



DR. Ashok Kumar Srivastava

Reform of Indirect Tax System (GST)Professor- Faculty of Commerce, SMMTPG College, Ballia (U.P.)
India

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E-mail : draksrivastava100@gmail.com

Abstract: *The GST roll-out on July 1, 2017, evidenced the stepping stone toward accomplishing a goal of 'One Nation—One Tax—One Market'. It has subsumed many indirect taxes, both at the Centre and State level. GST is expected to boost the GDP in the long run and contain tax evasion. The registration of large number of assessee under GST will facilitate the effective implementation of GST thereby realizing benefits of uniformity of taxes, seamless credit to reducing the cascading effect. It follows a multi-stage collection mechanism where tax is collected at every stage and the credit of tax paid at the previous stage is available as a set off at the next stage of transaction.*

Key words : One Nation—One Tax—One Market', effective implementation, realizing benefits, credit

Goods and Services Tax, which subsumes a large number of Central and State taxes into a single tax is meant to mitigate the cascading effect of taxes provides seamless credit and makes way for a common market. The Indian economy has made its biggest economic reform i.e., implementation of GST from 1st July, 2017. Recent developments like clearance of the State GST Acts by states, finalization of GST Rates for various goods and services and approval of GST Rules by the GST Council indicate governments commitment.

The Goods and Services Tax (GST) system is under consideration to be implemented from July 1, 2017 at the Central and State levels, subsuming several indirect taxes being levied on the production, supply, purchase or sale of goods and services. Its objective is to implement a uniform tax system on the supply of goods and services in the country, to remove the overriding effect of taxes and to establish a common national market for goods and services. For this, the Constitution has been amended by the Constitution (101st Amendment) Amendment Act, 2016. According to the provisions of Article 246A (1) of the Constitution, both the Parliament and the State Legislature have the concurrent power to make a law to impose Goods and Services Tax on every transaction of supply of goods or services or both to the Center and the State, including Union Territories with Legislature.

In order to implement GST, Constitutional (122nd Amendment) Bill (CAB for short) was introduced in the Parliament and passed by Rajya Sabha on 03rd August, 2016 and Lok Sabha on 08th August, 2016. The CAB was passed by more than 15 states and thereafter Hon'ble President gave assent to "The Constitution (One Hundred And First Amendment) Act, 2016" on 8th of September, 2016. Since then the GST council and been notified bringing into existence the Constitutional body to decide issues relating to GST.

On September 16, 2016, Government of India issued notifications bringing into effect all the sections of CAB setting firmly into motion the rolling out of GST. This notification sets out an outer limit of time of one year, that is till 15-9-2017 for bringing into effect GST.

GST is known as the Goods and Services Tax. It is an indirect tax which has replaced many indirect taxes in India such as the excise duty, VAT, services tax, etc. The Goods and Service Tax Act was passed in the Parliament on 29th March 2017 and came into effect on 1st July 2017.

To become a trusted National Information Utility (MU) which provides reliable, efficient, and robust IT Backbone for the smooth functioning of the Goods & Services Tax regimen enabling economic agents to leverage the entire nation as One Market with minimal Indirect compliance cost. Mission

1. Provide common and shared IT infrastructure and services to the Central and State Governments, Tax Payers and other stakeholders for implementation of the Goods & Services Tax (GST).
2. Provide common Registration, Return and Payment services to the Tax payers.
3. Partner with other agencies for creating an efficient and user-friendly GST Eco-system.
4. Encourage and collaborate with GST Suvidha Providers (GSPs) to roll out GST Applications for providing simplified services to the stakeholders.
5. Carry out research, study best practices and provide Training and Consultancy to the Tax authorities and other stakeholders.
6. Provide efficient Backend Services to the Tax Departments of the Central and State Governments on request.
7. Develop Tax Payer Profiling Utility (TPU) for Central and State Tax Administration.



8. Assist Tax authorities in improving Tax compliance and transparency of Tax Administration system.
9. Deliver any other services of relevance to the Central and State Governments and other stakeholders on request.

In other words, Goods and Service Tax (GST) is levied on the supply of goods and services. Goods and Services Tax Law in India is a comprehensive, multi-stage, destination-based tax that is levied on every value addition. After subsuming majority indirect taxes, GST is a single domestic indirect tax law for the entire country.

Before the Goods and Services Tax could be introduced, the structure of indirect tax levy on goods in India was as follows:

An item goes through multiple change-of-hands along its supply chain: Starting from manufacture until the final sale to the consumer.

Let us consider the following stages:

- Purchase of raw materials
- Production or manufacture
- Warehousing of finished goods
- Selling to wholesalers
- Sale of the product to the retailers
- Selling to the end consumers

To achieve the ideology of 'One Nation, One Tax' : GST has replaced multiple indirect taxes, which were existing under the previous tax regime. The advantage of having one single tax means every state follows the same rate for a particular product or service. Tax administration is easier with the Central Government deciding the rates and policies. Common laws can be introduced, such as e-way bills for goods transport and e-invoicing for transaction reporting. Tax compliance is also better as taxpayers are not bogged down with multiple return forms and deadlines. Overall, it's a unified system of indirect tax compliance.

To subsume a majority of the indirect taxes in India

India had several erstwhile indirect taxes such as service tax, Value Added Tax (VAT), Central Excise, etc., which used to be levied at multiple supply chain stages. Some taxes were governed by the states and some by the Centre. There was no unified and centralised tax on both goods and services. Hence, GST was introduced. Under GST, all the major indirect taxes were subsumed into one. It has greatly reduced the compliance burden on taxpayers and eased tax administration for the government.

To eliminate the cascading effect of taxes

One of the primary objectives of GST was to remove the cascading effect of taxes. Previously, due to different indirect tax laws, taxpayers could not set off the tax credits of one tax against the other. For example, the excise duties paid during manufacture could not be set off against the VAT payable during the sale. This led to a cascading effect of taxes. Under GST, the tax levy is only on the net value added at each stage of the supply chain. This has helped eliminate the cascading effect of taxes and contributed to the seamless flow of input tax credits across both goods and services.

To curb tax evasion

GST laws in India are far more stringent compared to any of the erstwhile indirect tax laws. Under GST, taxpayers can claim an input tax credit only on invoices uploaded by their respective suppliers. This way, the chances of claiming input tax credits on fake invoices are minimal. The introduction of e-invoicing has further reinforced this objective. Also, due to GST being a nationwide tax and having a centralised surveillance system, the clampdown on defaulters is quicker and far more efficient. Hence, GST has curbed tax evasion and minimised tax fraud from taking place to a large extent.

To increase the taxpayer base

GST has helped in widening the tax base in India. Previously, each of the tax laws had a different threshold limit for registration based on turnover. As GST is a consolidated tax levied on both goods and services both, it has increased tax-registered businesses. Besides, the stricter laws surrounding input tax credits have helped bring certain unorganised sectors under the tax net. For example, the construction industry in India.

Online procedures for ease of doing business : Previously, taxpayers faced a lot of hardships dealing with different tax authorities under each tax law. Besides, while return filing was online, most of the assessment and refund procedures took place offline. Now, GST procedures are carried out almost entirely online. Everything is done with a click of a button, from registration to return filing to refunds to e-way bill



generation. It has contributed to the overall ease of doing business in India and simplified taxpayer compliance to a massive extent. The government also plans to introduce a centralised portal soon for all indirect tax compliance such as e-invoicing, e-way bills and GST return filing.

An improved logistics and distribution system : A single indirect tax system reduces the need for multiple documentation for the supply of goods. GST minimises transportation cycle times, improves supply chain and turnaround time, and leads to warehouse consolidation, among other benefits. With the e-way bill system under GST, the removal of interstate checkpoints is most beneficial to the sector in improving transit and destination efficiency. Ultimately, it helps in cutting down the high logistics and warehousing costs. To promote competitive pricing and increase consumption

Introducing GST has also led to an increase in consumption and indirect tax revenues. Due to the cascading effect of taxes under the previous regime, the prices of goods in India were higher than in global markets. Even between states, the lower VAT rates in certain states led to an imbalance of purchases in these states. Having uniform GST rates have contributed to overall competitive pricing across India and on the global front. This has hence increased consumption and led to higher revenues, which has been another important objective achieved. refer to the percentage rates of tax imposed on the sale of goods or services under the CGST, SGST and IGST Acts. A business registered under the GST law must issue invoices with GST amounts charged on the value of supply.

The GST rates in CGST and SGST (For intrastate transactions) are approximately the same. Whereas, the GST rate in the case of IGST (For interstate transactions) is approximately the sum total of CGST and SGST rate.

The primary GST slabs for any regular taxpayers are presently pegged at 0% (nil-rated), 5%, 12%, 18% & 28%. There are a few lesser-used GST rates such as 3% and 0.25%.

In the earlier indirect tax regime, there were many indirect taxes levied by both the state and the centre. States mainly collected taxes in the form of Value Added Tax (VAT). Every state had a different set of rules and regulations.

Inter-state sale of goods was taxed by the centre. CST (Central State Tax) was applicable in case of inter-state sale of goods. The indirect taxes such as the entertainment tax, octroi and local tax were levied together by state and centre. These led to a lot of overlapping of taxes levied by both the state and the centre.

For example, when goods were manufactured and sold, excise duty was charged by the centre. Over and above the excise duty, VAT was also charged by the state. It led to a tax on tax effect, also known as the cascading effect of taxes.

The GST Advantages- GST is a transparent tax and also reduces the number of indirect taxes. GST will not be a cost to registered retailers therefore there will be no hidden taxes and the cost of doing business will be lower.

Benefit people as prices will come down which in turn will help companies as consumption will increase. There is no doubt that in the production and distribution of goods, services are increasingly used or consumed and vice versa. Separate taxes for goods and services, which is the present taxation system, requires division of transaction values into value of goods and services for taxation, leading to greater complications, administration, including compliances costs. In the GST system, when all the taxes are integrated, it would make possible the taxation burden to be split equitably between manufacturing and services.

GST will be levied only at the final destination of consumption based on the VAT principle and not at various points (from manufacturing to retail outlets). This will help in removing economic distortions and bring about development of a common national market.

GST will also help to build a transparent and corruption-free tax administration. Presently, a tax is levied on when a finished product moves out from a factory, which is paid by the manufacturer, and it is again levied at the retail outlet when sold.

GST is backed by the GSTN, which is a fully integrated tax platform to deal with all aspects of GST.

GST Disadvantages- Some Economist says that GST in India would impact negatively on the real estate market. It would add up to 8 percent to the cost of new homes and reduce demand by about 12 percent.

Some Experts says that CGST(Central GST), SGST(State GST) are nothing but new names for Central Excise/Service Tax, VAT and CST. Hence, there is no major reduction in the number of tax layers. Some retail products currently have only a four percent tax on them. After GST, garments, and clothes could become more expensive.



The aviation industry would be affected. Service taxes on airfares currently range from six to nine percent. With GST, this rate will surpass fifteen percent and effectively double the tax rate. Adoption and migration to the new GST system would involve teething troubles and learning for the entire ecosystem.

A paradigmatic shift has taken place in India to reform the entire taxation of India. Whether you are an entrepreneur or industrialist, the new tax regime will affect every member of the society. Such is the encompassing nature of GST. The huge number of modifications are required in the entire taxation system to make it successful tax compliant. Almost everything included in the tax structure requires great digitization. To make the GST more effective, accurate and convenient, Government is making use of newer technologies. The team of tax and technology experts has been appointed by GSTN (GST Network) to make the rollout smooth and continuous.

Conclusion- Thus GST is a positive step towards shifting Indian economy from the informal to formal economy. It is important to utilise experiences from global economies that have implemented GST before us, to overcome the impending challenges.

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