Micro, Small And Medium Enterprises in Concurrence with GST
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Abstract

GST is a huge revolution that is expected in tax regimes in many countries and is one of the biggest tax reforms since independence. GST is an indirect tax system that uses technology. The recent MSME sector is expected to grow further as a result of recent reforms. It contributes to national GDP and exports. The MSME sector is likely to benefit from extensive tax reforms and there are concerns about the different provisions and procedures. Current research is being conducted to investigate the extent of GST’s impact on MSME. This study analyzes how the launch of GST differs from MSME. This study also helps researchers to analyze the different opportunities and problems that are provided to MSME by the GST implementation.

Introduction

GST is a destination-based consumption tax that is imposed at various stages of the production and distribution of goods and services. Different taxes, such as local and local taxes, entertainment taxes, consumption taxes, surcharges, Octroi and others are combined. This tax applies to transaction prices that include packaging, commissions and other costs during the sale. It enables input for purchasing and full tax deductions for capital goods, which can later be set up for GST output responsibility.

Manufacturing companies: 1951 Industries (Development and Regulation) companies own name or attributable to the goods or installations and equipment engaged in the manufacture or production of that use is part of the industry mentioned in the first plan of the law in the process of adding the final product or use. Manufacturing companies are defined in terms of investments in Plant & Machinery.

Service Enterprises: they are engaged in delivering or delivering services and are defined in terms of investments in equipment.

SMEs are an important driver of the economy and make a major contribution to GDP. In India, about 3 million small and medium-sized enterprises contribute to 50% of industrial production and 42% of India's total exports.

SMEs are expected to emerge as leading employment creation sectors that offer balanced development between developing countries, such as India and their sectors, for their demographic diversity.

Issue
The concept of goods and services (GST) must step on the largest tax reform was a step towards achieving the goal of only some sectors of Indian goods and services (GST) for decades worldwide. This article focuses on understanding the impact of GST on MSME. This study will primarily help us to look at the opportunities and challenges of GST for MSME after our implementation.

Implications of GST

Release of GST: with the introduction of GST, MSME is ready to meet GST. Both registered and non-registered MSMEs will see an example of the GST.

GST credit: GST assets are available in all categories for both goods and services. GST paid in the initial phase can be used as a credit for the next step.

Strict compliance with the rules: MSME must comply with the new and changed rules regarding registration, configuration, evaluation, conversion, ITC, invoices, payments, refunds and rules.

Possibilities available for MSME after GST: MSME has had ample opportunities since the launch of the new system. They are:

• The registration category is clear. Companies below the threshold do not have to register, and companies between the threshold value and the configuration income can either pay the turnover tax or opt to join the GST regime, and companies with a higher threshold value must fall within the GST framework.
• The launch of GST makes it easier to set up a new company. The new scheme made business easier for the resulting expansion, which is an additional advantage for mkmos and start-ups. Because of the exemption limit, there are solutions for more than 60% of small dealers and dealers.
• Support for Make in India campaigns is available in different ways through GST. The amount of the purchase tax may be the total amount of the input tax deduction. This in turn improves the purchase of capital goods. It also helps small traders.
• Support by government institutions. In order to ensure effective implementation, different training programs and workshops are held prior to the implementation of the GST by agencies such as the Ministry for MALMEs and the CBEC.
• GST scenarios do not have an ambiguity between products and services. Previously, products and services attracted different rates, received goods VAT and services that received service tax. Now GST makes no vague difference between the goods and service components, as a result of which the load is clearly set up for MSME.

Effect of removal of cascade effect:-
1. For manufactured goods, VAT is calculated as the estimated value after consumption tax. For a product worth Rs. 100 a consumption tax of 12.5% is applied, followed by a VAT rate of 14% of ~ 16% effective tax rate. Under the GST both are merged with a standard rate of 18%, so the national stake is 9%. Therefore, the elimination of double taxation will affect income.

2. Simple compliance with GST (registration, payments, refunds and returns) is now only done via the online portal, so MSME does not have to worry about interacting with department managers to implement this compliance.

3. Unification of the market. The costs of doing business are decreasing and there is flexibility in moving goods through the state. Companies have witnessed the One Nation-One Market because the taxes levied by the state and central governments have been reduced.

4. Lower logistics overhead. Because GST is a tax-neutral country, time-consuming procedures for border tax and paid checks are removed. There is encouragement to deliver goods across borders. Logistic costs for companies that produce bulk carriers are reduced. These costs are crucial for the survival of the MSME.

Challenges that MSM has faced since the start of GST: the problem of launching GST poses a serious threat to MSME and has a negative impact that can have a direct impact on competitive markets. They are:

- The threshold limit is a tax for a small number of MSMEs. New tax reforms are taxable for many service providers or retailers. There are MKLs that have to pay tax in the future because the threshold value in GST is being revised.

- Dual control is applied to MSME. Small businesses with a turnover of less than 1.5 crores are assessed by the state. Service providers are assessed by national and central governments, regardless of acquisitions.

- Compliance tax is closer to entrepreneurs. GST requires important legal requirements, such as GST calculation, and it is difficult to focus on business development by regularly issuing and maintaining consent statements.

- A huge technological upgrade is required. Because GST requires knowledge of information and communication technology, the mapping of accounting software, etc., this is the biggest challenge that many SMEs in the country have to solve. Not all SMEs can do that.

- Pay for unregistered purchases. GST's compensation schemes have a negative impact on SMEs and require registration or business interruption instead of the ideal principle of a tax registration system.

- Strict regulation of arrest and prosecution. (i) debts, such as the receipt or use of a pre-tax credit, without actually receiving the goods and / or services, and (ii) providing information that he or she must provide pursuant to these laws or regulations. Entrepreneurs need a lot of time to understand the new system.
Conclusion

SMEs are the main economic sectors that make a greater contribution to GDP and employment. From the point of view of MSME, the positive impact of the GST, such as a tax on one point, a cascading effect and a simple tax, such as "One Nation One Market One Tax", has a major impact on MSME. Nevertheless, each reformer is confronted with obstacles and debates from different stakeholders. The rollout of GST is not free of such challenges. But the experts ultimately compensate for the challenge. There is a requirement that offsets must be understood and removed and that sustainable development of MSMEs is required.

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