

## GOODS AND SERVICE TAX: A BENEFIT MECHANISM OR BURDENSOME

---

Dr. Rupali Saini\*

### ABSTRACT

*GST could be a reasonably Tax which has replaced various taxes in India. It had been passed in the parliament in 2017. The Act came into effect on 1st July 2017; Goods & Services jurisprudence in India is also a comprehensive, multi-stage, destination-based tax that's levied on every value addition. The Goods and Services Tax or better called GST might be a Value added Tax and will be a comprehensive taxation which is levied on the manufacture, consumption, and sale of Goods and services. GST is supposed to be comprehensive for several of the Goods and services. Goods and Services Tax could also be one taxation for the entire nation, which could make India a unified market. It's proposed to be one tax on supply of Goods and services, from a manufacturer to the highest consumer. The credit of all the input taxes which are paid at each and every stage would be allowed in the following stages valuable addition that produces GST basically a tax on value addition only at every stage. The buyer would bear only the GST which is charged by the last word dealer in the availability chain, together with all the set-off benefits availed at previous stages. In simple words, Goods and service Tax (GST) could be a taxation levied on the supply of Goods and services. This law has replaced many taxation laws that previously existed in India. Most countries with a GST have one unified GST system, which suggests that one rate is applied throughout the country. However no good thing comes without evils included in it, and GST isn't an exception to the present. There are many defaults in GST which is making it difficult to implement the identical and has impacted a number of the industries adversely.*

---

**Keywords:** Revenue, Consumer, Manufacturer, Input, Collection, Comprehensive, Taxation, Retail.

---

### Introduction

Introduction of GST, will undoubtedly healing in improving the present tax structure and can analysis in making it possible to achieve the greater resources in type of the cash condition which is cheap. As per the pre-GST regime an assessment has shown that after implementation of GST, Indian could get around twenty billion Dollar. Having bear in mind to these factors not even at noticeable level, the estimation for the current Level of GST will pop out to about trillion dollars. GST could be a promising commitment by the government towards the industry, and Trade to make a wise and continuously wide idea of knowledge of duty setoff and assessment go off, and merger of all the Central or State controls in GST. It's also helped move into removing the Central sales tax. Reasonable and continuous chain of set offs which is able to help in achieving out of responsibility base and consistency in cost in a way bringing out the value evaluations rate on general traders and merchants or industry. The merger of Central and State GST, complete and sweeping adjustment setoff of data with the discard of Central excise would diminish. Although GST has given variety of advantages and providing a much better out way for implementation of Structured taxation in field of Indirect Taxation. However, there are many hurdles still existing in smooth implementation of GST.

---

\* Assistant Professor, Department of Commerce, Dr. Harisingh Gour Vishwavidyalaya Sagar, Madhya Pradesh, India.

The one most significant obstacle in implementation of GST is dual control Mechanism by Central Government and authorities, on which a typical understanding has been made in meeting of GST council held before implementation of GST. Additionally, to the present various other challenges has come into road of implementation of GST including the Procedural aspects like filing of GSTR.

### Objective of Study

The Goods and Services Tax (GST) Laws in India is one among the foremost significant tax reforms, which could integrate the various tax Laws in India. GST will introduce seamless value-added taxation across all the Goods and services. However, the GST Model as implemented in India is entirely different to date because the desired Goods are concerned. Instead of mitigating the current anomalies and shortcomings of existing taxation Laws, the GST Law will augment the additional tax burden (stranding of taxes) and compliance cost of companies. In this context, this study attempts to:

- Examine the GST Law exhaustive with specific think about provisions impacting industries in India;
- Identify the precise problems being faced by various industries under GST regime;
- Ascertain the probable impact of GST on industries,
- Explore the selection provisions under GST regime to be put in situ so on create a win-win situation for all the stakeholders.

### Review of Literature

**Agrawal. A (2011)** GST is in like way expected to die different central focuses to Indian economy. Irrespective to fact these standard points depends on assumption that general cost structure isn't bureaucratic than this one. Utilization is fundamental with target that guaranteed central focuses are understands it.

**Bagchi Amresh (2005)** in line with the research conducted by him, it's not appropriate to impose a single/uniform rate structure in VAT on the States because it's against the principles of fiscal autonomy rather than strengthening the State, it's erosion of the federal foundations. Nothing should hurt the India's federalism.

**Gupta Sambhavna, Kumar Sunil, Kaur Jasveen, (2012)** Tax is commonest instrument with relevancy procedure producers and key cost change to satisfy cash related objective should be of most exceptional centrality. Well-portrayed and focused on evaluation change can push budgetary headway of nation to progressively basic statures and every one thing considered can make entire economy fall to pieces.

**Lourdunathan F and Xavier P (2017):** In the study about implementation of Goods and services tax and its future and challenges, they covered many aspects to hunt out that GST would be one nation one tax. The GST would supply relief to the manufacturers, producers, traders, service provider because it would subsume multiple taxes into single taxes. They need also mentioned that there would be no human intervention for interaction with Department as same would be through GST Network.

**Mr. Sacchidananda Mukherjee Ms. R. Kavita Rao (Working Paper No. 2014 - 136)** In their working paper 'Exploring policy options to incorporate petroleum, fuel and electricity under the Goods and Services Tax regime in India' they need mentioned that keeping crude petroleum, fuel, petroleum Goods and electricity out of GST system will cause cascading across the sectors. **Mahima Tiwari (2016)** indirect evaluation is commitment which obliged on in every way that basically matters every single neighborhood of nation. Present cost framework in India is often segregated into two zones as an example taxation and tax. After circumstance, two or three reformatory measures were gotten handle on to form commitment structure perceiving, reasonable, local enormous hearted.

### Justification for GST in India

Under the Goods and services tax mechanism, two benefits are provided. One is the cascading effect as was existing In the CENVAT and VAT has been removed, second the credit of any taxes paid on purchase of Goods and Services by someone who isn't the ultimate consumer are often taken In the kind of input credit and a series of input credit from the producer's point till the retailers point is maintained till the Goods don't seem to be sold to the ultimate consumer. These are the objectives that Goods and services tax was implemented and this can be the explanation why Goods and services tax may be a simplified and integrated of disintegrated taxation system of CENVAT or VAT or other indirect taxes like Service tax. But since The GST is at the central Level and it's

overriding the all-indirect taxes whether imposed or levied by Central Government or perhaps by regime, it had been necessary to grant power to state governments to levy the tax on all services, to get their consent in implementation of GST. Hence the services which was taxable by the Central Government only is now taxed under the common mechanism of Goods and services tax with, Goods and total amount of GST collected is in two parts, one in every of the central government and other one is of authorities. Hence the services on which only central government was collecting tax before GST, is now also shared by authorities and by this manner the government got the facility to levy tax on services. However just in case of interstate sales the full amount of GST is collected by Central Government and not shared with State Governments (as it's actually a replacement of Central Sales Tax). Therefore, the Goods and services tax is technically justified for added powers of the States for levy of tax on Services, with additional powers of Central Government to place the tax beyond the stage of producing (as previously central government was able to charge only Excise duty, but not the sales Tax), comprehensive system of depart the taxes paid before further sales and last but not the smallest amount merger of all taxes into one.

Due to elimination of cascading effect the tax won't be charge on tax, and hence the value will automatically get down and it'll provides a relief to the industry and Trade, yet on the ultimate consumer who was bearing the entire amount of tax with cascading effect. With the correct formulation of GST by making proper rates of Taxes and making proper compensation wherever required, there are number of gains to both central and State, especially in compliance of Tax Structure properly and honestly. If Goods and services tax is implemented with proper caution and in proper manner, it'll definitely a task changing scenario to the Indian Taxation system similarly on the all parties whether Manufacturer or whole seller or retailer or Final Consumer.

#### **Advantages of GST**

Goods and services tax by and enormous will give the subsequent advantages:

- Those taxes which isn't ready to be set out will decrease,
- The duty and taxes are charged only on the worth added to the merchandise.
- If no value addition is found, no appraisal is going to be given to tax,
- Entry charges or Octroi etc. will be quarantined step by step,
- Effectiveness of charge Mechanism (SCM) will rely on minimization of the price,
- Various decisions regarding the Taxation are going to be taken supported trade off,
- As we discussed Goods and services Tax are subsumed with most quiet indirect taxes,
- Any amount of Goods and services Tax by the retailers will certainly won't be a part of the price to them as they're going to retreat to the credit of Tax they paid, hence cost won't increase to them,
- The reduction of the worth by not putting tax on tax, the customer will get the good thing about it, because it needs to pay a lesser amount of cost, thus consumption will increase and corporations are benefitted by this.
- Since In the VAT and CENVAT structure of the Tax Goods and services were subject to tax in several manner, hence when both are sold together, we want to create a differentiation in both of it and wish to comply both the legislature, separately, hence increases the complication. That doesn't happen just in case of Goods and services Tax, and hence the administration cost and compliance cost is reduced.
- In GST. Since all the indirect taxes are integrated, hence it's possible in the new structure that the entire burden of the price of tax are going to be splited into manufacturing and Services.
- Since the best thing in the GST is the amount of GST is applicable only if final consumption is created i.e. at the ultimate destination. It helps in removing out the economic impairment and imbalances and helps in brining development of one national market.
- GST undoubtedly will assist in increase a transparent tax administration, which is maybe will be corruption free.
- GST relies on GSTN i.e. GST number, which is an uniform code like PAN in revenue enhancement, and helps come in coping with all aspects of GST.

### Challenges in Implementation of GST

Few of challenges faced by government in initial stages, a number of which still not resolved, are:

- Issues regarding Classification rates slabs for Goods & Services. However, this problem has been resolved to almost last extent.
- Modification in GSTN (Goods & Service Tax Interface Network) to deal with the sensible difficulties.
- Anti-Profiteering Measures don't seem to be established properly.
- Since the GST is now common portal and taxation for whole of the India, Hence the handling of Tax payers from everywhere the country is becoming a good challenge even after four years of implementation of GST.
- Due to exemption of certain Goods and Services, the problems of Dual compliance is persisting,
- The administrative founded is second biggest problem which government is facing. Before GST, every state was having VAT system of Taxation, and was having their own departments. Since VAT has been removed and single consolidated Tax Mechanism is functioning, it's becoming quite difficult to coordinate and manage to central government to with government departments.
- Lack of awareness among tax payers is another problem which can take number of more tears to resolve.

### Hypothesis for Study

**H<sub>01</sub>:** **Null Hypothesis-** There is no Negative Impact of GST on total performance of industries.

**H<sub>01</sub>:** **Null Hypothesis -** There is a Negative Impact of GST on total performance of industries

### Research Methodology

Research methodology may be a way, through which we will find the answer or solve the research problem. In other words, research methodology is known as the science of studying how research is finished scientifically. The trends are analyzed by using the statistical techniques.

A sample of 100 respondents (of various natures in different Business segments) from different regions of the state has been chosen randomly for the primary level survey. Issues relating to the opinion about GST and its impacts on businesses, and other related questions were established to identify the opinion of businesses about the GST. Primary level data gathered through different experts of industries and senior level management employees of the selected industries.

### Results and Analysis

**Table 1: Opinion of Various Retailers about GST**

Modes	Blocks of Sample	Opinion of Retailers' on GST		Indirect Tax Burden	
Automobile Industry	30 (30%)	Highly Satisfactory	8%	Increases	35 (35%)
Electronic Industry	20 (20%)	Satisfactory	28%	Reduces	65 (65%)
Pharmaceutical Industry	20 (20%)	No Impact	24 %		
Tourism Industry	10 (10%)	Not Satisfactory	25%		
FMCG	20 (20%)	Adversely Impacted	15%		
<b>Total</b>	100 (100%)	<b>Total</b>	100 (100%)	<b>Total</b>	100 (100%)

The above table has been divided into three parts. Section A of Table Researcher has divided all retailers into five major categories, for collecting the primary level data. All category people from all industries have been divided among almost equal size of samples and various blocks has been created. In section B of the Table the opinion of the respondent has been noticed regarding the impact of GST which indicates unexpected results. Only 8 percent of total respondent are highly satisfied with the present system of tax. However, on the contrary sixty five percent of the experts accept that yes tax burden has reduced due to introduction of GST. 15% of the respondent has opined that GST has actually adversely impacted them.

### Conclusion

The GST system is largely structured to simplify and replace the multiple revenue enhancement system which was existing in India. Since it's been claimed that it's a simple GST hence attractive method to scale back the tax burden are introduced. The above research traced out the actual fact that retailers do have piecemeal opinion regarding the implementation GST in the selected area. All of them have thought that in future days this move is going to be beneficial for all industries. However few respondents are found to be politically influenced and hence their views are against central government intention of introduction of GST through intending that it's negatively impacted the sales or turnover volume furthermore as income of retail business. It's clear from discussion that industries haven't substantially angered with the central government move of implementation of GST in the study region. GST may become superb and straightforward, as long as the complete country works as a full towards making it success and simple. GST undoubtedly helped intent on avoid the tax on tax (i.e. Cascading effect of taxation) of production distribution chain of the business. By implementation of GST many changes will occur in the taxation system. GST system has an inbuilt system of invoice matching by the due to ensure flow of return in numerous parts of country. By the GST return are drafted and designed in such the way that it very easy to know to everyone. GST increase the paying of tax payer and also increase the revenue level of the county. Now the majority of the companies are well-known and attentive to GST.

### References

1. Aggarwal, Nidhi (2015), *NPA: A Study of State Bank of India*, International Journal of Computer Science And Technology, ISSN : 2229-4333, Volume- 1(1), pp. 79-85
2. Balaraman, R. and Chaterjee, D.P. (2011), *Risk Management*, IIBF (for CAIIB), Mcmillan Publishers Ltd., New Delhi –
3. Chaudhary S. & Singh S. (2012). *Impact of Reforms on the Asset Quality in Indian Banking*, International Journal of Multidisciplinary Research Vol.2(1). 13-31.
4. Dermine J. (2005). 'Provisioning practices' economic & Political Weekly, Vol. XLII.
5. Faizanuddin, Md and Mishra RK (2011), *Non-Performing Assets in Indian Banks*, First Edition, APH Publishing Corporation.
6. Ganesan, D. and Santhanakrishnan, R. (2013), *Role of NPA in Balancing Personal and Work Life of Women Employees*, International Journal of Computational Engineering & Management, ISSN (Online): 2230-7893, Vol. 16 Issue 3, pp. 93-97
7. Hanson, J (2001), *Indian Banking: Market Liberalization and the Pressures for Institutional and Market Framework Reform*, Working Paper Stanford University, No. 104, pp. 1-37.
8. Indira R. & Vasishtha G. (2002). "Non-performing Loans of PSU Banks- Some Panel Results", *Economic and Political Weekly*, Vol.27, pp.429-435.
9. Jayadev, M and Sensarma, R (2017), *Mergers in Indian Banking: An Analysis*, [Online], Indian Institute of Banking and Finance.
10. Kamra D., Samir, & Rana N.S. (2010). "Non-Performing Assets (NPAs) impede performance of Public Sector Banks", pp.6-13, Vol.7, No.3 in *Masterstroke, The Journal of Master School of Management*, ISSN 0972-9 895.
11. Laeven, L and Giovanni, M. (2003), *Does Judicial Efficiency Lower the Cost of Credit*, World Bank Policy Research Working Paper 3159.
12. M.S., Thangavelu, R. (2014), *Study on NPA in Banking Industry with Special Reference to Public sector banks in Kerla*, Asian Journal of Multidimensional Research, ISSN 2278-4853, Vol.2 Issue 3, pp. 35-52.
13. M.S., Thangavelu, R. (2014), *Study on NPA in Banking Industry with Special Reference to Public sector banks in Kerla*, Asian Journal of Multidimensional Research, ISSN 2278-4853, Vol.2 Issue 3, pp. 35-52.

