up momentum in the year 2014 when the NDA government introduced the Constitution on GST (122nd Amendment) Bill, 2014 in Parliament on 19th December, 2014. The Lok Sabha passed the bill on 6th May, 2015 and the Rajya Sabha on August 3, 2016. After ratification of the Bill by more than 50 per cent of the States, the Constitution (122nd Amendment) Bill, 2014 received the assent of the President on 8th September, 2016 and became the Constitution (101st Amendment) Act, 2016, paving the way for its implementation.

- The next year, on 27th March, 2017, the Central GST Act- The Central Goods and Services Tax Bill, 2017, the Integrated Goods and Services Tax Bill, 2017, the Union Territory Goods and **Services** Tax Bill, 2017 and the Goods and Services Tax (Compensation to states) Bill, 2017 were introduced in the Lok Sabha. The Lok Sabha passed these bills on March 29, 2017 and the bills were enacted on April 12, 2017 with the assent of the President. State GST laws were enacted by various state assemblies after the enactment of central acts. Telangana, Rajasthan, Chhattisgarh, Punjab, Goa and Bihar were among the first to pass their state GST laws. As on 30th June, 2017, all States and Union Territories had passed their SGST and UTGST Acts except Jammu and Kashmir. From July 1, 2017, the historic indirect tax reform - GST was introduced. The GST Act was implemented on 8th July, 2017 till Jammu and Kashmir.
- GST is a way to break indirect tax reform that seeks to create a common national market. GST covers a number of indirect taxes such as excise duty, service tax, VAT, CST, luxury tax, entertainment tax, entry tax, etc.
- VAT and GST are often used inter-convertible as the latter reflects the prevalence of VAT by **coverage** of goods and services. France/VAT in 1954 Was the first country to introduce GST. Currently more than 160 countries have made VAT/VAT/VAT. GST has been implemented in one form or the other as this tax has the potential to generate revenue in the most transparent and neutral manner. Most countries adhere to unified GST i.e., single tax applicable throughout the country. However, the dual GST system is prevalent in federal politics like Brazil and Canada. Under the dual system, GST is levied by both the federal and state governments. India has also adopted a double GST.

Definitions under GST

GSTIN

Gstin i.e. goods and services tax number can be a legal and unique identity of business with the Government of India within the GST regime. GSTIN is a 15 alphanumeric character, PAN based specific number, allocated state-wise.

CGST, SGST and IGST

- **GST:** Consists of three major taxes-central GST i.e. CGST i.e. state GST i.e. SGST and integrated GST i.e. IGST. Different taxes will require taxpayers to borrow against each other, enhancing ease and transparency within the taxation cycle.
- **CGST**

  The central GST [CGST] is GST, which is to be levied by the Centre on inter-state businesses.
- **SGST**

  The state GST is [SGST] GST, which is to be levied by the state, on interstate businesses.
- **IGST**

  Integrated GST [IGST] is GST, which is to be levied by the Centre on interstate businesses and imports.

Reverse Charge

Reverse charge can also be a mechanism and supervisory arrangement for inspecting and increasing tax coverage, compliance, synchronization and track-capacity between unorganized, partially organized and fully organized sectors. Generally, suppliers of goods or services are susceptible to paying GST. However, in specified cases such as imports and other notified supplies, liability can switch to the recipient under the reverse charge mechanism. Reverse charge means that the liability of paying tax rests on the supplier instead of the supplier supplying goods or services, albeit only on particular categories of supplies.

Mixed Supply

Mixed supply can be a combination of two or more individual supplies of goods or services or any other arrangement of goods or services made for the same value by the GST donor. Components of mixed supply are not bundled organically, but it is a deliberate fusion from a business perspective. A mixed supply can be a gift set that can include a pen, a tie, a wallet and a hoop.

Overall Supply

A holistic supply is an organic combination of two or more individual supplies of goods and services or any other natural arrangement of goods or services created by the GST donor for the same price. An overall supply is further broken into two parts:

- Major supplies: the main and therefore the most important element within the overall supply of goods or services.
- Dependent supplies: It is often dependent element and rests on major supply.

An overall supply can be a snack including a package staying during a hotel, which can be seen as a natural blend. In this case, the stay package is that the principal supply and therefore breakfast can be an overall supply.

Continuous Supply

A continuous supply can be a supply, when goods and/or goods can be supplied. or supply services a selected interval [fortnight/fortnight] Monthly] is made and hence payments are also received in the same manner. A holistic supply can be the services provided by a telecom operator.

ITC

Input tax credit [ITC] is that credit manufacturers receive to pay input taxes towards input used in the manufacture of products. Similarly, a dealer is entitled to input tax credit if he has purchased goods for resale. To avoid double taxation on items used as input to make other items, credit is often taken of taxes paid by the manufacturer of the sub commodity when paying tax on output. If the tax paid on input is above tax on output, the surplus is often claimed as a refund. Input tax credit is not generic for PAN India, state-wise is different and does not apply to composite tax payers.

GSTR

GSTR i.e. GST returns can be a document capturing small prints of income, which means a taxpayer has to file with the authorities to calculate their liabilities. From GSTR-1 to GSTR-11, there are a total of eleven kinds of GST returns capturing and catering to various kinds of tax payers.

GST mainly includes:

- Sales data
- Buy data
- Output GST [derived from sales]
- Input Tax Credit [Payment of GST on Purchase]

GST Compliance Rating

The GST compliance rating is primarily a numerical value and a score among all or any tax payers assigned by the government, which speaks about their GST compliance. Ratings supported the variety of things including all or any GSTIN and GSTUIN holders have been assigned, but not limited to the habits of filing their returns on time, the accuracy of your fed data etc. among many others.

While the special rating format remains to be announced, it should be like being on a scale of about 0-10, where Rock bottom scores reflect zero account and 10 percent compliance.

Ratings will be an important factor in taking advantage of ITC and keeping it flowing seamlessly. If ITC is not available smoothly, the capital will also have an adverse impact. If suppliers are not following up to the mark, ratings will also affect legitimate buyers to take advantage of the input shortfall.

Objectives of the Study

- To observe this tax structure in India with justification for introduction of GST in India.
- To understand the basic concepts of Goods and Services Tax (GST) with empirical analysis of GST model
- To examine various opportunities and challenges after implementation of GST as well as to conduct comparative studies on the impact of taxes in non-GST regime and GST regime

Methods

The study is based on secondary data such as various journals, manual annual reports, journals and newspapers, books, publications and financial data published in related websites. The published and unpublished work of research scholars will also be studied and included wherever necessary.

Tools and Techniques to be Used

- Mean
- Standard Deviation
- Cross tabulation and percentage distribution
- ANOVA (F test) in a way
- T-Test

Scope

The study is conducted in Jaipur district to explore the views of consumers and learn about their expenditure patterns and variations. The selected respondents belong to a mixed group that will give a wide difference in understanding. The scope of the study is limited to the respective area of study which cannot be justified for any other location.

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Research Design

A good research design features, problem definition, estimating the time needed for the research project and expenses to spend the work of research design to ensure that the necessary data is collected and collected accurately and financially. A research design is thorough and simply the framework for a study that guides collection and analysis data. Two fundamental types of research design are used in this project.

Exploratory Research

All research projects should be started with exploratory research . This is an early stage and is absolutely necessary in order to achieve a correct definition of the problem at hand. Major emphasis on discovery if ideas and insights. Exploratory study is particularly helpful in breaking up broader and vague problems in smaller, more accurate sub-problem statements. Exploratory research is additionally under investigation to enhance the approtic ness with the case.

Descriptive Research

It's the plan that describes something just like the demographic characteristics of individuals. Descriptive study is generally related to determining the frequency with which something happens or how two variables differ simultaneously. A descriptive study requires a transparent specification of the research's top who, what, when and why. This requires the creation of more specific hypothesis and therefore tests these through static estimation techniques.

It is the research design of the study and then involves developing a research plan, which shows what efforts to make before going for a real interpretation and discussed below.

Classification of Data

Correct information is the key to success. There are two types of data information; Primary data and secondary data. Primary data information is collected by a researcher or person where secondary data is collected by others but benefited or used by the researcher. Data can be arranged under two categories based on the source used. These categories are:

- Primary data
- Secondary Data

Limitations of the Study

This study also has its limitations which limit the applicability and validity of the study. The boundaries are below

- The sample size was small and cannot be applied to the entire population.
- GST is the newly launched tax system so people are facing some complications.

Conclusion

The experience of other countries in GST is witness to an efficient tax collection system. Certainly, a change in the integrated tax regime from a number of tax regimes will create some teething problems, such as the sharing of revenue between the centre and the state, the lack of availability of seamless Internet access in remote locations, the inner period. Which will get tax refunds to traders as it is an important factor in their working capital management. These problems can be solved if consensus exists between states and various stakeholders to implement this system. Spice up GDP in GST, broadenassets and attract foreign investment and ultimately create big employment opportunities. "Make in India0 "has the potential to pave the way for promotion. So GST is a remarkable game changer for India's economic growth

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