



## An Overview on Goods and Services Tax

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### ORIGINAL ARTICLE



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### ABSTRACT

India has implemented the Goods and Services Tax, an indirect tax, in an effort to bolster and promote the nation's economic expansion. The Goods and Services Tax Bill (GST) has been enacted in the majority of developed nations. On the other hand, the GST was created in India in 1999. Committee establishment up to create the GST model. Yet, the Indian Government relaunched the GST on July 1, 2017. authority. There was a lot of clamour for its adoption. To support and encourage the country's economic growth, India enacted the Goods and Services Tax, an indirect tax. In most developed countries, the Goods and Services Tax Bill (GST) has been implemented. However, the GST was established in India in 1999. Committee formation was done to develop the GST model. However, on July 1, 2017, the Indian Government brought the GST back into effect. Many people were calling for its adoption.

### KEY WORDS

Tax, Goods and Services Tax Bill, Structure, Government.

### INTRODUCTION

Introduction of GST in India is one of the biggest tax reform in the field of Indirect taxation. GST is an Indirect Tax levied on supply of goods or services. GST has made this fact true "One Country One Nation", i. e. , all over the country irrespective of any state rate of GST on any particular goods or service will be uniform. Since India is a federal country so we have dual model of GST (CGST and SGST) However in case of supply from one state to another only IGST will be applicable. The structure of indirect tax in India up to 30th June 2017 was based on the seventh schedule of the constitution of India. This

Seventh Schedule has three list Union list in which central Government is empowered to make laws, State list, in which concerned state Government only can make the laws and third one is the concurrent list, in which central as well state Governments can make law. Each state was having its own tax laws on sale/Purchase of goods. After the enactment of the Goods and Services Tax Act, 2017, Which came into force with effect from 1st July 2017, there is uniformity in collection of tax throughout the country. "1st July 2017 is the biggest date in the history of India in the field of Indirect Taxation. On 1st July 2017 GST has come in to Force" Without any doubt, in the field of taxation after independence GST is the biggest reform in India. Before coming into force of GST, there were number of Indirect Taxes (at centre and state) being levied on goods and services, Because of this there were multiplicities of taxes being levied on same goods or services. Further rate of taxes were different in different states on the same goods. Further same goods were bearing taxes from the side of the centre and state. As the taxes were being levied by different Governments, the business were not allowed to take the benefit of taxes (paid at the time of purchase) against their tax liability.

## Literature Review

A sizable collection of research publications and secondary data was made. These were taken out and examined closely.

**Neelm Tandon and Deepak Tandon (February 2017)** The author state that the implementation of GST is the most important step taken by Government of India. It brings all Indirect taxes into one umbrella.

**Milandeep Kour, et al (2016)** The author explain that there are many Direct & Indirect Taxes in India. GST affect whole national economy. It is the most challenging reform in India. GST is the combination of all Indirect taxes which help in the growth of the economic Conditions in India.

**Pankaj Devi (2016)** The author in this article starts by describing GST as an Indirect Tax introduced to put an end to numerous cascading taxes. She also details about its impact on numerous sector of Indian Economy. She concludes that all the direct as well as Indirect stakeholders related to the GST have a very high expectation from its implementation.

**Pankaj Kumar, Subrangshu Sekhar Sarkar (March 2016)** In this paper the authors focus on the problem and prospectus regarding GST in India. GST is a substitute of VAT and is levied by the state Government . GST has passed through 122 Amendment bills in the Indian Constitution.

**Piyush Charan, et al. (January 2017)** In this paper the author explains about the proposed GST bill. This paper enables its readers to recognize the view of the GST bill in the legislative Assembly. It gives the features, problems, advantages and disadvantages of the bill and how it will affect the Indian economy

## Objective of the Study

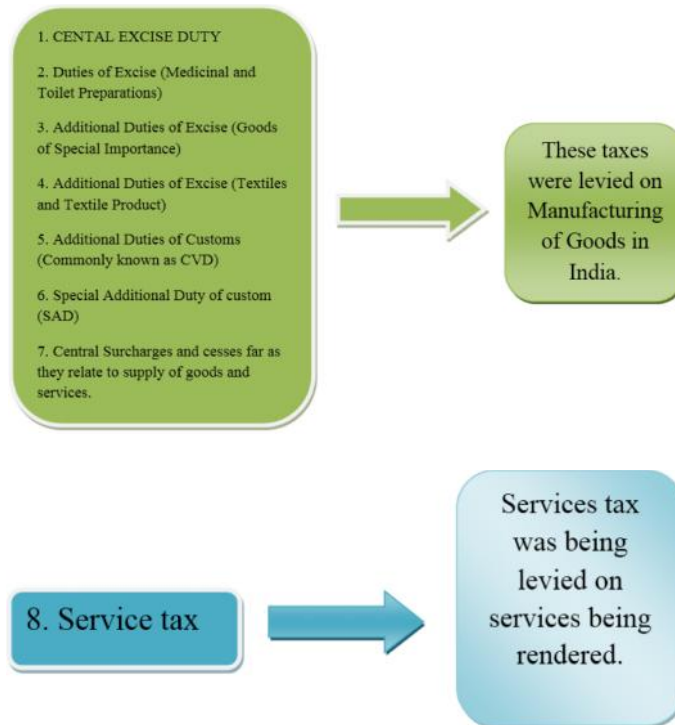
- To study the concept of Goods and Services Tax (GST) and its impact on Indian Economy.
- To perceive how GST will work in India.
- To know the advantages and challenges of GST in Indian context.

## Research Methodolgy

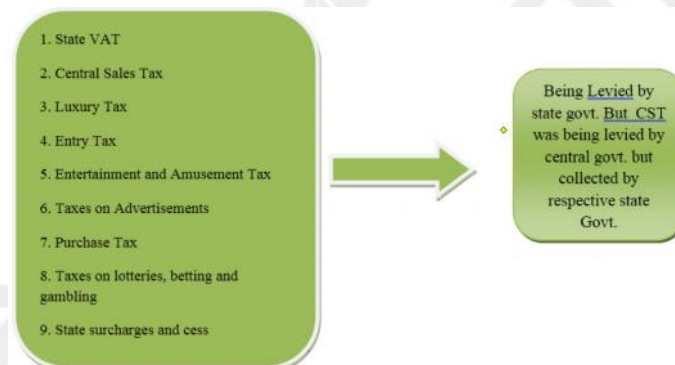
The study is based on Secondary data collected from various referred books, National & international Journals, Government reports, publications from various websites which focused on various aspects of Goods and Service tax.

## Taxes Pre GST Regime

### A. At Central Level



### B. At State Level



## What is GST/Concept of GST

GST is an Indirect Tax. It is a destination based tax on consumption of goods and services. It is levied at all stages right from manufacturer up to final consumption with credit of taxes paid at previous stages available as setoff. In a nutshell, only value addition will be taxes and the burden of tax is to be borne by the final Consumer.

## Features of GST

1. Value Added Tax
2. Destination Based tax
3. Consumption based tax
4. Tax on both goods and services
5. Tax on Supply
6. Comprehensive and continues chain of Input tax Rebate

## Treatments of GST

SNO	Treatment under earlier Law	Treatment under GST
1.	Business has to pay: *Excise Duty on manufacture *VAT *Service Tax on services	Business has to pay: *Excise Duty on manufacture *VAT *Service Tax on services
2.	Business has to pay: *Excise Duty *Service Tax *VAT Here a manufacturer can use ITC of Excise and Services tax to pay off the liability of excise as well as service tax. But this ITC cannot be used to pay off VAT liability. Similarly credit of VAT can be used to pay off VAT liability and not Excise duty and Services Tax.	Under GST manufacturer, Trader and Service provider, all are eligible to take the benefit of GST paid on inputs, Capital goods and Input services.  Traders can take the benefit of GST paid on Input Services to pay off the GST liability on supply of goods.

## Legislative Framework of GST

Following are the acts under GST which were passed and received the Presidents assent on 12th April, 2017:

1. The Central Goods and Services Tax Act, 2017 (CGST).
2. The integrated Goods and Services Tax Act, 2017 (IGST).
3. The union territory Goods and Services Tax Act, 2017 (UTGST).
4. The Goods and Services Tax(Compensation to states) Act, 2017 (Compensation Cess).

## Model of GST in India

India is a federal country where both the centre and the state have been assigned the powers to levy and collect taxes through appropriate legislation. Both the levels of Government have distinct responsibilities to perform according to the division of powers prescribed in the constitution for which they need to raise resources. A dual GST will, therefore, be in keeping with the constitutional requirement of Fiscal federalism. A dual GST means on single transaction of supply with in a state there will be levied two taxes CGST and SGST. While in case of Interstate supply there will be levied only one tax-IGST while in case of interstate supply there will be levied only one tax-IGST (Share of IGST will be shared with concerned state) Centre will levy and administer CGST & IGST while respective states/UTs will levy and administer SGST/UTGST.

## CONCLUSION

By implementing GST, the issue with the current indirect tax system in India can be resolved. GST is a preferable method for imposing tax on goods and services. By introducing GST, the main issues with the Indian tax system, such as the cascading effect and tax evasion, can be reduced. Following the combination of municipal, state, and federal taxes, industry, exporters, and businesses will become more competitive. The additional funds that can be raised by expanding the tax base structure can be used to support national development. Because tax laws affect justice and efficiency, they are crucial to the economy. Since new economic reforms, indirect tax reforms have been an essential component of the liberalization process. The goods and Services tax(GST) is another such undertaking that of expected to provide the much needed stimulant for economic growth in India by transforming the existing base of indirect taxation towards the free flow of goods and services. GST is also expected to eliminate the cascading effect of taxes. The new levy will be an additional major development and the next sensible move in the right direction for the nation's extensive indirect tax overhaul. GST is a significant improvement over the former system of VAT and service tax, not only VAT plus tax on disparate services. By treating all items equally, a single rate would help to preserve simplicity and transparency.

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