GST In India: A Blessing or a Curse

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Abstract

Indian economy is dealing with various reforms of Indirect Taxation especially since last three decades. Goods and Service Tax is the latest indirect tax regime in India. GST is in its starting phase. Before GST Value Added Tax was the best tax reform in India indirect tax history but there were many problem for tax payers and many other taxes was applicable on Sale of goods and providing of services. After implementation of Goods and Service Tax about 17 indirect taxes become idle. But still taxpayers are not happy with GST. Still there are some issue of GST in India, which needs attention of Central government, Finance Department and GST council of India. Many economists are in favor of GST in India but on the other hand some economists and political parties are against it. May be some problems or issues are there in goods and Service Tax but still Indian Indirect Taxation is on a growing path with timely required amendments. This study ‘GST in India – A Blessing or a Curse’ is all about Merits and Demerits of Goods and Service Tax.

Key words- GST, Tax Reforms, Tax Regime, Taxation, Value Added tax.

Introduction

India is currently going through major reforms in its overall economic sectors. The growth trajectory of India is so high that it is poised to become the third-largest economy of the world by 2030. Government is taking significant initiatives to boost the overall economic growth of the country. Introduction to GST and its 3 types- CGST, SGST, IGST AND UTGST are effectively supporting such major economic development programs.

GST stands for Goods and Services Tax. It is considered as the biggest taxation reform in the history of Indian economy. It will subsume multiple taxes like VAT, Service Tax, CST, excise and additional excise duty, entertainment and luxury tax, etc. It is a single uniform taxation system which will help in eliminating time, cost and effort.
Government has joined hands with the National Securities Depository Limited (NSDL) and together they have created Goods and Services Tax Network (GSTN). It’s a non-government firm which will provide IT infrastructure services to the central and state governments, stakeholders and taxpayers for proper implementation and regulation of GST.

Indian economy is highly diverse due to numerous industries operating in different sectors having the different location, supply chain and target consumers. To understand the detailed impact of GST, let’s discuss its three types-

**Central Goods & Service Tax (CGST)**

As per the Central Goods & Services Tax Act 2016, CGST is the centralized part of GST that subsumes the present central taxations and levies- Central Sales Tax, Central Excise Duty, Services Tax, Excise Duty under Medical & Toiletries Preparation Act, Additional Excise Duties Countervailing Duty (CVD), Additional Custom Duty and other centralized taxations.

CGST is applicable on the supply of goods and services of standard services and commodities which can be amended periodically by a specialized body under the central government. The revenue collected under CGST belongs to the central government. The input tax is given to the state governments which they can utilize only against the payment of CGST.

**State Goods & Services Tax (SGST)**

SGST is an important part of GST. It stands for State Goods & Services Tax as per the 2016 GST bill. Various taxations and levies under the state authority are subsumed by SGST as one uniform taxation. It includes the amalgamation of State Sales Tax, Luxury Tax, Entertainment Tax, Levies on Lottery, Entry Tax, Octroi and other taxations related to the movement of commodities and services under state authority through one uniform taxation- SGST.

Revenue collected under SGST belongs to the State Government. However, the mainstream framework of the state governing body will be supervised by the central government. Each state will be having their own State Authority to collect SGST.

**Integrated Goods & Services Tax (IGST)**
GST focuses on the concept of one tax, one nation. IGST stands for Integrated Goods and Services Tax which is charged on the supply of commodities and services from one state to another state. For example, if the supply of goods and services occurs between Gujarat and Maharashtra, IGST will be applicable.

Under Article 269A of the Indian Constitution, the inter-state trade and commerce activities that involve the movement of commodities and services shall be levied with an integrated tax (IGST) under the GST regime. The Government of India will collect the revenue under IGST. Further changes can be made by the Goods and Services Tax Council of India.

**Union Territory Goods & Services Tax (UTGST)**

As we have already learned about CGST and SGST which are intra-state taxations and IGST which is inter-state, the union territories in India are accounted under a specialized taxation called Union Territory Goods and Services Tax as per the GST regime 2016. It will subsume the various taxations, levies and duties with one uniform taxation in Union Territories as well.

Delhi (India’s Capital Territory), Chandigarh, Dadra & Nagar Haveli, Andaman & Nicobar Islands, Daman & Diu, Lakshadweep and Puducherry are the prominent union territories in India. UTGST will account for all the taxations under these union territories in India. The parliament is looking forward to implement a separate act to impose and supervise GST in Union Territories under the name of UTGST act. The bill will be presented in respective union territories for further changes in the implementation of GST.

**CONCLUSION**

GST will surely boost the country’s economic growth and ease of doing business in overall industrial sectors. The significant types- CGST, SGST, IGST and UTGST will provide a smooth mechanism of tax collection for the respective central, state and union territory governments of India. It will begin a new phase in India’s economy by providing logistics and supply chain efficiency and state-based parity that the country requires the most.