



Goods and Service Tax (GST) in India - A Review

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ABSTRACT

The Goods and Services Tax (GST) is one of India's most significant tax reforms. On 1 July 2017, India will introduce the Goods and Service Tax (GST). It is a comprehensive tax system that will integrate all state and federal indirect taxes, as well as an integrated economy, into a single national market. It is intended to smooth out the flaws in India's current indirect tax structure and contribute significantly to the country's economy. This article gives an introduction of the GST concept, describes its components, as well as the benefits of GST and the obstacles India faces in implementing it. GST has a long history in India, dating back over two decades, and was finally implemented in 2017. The article contains GST histories at various phases, as well as information on GST's metamorphosis from previous tax kinds.

Key words: Goods and Service Tax (GST), Taxation, Indian Economy.

1 Introduction

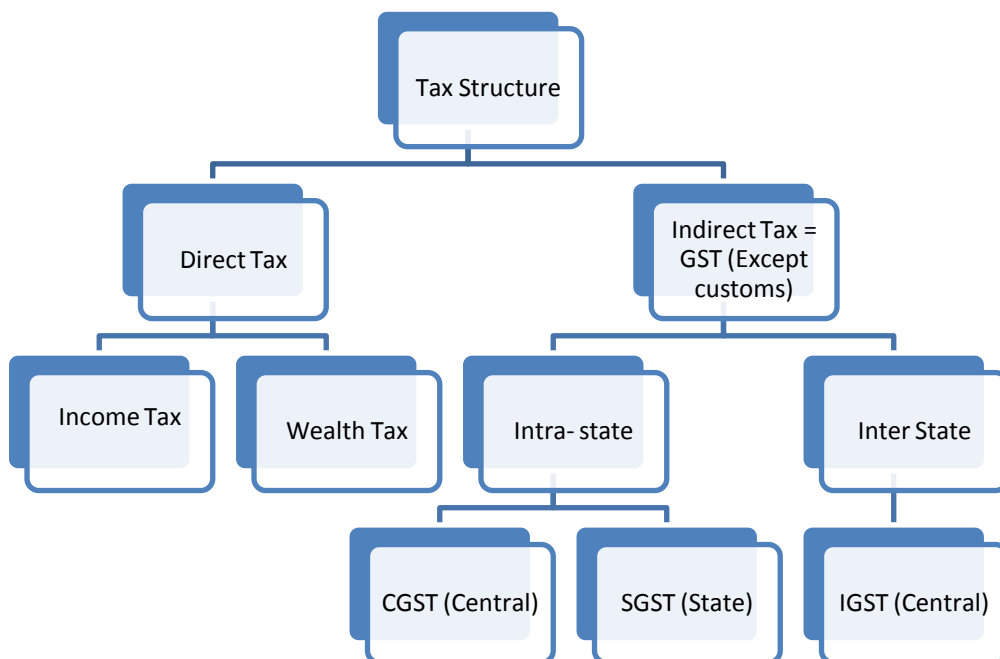
The concept of Goods and Services Tax (GST) is the biggest tax reform in the world in decades, but the goal of GST implementation was born in India on 1 July 2017. The research aims to understand better the concept of taxes on goods and services and how they affect the Indian economy. GST is a major indirect fiscal reform in India that combines the Centre and the states' principal indirect taxes. On 1 July 2017 GST has been implemented and replaced a number of previous taxes in force before 30 June 2018. For more than two decades, GST Bill has been discussed and on 1 July 2017 both the Prime Minister of India and his finance minister, Arun Jaitley, cleared the bill for introducing GST. The GST was introduced on 1 July 2017 at 12 a.m. Various taxes and charges, including the Central Excise Duty, the Services Tax, the Additional Duty, the Surchage, State Value Added Tax and Octroy, were replaced with a single GST. We use a GST system of two stages, i.e. State and central GST are respectively the SGST and CGST acronyms. It is a large tax which applies for goods and services production, sale and consumption. The GST is the VAT charged at the point of origin. It is collected from value-added goods and services at every transaction point in the supply chain or process. More than 150 countries have already implemented GST based VAT systems.

2. WHAT IS GST?

India's most important tax reform is the Goods and Services Tax (GST). The effects of GST on their brands should be known to all companies. The GST is a tax on goods and services which involves the producer to the retailer in a thorough and continuous pay-off chain. GST should only be collected at the destination point, not in several places (from manufacturing to retail outlets). It is indeed a value added tax at each level with a system of offsetting that enables providers to compensate at each stage for any cascading impact, including CENVAT and service tax. The GST framework may be interpreted as a simple tax passage through each phase of production and distribution, and tax basically covers end use within taxation jurisdiction. Currently, when a completed product leaves the factory, and when sold to a retail outlet, a manufacturer must pay tax again. The GST, which shall apply federal and state levels shall be replaced with CENVAT, Central Sales Tax, State Sales Tax, Octroy tax, and other taxes, imposed at numerous levels. All products and services are included in the GST base with a few exceptions. There shall be no distinction between goods and services. Thanks to a reduced tax rate achieved by broadening the tax base and reducing exemptions, the tax burden will be divided evenly between manufacturing and services under GST.

However, key legislative elements, such as charges, taxable event definitions and taxable person, charging measures, including valuation requirements, classification bases, etc., would be consistent as far as possible across various laws. The current CST is progressively eliminated. Rather, a new statute known as the IGST will take effect on the international movement of goods and services. As the cascading effects of customs duties, surcharges, luxury taxes, entertainment tax, etc., were removed, CGST and SGST were levied at the same rate. CGST would be levied at that rate.

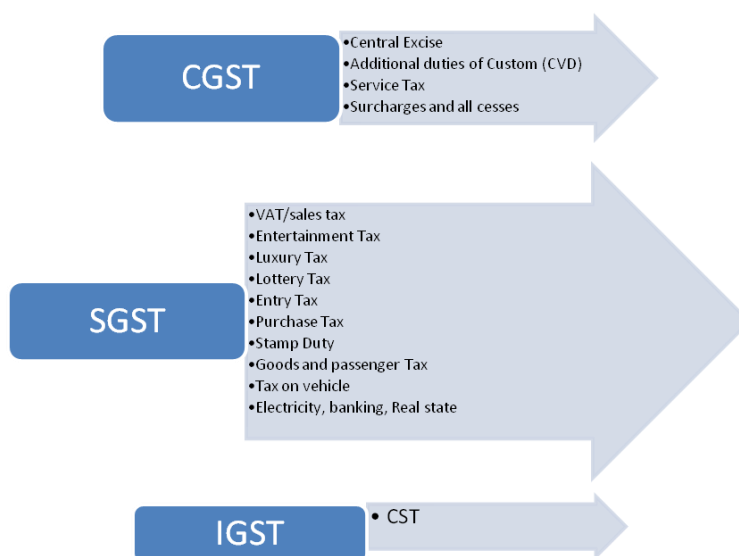
3. Tax Structure in India



4. Model of GST

- ▶ **SGST and CGST for intrastate transaction :** Both federal and state taxes will be collected at the time of sale under the GST system. On the manufacturing cost, both components (the Central and State GST) would be levied. Individuals will profit because prices are anticipated to fall. Lower costs will lead to more consumption, which will benefit businesses.
- ▶ **IGST for Interstate transaction:** For the taxation of inter-state transactions of goods and services, a 'IGST Model' will be in effect. The IGST Model's scope is that the centre would impose IGST on all inter-state transactions of taxable goods and services, which would be CGST + SGST, with suitable provisions for consignment or stock transfer of goods and services.
- ▶ The GST that was paid on the purchase of goods and services will now be paid on the provision of those same goods and services.
- ▶ In order to provide input tax credit, there should be no distinction between raw materials and capital goods. The tax base should cover all commodities and services up to the point of final consumption on value addition.
- ▶ All taxes will have the same assessable value.

5. Subsuming of Existing Taxes



6. GST Rates:

The four GST slab are: 0%, 5%, 12%, 18% and 28% accordingly. respectively. The fifth rate for gold and precious metals, previously scheduled for 4%, is determined later and is likely to be lower. The GST excludes fundamental foodstuffs such as milk, cereals and vegetables. Edible oil and tea are other necessities. The GST rate is likely to be 5 percent for spices, food packaged and other goods. Nearly all other goods and services shall be subject to two 12 and 18 percent standard tariffs. Luxury vehicles, tobacco and aerated drinks are subject to additional cessation at the highest tax rate.

Table 1. List of GST Slab Rates for Various Services

GST Slabs	Services
0% GST Rate	fresh meat, fish, and poultry, eggs, milk, buttermilk, curd, natural honey, fresh fruits and vegetables, flour, bean, bread, Prasad, Salt, Bindi Sin door, stamps, judicial papers, printed books, newspapers, bangles, and handloom, among other things
5% GST Rate	Fish fillets, cream, skimmed milk powder, branded paneer, frozen vegetables, coffee, tea, spices, pizza dough, rusk, sabudana, kerosene, coal, medicines, stents, and lifeboats
12% GST Rate	Frozen meat, butter, cheese, ghee, packaged dry fruits, animal fat, sausage, fruit juices, Bhatia, Namkeen, Ayurvedic remedies, tooth powder, Agarbatti, colouring books, picture books, umbrellas, sewing machines, and cell phones
18% GST Rate	Pasta, Cornflakes, pastries and cakes, canned vegetables, jams, sauces, soups, ice cream, instant food mixes, mineral water, tissues, envelopes, tampons, notebooks, steel products, printed circuits, cameras, speakers, and monitors
28% GST Rate	Chocolate waffles, wafs and furnace-coated wafers, sunscreen, teeth, hair clippers, ceramic tiles, wallpapers, washers, car washers Motorcycles, Aircrews for personal use, pans masalas, tobacco, cigarettes,

7. Advantage of GST:

- GST is an obvious tax that reduces indirect taxation.
- No hidden taxes will be imposed and the cost of conduct is less expensive as the registered shops will not have GST.
- Take advantage of individuals by lowering prices to help companies increase consumption.
- No doubt, in production and distribution of goods services are used or consumed increasingly, vice versa.
- The current fiscal system imposed by separate products and services taxation means that the value of goods and services for taxation is divided into the value of transaction values, resulting in increasing complexity, administration and compliance costs.
- GST will only be imposed at the final consumption point, on the basis of the VAT principle, and not in many places (from manufacturing to retail outlets). This will contribute to eliminating economic distortions and creating a common domestic market.
- GST will also help to develop a transparent tax administration that is anti-corruption.
- A tax is currently assessed when the finished product leaves a manufacturer payable factory, and when the product is sold at a retail outlet it will again be levied.
- There is behind GST a GSTN, a fully integrated tax infrastructure that covers everything related to the GST system.

8. Disadvantages of GST

- Indian GST will have a negative influence on the immobilisation industry, according to some economists. It would make new homes more expensive by up to 8% and decrease demand by around 12%.
- Some experts believe that, for the central taxes, VAT, CST and GST, CGST (Central GST) and SGST (State GST) simply have new names. As a result there is no significant decline in the number of tax levels.
- Today, only 4% of retail products are taxable. After GST is implemented, clothing and clothing can become more expensive.
- It would affect the aviation sector. At present, airfare service taxes range from 6% to 9%. GST will almost double the tax rate to more than 15 percent.

9 Conclusions:

The government's implementation of GST is one of the economic revolutions. The cascade impact was avoided by categorising the tax into SGST, CGST, and integrated tax. Overall, depending on the tax slab indicated on different services, it has both good and negative effects on the service industry. Finally, it is determined that the GST will improve overall Indian welfare and will be an inclusive policy in that it will benefit all Indian states. Finally, it is determined that the GST will improve overall Indian welfare and will be an inclusive policy in that it will benefit all Indian states. We also believe that the allocation of commodities across tax rate levels has an impact on future growth. In order for GST to be successful, the taxpayer must fully comply with the tax in order to perform his function.

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