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Implication of GST

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Abstract

GST implementation is a milestone in Indian tax system. The Goods and Services Tax is considered as a biggest tax reform, It will reduce the existing complexity of taxes as it subsumes VAT, ExCise duty., service tax and Sales tax. It seeks to stream line the taxation system so that there is a single tax paid for supply of goods and services. The GST bill facilitates "Make in India" by bringing India on single tax platform. The real success of GST depends upon the only impact on the common Indian consumer. Single tax for one India proves to be beneficial not only to the common man but to the country as a whole. This research paper deals with implication of GST.

Keywords: GST, Tax Structure

INTRODUCTION

GST was first introduced by France in 1954 and now it is followed by more than 150 countries. In India idea of GST was mooted by "Vajpayee Govt. in 2000 and constitution amendment for same was passed by the "Lok Sabha" on 6th May, 2015. The constitution amendment bill for Goods and Services Tax (GST) has been approved by the President of India (Rajya Sabha on 3rd August 2016 and Lok Sabha on 8th August, 2016). The Government of India implements GST by 1st April, 2017. GST is most significant tax reform since Independence. It will increase revenues and growth, stimulate investment.

Objectives of the Study

1. To study Goods and service Tax Act and to identify the level of awareness about its Implementation in India.
2. To study Goods and service Tax Act and to identify the level of awareness about its Implementation in India. To examine the GST implications on tax structure

Research methodology

The research paper is an attempt of research, based on the secondary data sourced from journals, Internet, articles, previous research paper which focused on the various aspects of goods and service Act.

As per the objectives of the study descriptive type of design is used. Further the accessible secondary data is used for study.

Impact of GST on Indian economy

The Goods and Service Tax (GST) bill is expected to have wide ranging ramifications for the complicated taxation system in the country. It is likely to improve the country's tax to GDP ratio and also inhibit inflation. There will be a positive effect on costing of products as taxes will be reduced the same reduction will affect the prices or costing also. GST is playing a favourable role in India. The Indian infrastructure sector largely comprises power, road, port, railways and mining. And the indirect tax levy is different and unique for each of them, which is complex in nature. After implementation of GST the system of multiple taxes will not exist, therefore, increasing the tax base. In India tax evasion is the problem lying in front of government. Due to confusing tax system prevailing people often evade tax, but GST will act as a weapon against this practice and increase the revenue for the government as well.

Advantages of GST

1. Instead of maintaining big records, returns and reporting under various different statutes, all assesses will find comfortable under GST as the compliance cost will be reduced.
2. It will also help to build a transparent and corruption-free tax administration. According to experts, by implementing the GST, India will gain \$15 billion a year.
3. It will promote more exports, create more employment opportunities and boost growth.
4. It will divide the burden of tax between manufacturing and services.
5. It will lead to development of common national market.
6. Leakages can be controlled with the GST as tax structure.

Challenges of GST

1. As per the analyst's real estate market will be cramped by GST and it may result in 12% down turn in demanded of new houses because of increased cost up to 8%.
2. As per the Constitutional Amendment Bill placed in the Lok Sabha, it was proposed that states would be allowed to levy an additional 1% non-vatable tax on inter-state supply of goods for the initial two years, in order to compensate the states for loss of revenue while moving to GST. This was supported by a few states, while a few others criticized the same.
3. Life, health & motor insurances will begin to cost more from April 2017 as taxes will go up by up to 300 basis points.
4. If the rate of GST will be over 15 % the all the services will be costlier.
5. It is really required that all the states implement the GST together and that too at the same rates. Otherwise, it will be really cumbersome for businesses to comply with the provisions of the law.

Conclusion

The implementation of the GST will prove to be an effective medium of simplification in paperwork and accounting processes for businesses. GST will lead to equitable revenue sharing between centre and states. It will also lead to significant improvement in commerce

and eventually economic development of the nation. A single rate would help maintain simplicity and transparency. It can be further concluded that GST have a positive impact on various sectors and industry.

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