

GST and Its Outcome in India

Hema Neelam¹, Bhagya Laxmi²

¹Assistant Professor, Balaji Institute of Management Sciences, Narsampet - Warangal (Rural), Telangana, India

²Assistant Professor, WITS College, Telangana, India

Abstract:- The Goods and Services Tax was implemented on July 1, 2017. GST was planned to be implemented in April 2010, but it was postponed due to political pressures and lack of interest of stakeholders. Traditionally India's tax regime relied heavily on indirect taxes. There are endless taxes in the present system levied by the Centre and rest levied by the state, to remove this multiplicity of taxes and reduce the burden of the tax payer a simple tax is required and that is Goods and Service Tax (GST). This paper throws an insight into the history of GST, Tax structure before GST in India, Goods & Services Tax Council (GSTC), Goods and services Tax Network (GSTN)

Key Words: Indirect tax, Tax Structure, GST Council, GST Network

I. INTRODUCTION

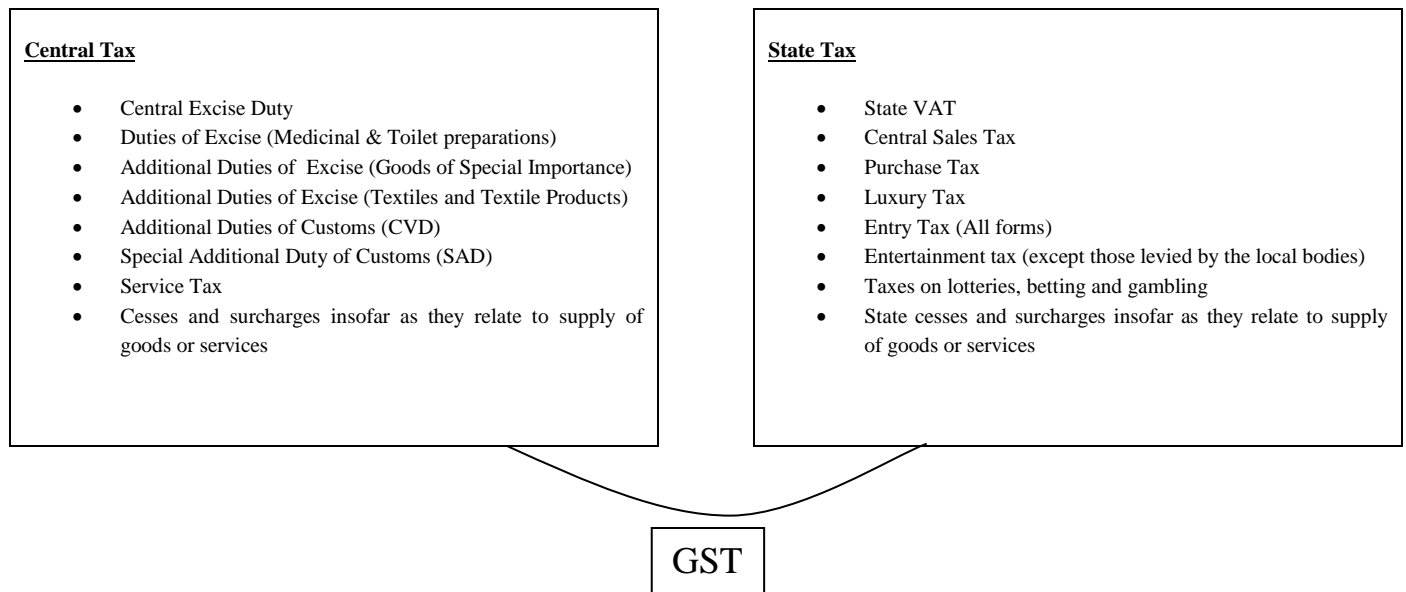
The introduction of the Goods and Services Tax (GST) is a very significant step in the field of indirect tax reforms in India. By amalgamating a large number of Central and State taxes into a single tax, GST mitigates ill effects of cascading or double taxation in a major way and paves the way for a common national market. From the consumers' point of view, the biggest advantage would be in terms of reduction in the overall tax burden on goods, which is currently estimated to be around 25%-30%. It would also imply that the actual burden of indirect taxes on goods and services would be much more transparent to the consumer. Studies show that this

would have a boosting impact on economic growth. Last but not the least, this tax, because of its transparent and self-policing character, would be easier to administer. It would also encourage a shift from the informal to formal economy. The government proposes to introduce GST with effect from 1st July 2017.

II. HISTORY OF GST

The idea of moving towards GST was first mooted by the then Union Finance Minister in his Budget speech for 2006-07. Initially, it was proposed that GST would be introduced from 1st April 2010. The Empowered Committee of State Finance Ministers (EC) which had formulated the design of State VAT was requested to come up with a roadmap and structure for GST. Joint Working Groups of officials having representatives of the States as well as the Centre were set up to examine various aspects of GST and draw up reports specifically on exemptions and thresholds, taxation of services and taxation of inter-State supplies. Based on discussions within and between it and the Central Government, the EC released its First Discussion Paper (FDP) on the GST in November, 2009. This spelt out features of the proposed GST and has formed the basis for discussion between the Centre and the States so far.

III. TAX STRUCTURE IN INDIA BEFORE GST



IV. GOODS & SERVICES TAX COUNCIL (GSTC)¹

On 12th September, 2016 the GSTC has been notified. GSTC is being assisted by a secretariat. Secretariat assists the Goods & Service Tax Council. So far 26 meetings of the GSTC held. GSTC have been taken the following major decisions.

- i. The threshold exemption limit would be Rs.20,00,000. For special category States (except Jammu & Kashmir) enumerated in article 279A of the Constitution, threshold exemption limit has been fixed at Rs.10,00,000.
- ii. Composition threshold shall be Rs. 1Crore. As decided in the 23rd meeting of the GSTC, this limit shall be raised to Rs.1.5 Crore after necessary amendments in the Act. Composition scheme shall not be available to Inter State Suppliers, Service providers (except Restaurant Service) and specified category of manufacturers. For special category States (except Jammu& Kashmir and Uttar hand) enumerated in article 279A of the constitution, threshold exemption limit has been fixed at Rs.75 Lakhs.
- iii. Existing tax incentive schemes of Central or State governments may be continued by respective government by way of reimbursement through budgetary route. The schemes, in the present form, would not continue in GST. Further, 50% exemption of the CGST portion will be provided to CSD (Defense Canteens)
- iv. There would be four tax rates namely5%, 12%, 18% & 28%. The tax rates for different goods and services have been finalized and notified.
- v. The five laws namely CGST Law, UTGST Law, IGST Law, SGST Law & GST Compensation Law have been recommended.
- vi. In order to ensure single interface, all administrative control over 90% of tax payers having turnover below Rs. 1.5 Crore would vest with State Tax Administration and over 10% with the Central tax Administration. Further all administrative control over taxpayers having Turnover above Rs1.5 Crore shall be divided equally in the ratio of 50% each for the Central and State Tax Administration.
- vii. Power to collect GST in territorial waters shall be delegated by Central Government to the States.
- viii. Powers under the IGST Act shall also be cross-empowered on the same basis as under CGST and SGST Acts with few exceptions.
- ix. Formulation and mechanism for GST Compensation Cess has been Finalized.
- x. Eighteen rules on composition, registration, input tax credit, invoice, determination of value of supply, accounts and records, returns, payment, refund, assessment and audit, advance ruling, appeals and revision, transitional provisions, anti-profiteering, E-way Bill, inspection, search and seizure, demands and recovery and offences and penalties have been recommended.
- xi. The following classes of tax payers shall be exempted from obtaining registration: Suppliers of services, having turnover up to Rs.20 Lakhs, making Inter State Suppliers. Suppliers of services, having turnover up to Rs. 20 Lakhs, making suppliers through e-commerce platforms
- xii. The reverse charge mechanism under sub- section(4) of section 9 of the CGST Act, 2017 and under sub-section (4) of section 5 of the IGST Act, 2017 has been suspended till 30-06-2018.
- xiii. There shall be no requirement on payment of tax on advance received for supply of goods by all tax payers.
- xiv. Supplies from GTA to unregistered persons has been exempted from tax
- xv. Registration and Operationalization of TDS / TCS provisions have been postponed till 30-6-2018.
- xvi. The e-way bill system introduced nationwide for all interstate supplies with effect from1-4-2018. As regards Intra State supplies, option has been given to States to choose any date on or before1-6-2018.
- xvii. www.ewaybillgst.gov.in, managed by NIC, shall be the Common Goods & Services Tax Electronic Portal for generation of e-way bill.
- xviii. E-Wallet Scheme shall be introduced for exporters from 1-10-2018 and till then relief for exporters shall be given in form of broadly existing practice.
- xix. All tax payers are required to file return FORM GSTR-3B & Pay tax on monthly basis.
- xx. Taxpayers with turnover up to Rs. 1.5Crore ate required to file information in FORM GSTR -1 on a quarterly basis and ; Other Tax payers would have to file FORM GSTR-1 on a monthly basis
- xxi. Time period for filing of return in FORM- 2 & FORM GSTR- 3 would be worked out by a Committee of officers.
- xxii. Late fee for delayed filing of return in FORM GSTR -3B for the month of July, 2017 to September, 2017 has been waived. The amount of late fee already paid but subsequently waived off shall be re- credited to the Electronic Cash Ledger of registered person under "tax" head.
- xxiii. Facility has been introduced for manual filing of refund application.
- xxiv. Facility shall be introduced for manual filing of application for advance ruling.

¹<https://taxguru.in/goods-and-service-tax/gst-concept-status-updated.html>

- xxv. Supply of services to Nepal & Bhutan shall be exempted from GST even if payments have not been received in foreign convertible currency – such suppliers shall be eligible for input tax credit.
- xxvi. Centralized UIN shall be issued to every Foreign Diplomatic Mission / UN Organization by the Central Government.
- xxvii. www.gst.gov.in, managed by GSTN, shall be the Common Goods and Services Tax Electronic Portal.
- xxviii. Rate of interest on delayed payments and delayed refund has been recommended.
- xxix. The National Anti-Profiteering Authority has been recommended. It is having Chairman and Four Technical Members. Further standing committee on Anti-Profiteering and State level Screening Committee have been set up.

V. GOODS AND SERVICE TAX NETWORK (GSTN)

- It has been set by the Government of India as a private company under Section 25 of the Companies Act, 1956.
- GSTN would provide three front end services to the taxpayers namely registration, payment and return. Besides providing these services to the taxpayers, GSTN would be developing back-end IT modules for 27 states who have opted for the same.
- The migration of existing tax payers has already stated from November, 2016.
- The Revenue department of both Centre and States are pursuing presently registered tax payers to complete the necessary formalities on the IT system operated by GSTN for successful migration.
- GSTN has selected 73IT, ITeS & financial technology companies and 1 commissioner of Commercial Taxes (CCT, Karnataka), to be called GST Suvidha Providers (GSPs). GSPs would develop applications to be used by tax payers for interacting with the GSTN.

VI. REGISTRATION & RETURNS DETAILS AS ON 01ST APRIL, 2018²

- No. of transited (migrated) taxpayers -70, 42,675
- Of which, how many did not opt for complete migration -6, 36,189
- No. of completely migrated taxpayers - 64, 06,486
- Total No. of new applications received for registration - 47, 27,074
- No. of applications approved - 41, 16,360
- No. of applications rejected - 5, 55,826
- No. of applications which are still in process - 54,888

- Total No. of taxpayers; new + migrated (3 +5) - 1, 05, 22,846
- No. of taxpayers who have opted for composition scheme- 17, 86,735
- No. of 3 (B) returns filed for July, 2017 - 63, 62,511
- No. of 3(B) returns filed for August, 2017- 68, 06,964
- No. of 3(B) returns filed for September, 2017 - 70, 50,408
- No. of 3(B) returns filed for October, 2017 - 67, 01,752
- No. of 3(B) returns filed for November, 2017 - 66, 80,408
- No. of 3(B) returns filed for December, 2017 - 66, 37,923
- No. of 3(B) returns filed for January, 2018 - 65, 27,602
- No. of 3(B) returns filed for February, 2018 - 61, 65,324
- No. of GSTR 1 returns filed for July, 2017 - 59, 71,488
- No. of GSTR 1 returns filed for August, 2017 - 22, 14,857
- No. of GSTR 1 returns filed for September, 2017 - 59, 71,488
- No. of GSTR 1 returns filed for October, 2017 - 22, 16,652
- No. of GSTR 1 returns filed for November, 2017 - 22, 01,501
- No. of GSTR 1 returns filed for December, 2017 - 55, 65,273
- No. of GSTR 1 returns filed for January, 2018 - 18, 44,980
- No. of GSTR 1 returns filed for February, 2018 - 6, 63,351
- No. of GSTR 2 returns filed for July, 2017 - 25, 72,552
- No. of GSTR 4 returns filed for quarter July-September, 2017- 9, 04,815
- No. of GSTR 4 returns filed for quarter October-December, 2017 - 12, 77,517

VII. CONCLUSION

GST is the most logical steps towards the comprehensive indirect tax reform in our country since independence. One of the biggest taxation reforms in India -- the Goods and Service Tax (GST) -is all set to integrate State economies and boost overall growth. GST will create a single, unified Indian market to make the economy stronger. Experts say that GST is likely to improve tax collections and Boost India's economic development by breaking tax barriers between Central and State Government by integrating a uniform tax rate. Under GST, the taxation burden will be divided equitably between manufacturing and services, through a lower tax rate by

² <http://gstcouncil.gov.in/sites/default/files/GST-Concept-Status-01-04-2018.pdf>

increasing the tax base and minimizing exemptions. No doubt, GST will give India a clear and transparent Taxation System. GST Council should regularly conduct meetings for changes in tax reflections.

No of returns filled are increasing month by month with the implementation of Goods and Service Tax.

REFERENCES

- [1]. Garg, Girish (2014) "Basic concept and features of GST in India".
- [2]. Kelkar, Vijay, et al (2004), Report on implementation of the fiscal Responsibility and
- [3]. Budget Management Act 2003, Ministry of finance, Government of India, New Delhi
- [4]. Khan,M.A , and Shadab N, Goods and Service Tax (GST) in India: Prospect for states
- [5]. Ministers, T.E., (2009) First discussion paper on good and service tax of India, New
- [6]. <http://www.ficci.com>
- [7]. <http://www.gktoday.in/blog/indirect-tax-reforms-in-india/>
- [8]. www.gstindia.com