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Review of Tax Management in the Indian Economy with Reference to the Goods and Services Tax (GST)

Prof. Felix Anthonysamy and Shaikh Shabnam Amreer Ahmed

Jai Bharat College of Commerce (Night), Mumbai, Maharashtra, India

Abstract: *The Goods and Services Tax (GST) went into effect on July 1st, 2017. This indirect tax applies to the entire nation of India. There would be a single tax applied to all goods and services going forward. Almost 160 countries have enacted GST. The GST's promise of a broad tax base with fair exemptions will be advantageous to the sector. By eliminating all tax disparities between states and unifying the country under a single tax rate, the GST will boost economic growth while limiting tax accumulative pressure. A constant tax rate and the elimination of several levies would all benefit the Indian economy in addition to lowering consumer prices. GST will have an effect on several industries, whether favourably or unfavourably. The Goods and Services Tax (GST), which is the name given to all indirect taxes in the economy, is a single tax. It is purported to be a nationwide tax. It is a uniform tax throughout all states because there is just one rate that applies to a single set of items across the entire country. In its most basic form, GST is a value-added tax that is levied on products at every stage of production, from the manufacturer to the consumer. The purpose of the current article is to define the term GST, explain its composition and many forms, and look at the impact of GST on the Indian economy, both positively and negatively. Books, journals, websites, newspapers, magazines, and other secondary data sources were utilised in the current study.*

Keywords: Cascading effect, Unified market, Tax compliance, GST, and Tax

I. INTRODUCTION

The Goods and Services Tax (GST), which is the name given to all indirect taxes in the economy, is a single tax. It is purported to be a nationwide tax. It is a uniform tax throughout all states because there is just one rate that applies to a single set of items across the entire country. As a result, the slogan of the GST campaign is "one tax, one nation, one market." The government must have had a very difficult time coming up with a simple tax system for goods and services if it took more than 18 years for the GST to take shape in its final form. In its most basic form, GST is a value-added tax that is levied on products at every stage of production, from the manufacturer to the consumer. On the creation, promotion, and consumption of goods and services there is a value-added tax. Since the GST does not distinguish between goods and services, they are both taxed equally. The GST now encompasses a number of indirect taxes, including excise duty, service tax, VAT, entertainment tax, luxury tax, etc. Its main objective is to replace many taxes with a single tax that covers all indirect taxes, overcome the limitations of the current indirect tax structure, and increase the effectiveness of tax administration. GST turns India into a single shared market by establishing a single indirect tax for the entire nation. There is no tax cascading under the GST. The GST has been one of the biggest changes to taxes since independence. The GST has been one of the biggest changes to taxes since independence. GST was first introduced during the budget session for 2007-2008. On December 17, 2014, the Union Cabinet ministry approved the idea for introducing the GST Constitutional Amendment Bill, much in advance of schedule. On December 19, 2014, the Lok Sabha received the GST bill. In order to prepare for the upcoming budget session, the bill was brought in for additional examination. The Goods and Services Tax (GST) Constitution Amendment Bill was officially approved by the Indian President on September 8, 2016, which prompted its introduction in the Indian house and ratification by more than 50% of the size of its legislatures. The GST has replaced existing indirect taxes.

It will help to reduce the cost of goods and services.standardised tax rates.It will encourage economic expansion.It will contribute to improving the goods' and services' competitiveness. The company's liquidity might go up as a result.It will make decisions more swiftly and with less effort from humans. Furthermore, it will help boost Indian exports on the international market, improving the situation of the balance of payments.

Production activity will decrease if the small and marginal producers are eliminated, but the effect on employment would be considerably more severe because production activity in the shadow economy is what creates the majority of job chances in the country. • The government wants to create a "Anti-profiteering Authority" to keep an eye on the marginal and tiny producers in the shadow economy. Any firms whose overcharging of clients or other mistreatment of them is proven may have their registrations revoked by this body. Business executives have spoken openly how deeply disappointed they are with this situation.

The maintenance of records at all levels of product and service sales and purchases is expected to raise operating expenses for small and marginal businesses. If the GST is imposed, there is a considerable chance that some goods and services' prices will rise. The nation's inflationary spiral could be fueled by this. Inflationary spiral is also anticipated since after the adoption of the GST, more than 75% of goods and services would be subject to taxation.Owners of small, medium, and microbusinesses lack GST readiness. Even though the GST is a tax reform, its implementation should have been put off until these business owners fully understood its benefits and drawbacks.

Petroleum and power are excluded from the GST despite accounting for close to 35–40% of the GDP. This is a serious GST problem or deficiency.

POSSIBLE TAX TYPES UNDER GST

• The Central Goods and Services Tax (CGST), sometimes known as the GST, is a tax levied by the Centre on "Intra-State" supplies of goods and services.

• State Goods and Services Tax (SGST): This tax is levied by the state on the supply of goods and services inside its boundaries.

• Union Territory Goods and Services Tax (UTGST): This is the GST levied in any of India's Union Territories on the provision of goods and services.

Taxation patterns in different industries:

E-commerce: The Indian e-commerce market is expanding rapidly, and since the introduction of the GST, it has only gotten bigger. The GST law does, however, establish the unpopular tax collection at source (TCS) method for e-companies, so it will be fascinating to observe how that mechanism's long-term impacts pan out. E-commerce businesses would pay more in administrative expenses since the adoption of GST demands tax collection at source, which shatters the link between buyer and supplier. TCS now levies a 1% fee in India.

Pharma: The healthcare and pharmaceutical industries stand to benefit the most from GST's overall impact. It would increase medical tourism and clarify the tax structure while establishing a benchmark for generic drug producers. Therefore, the pricing tax system will emerge as a major concern for the pharmaceutical business. Because a tax relaxation would make healthcare services easily affordable for everyone, this business anticipated one. Although the healthcare sector would still be exempt from GST, all of its inputs will now be subject to an 18% tax, increasing its operational costs.

Telecommunications: The implementation of the GST will result in lower prices in the telecom sector. By effectively controlling their inventory and strengthening their warehouse, manufacturers will save money. The GST has made it unnecessary to create state-specific organisations or move items, making it simpler for phone makers to sell their wares and spend less on transportation. The GST raised the tax on this sector from 15% to 18%. Increased tax credits are unlikely to exceed 1% of revenue.

Textile: It is common knowledge that India's textile industry generates a large number of jobs for both skilled and unskilled workers. Additionally making up 10% of total exports, it will grow significantly more under GST. Small and medium-sized enterprises would be impacted by GST through the cotton and textile sectors, which did not previously have a central excise tax (optional). 15% is expected to follow GST, which will have a moderate impact on the industry.

The impact will be comparable to other present taxing regimes or slightly less favourable. They will profit, though, from savings and reduced transportation expenses.

II. CONCLUSION

GST will represent a big change in India's indirect taxation practises. The number of taxes has been reduced to just one. GST will make business taxation simpler. Customers will benefit as the overall tax burden on goods and services is reduced. GST will also make Indian products more competitive on global markets. GST will be easier to administer. If implemented, the suggested tax system has a great deal of potential to maintain India's economic growth. Without a doubt, change is never easy. To profit from a unified tax system and straightforward input credits, it is essential to take note of the lessons learned from industrialised nations that have implemented GST and get through the initial challenges. In 1954, France became the first nation to enact GST. The GST will make industry taxation simpler. The government must make the GST a game-changing tax reform rather than creating an uncertain tax structure.

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