Goods and Services Tax in India: Implementation and Consequences

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Abstract

Our proposed research is to understand the role and the GST (Goods and Services Tax) Taxes in India scenario. This white paper is an analysis of a short description of the historical scenarios of the GST. But the idea for the GST, India was a controversy by Jupi government (Vajpayee government) caused Bar in 2000, but by May 2015, the 6th Loksabha must pass a constitutional amendment has not yet been ratified by the Rajya Sabha. This is an extensive tax system to take all indirect taxes and the economic integration of the state and the central government as a seamless national market. It is expected that this will remove the wrinkles of the existing indirect tax system and will play an important role in the growth of India. This whitepaper provides an overview of the GST concepts and explains their functions and implementation schedules in India. This document focuses more on the benefits of GST and on the challenges facing India in action. The research is based on secondary data from magazines, articles, newspapers, internet and magazines.

Concept of GST

GST will make India one common market with indirect taxes for the whole country. GST is a single and targeted tax on the consumption of goods and services from the manufacturer to the consumer. The tax amount paid at each stage can be used in the next phase of VAT, and GST will in principle only levy the added value at each stage. Therefore, the end user only needs to carry the GST imposed by the last dealer in the supply chain, and they all compensate in the previous step. Goods and Services Tax (GST) is charged at various rates from 0% to 28%. GST Committee stylized completed a four-step GST tax structure of 5%, 12%, 18%, 28% was low and the International Journal rate of international research magazine for compulsory mandatory lower also the highest level of luxury items and luxury goods. Only the government 70 years alone, while in the largest tax reforms in India, GST (Goods and Services Tax) at midnight on June 30, 2017 has been put into effect process took 17 years since 2000, the first Lt; / RTI & get; The launch was immediately released by voting against the resolution, but to show the historic evening of the two parliament in the Congress central hall (June 30, 1-17 1) Session opponents throw against votes. It is the same. It is the double GST that both the center and the state simultaneously impose common tax standards. GST is the central goods and services tax (CGST), the main goods and services tax (SGST), the third goods and services cross-country tax (IGST) are divided into three categories.

CGST

CGST is part of the goods and services tax (GST). CGST stands for Central Goods and Services Tax, which means one of three categories of goods and services taxes, taxes and countries. CGST corresponds to the Act on central goods and services tax 2017. CGST is responsible for the movement of goods and services of standard goods and services, which may be revised from
time to time by a separate body. The revenue is collected by the CGST for the center. However, tax credits for CGST are given to the state and such taxes are only used for Center GST payments.

**SGST**

SGST is part of the tax on goods and services. SGST means the main goods and services tax. This tax is subject to the State Tax Act for Goods and Services 2017. When SGST is introduced, state sales tax, include VAT, luxury tax, entertainment tax, state tax and associated surcharges and convenience, gambling and betting, Octroy instead of goods and services for the lottery. The income collected under SGST is for the state.

**IGST**

IGST is also part of the tax on goods and services. It means integrated goods and services tax. IGSTs are charged when goods and services travel from one state to another. For example, if a product is moved from Tamil Nadu to Kerala, the costs will be charged for the item. Income outside the IGST is shared between the state and central governments according to tariffs set by the authorities.

**UTGST**

The complete form of UTGST is federal local goods and services tax. CGST and SGST are used in IGST for weekly (weekly) and weekly delivery of goods and services. Products and services supplied GST is accounted for as such in the Union Territory Havelock Island, Chandigarh, Dadra and Nagar and Diu, Delhi (also the capital of the Delhi district), Lakshadweep, Pondicherry as UTGST. In the area of the Union, a separate law is passed to charge and manage GST in India under the UTGST law. The UTGST law describes the GST tariffs for goods and services transfers in the trade union region. UTGST legislation is proposed by each state government to be implemented under the UTGST law.

**GST ratio plate**

As discussed in the meeting of 6 GST Council will be held May 3, 2017 divided GST tariff sheet for specific foods or categories:

**0% GST ratio**

**Goods**

Items such as jute, fresh meat, fish, chicken, eggs, milk, buttermilk, cottage cheese, natural honey, fresh vegetables and fruit, flour, bread, Prasad, salt, bindi is not taxed. Sindoor, stamps, court documents, printed books, newspapers, bracelets, hand-woven, bone and hornstones, bone corn, bone meal, etc.; Horseshoe, horn meal, grain boards, Palmyra zigzag, salt - all species, kajal, children's drawings, photographs, or books, human hair, Live Cattle (donkeys, mules and hinge), live cattle, live pigs, live sheep goat live poultry and other animals (mammals, birds, insects), cattle meat available fresh or chilled edible cattle (pigs, sheep, goats, horses, donkeys, donkeys, elk), animals, pigs, fish fillets and other fish meat, fish, shellfish, fresh milk and pasteurized milk, onions, goats, horses, donkeys, mules, shrimps or chilled meat, fresh meat.
and meat products, bird eggs, lassi, paneer, natural honey, semen, potatoes, Borja no coffee, fresh green tea leaves, fresh ginger, fresh turmeric, cereals (wheat and Lynn Metz, rye, barley, oats, rice, sorghum, and feast, bajra, ragi etc.), wheat flour, dried legumes flour. For the cereal peel, soybeans, groundnuts, linseed, flaxseed, rape or cola sunflower seeds, other oilseeds and hops cone part of the plants and plant, love and shellac, betel leaves, Palmyra sugar, Play, beet peel sugar, candy sugar candy sugar, etc.

**Service**

The customs are fewer than Rs 1,000 hotels and lodges off the tax exemption service under the GST. Gemstones and semi-precious stones rough is a service by road or bridge access to services, toll payment by the worship of foreign officials in GST 0.25%, India by Indian Reserve Bank of India Transport Management Institute (Indian Institute of Management) Services by transport of goods delivered by. Services in veterinary clinics related to the health of livestock. Arbitration tribunal by providing services, rather than advocating for a senior lawyer by means of legal services, lawyer or senior lawyers, including through private cooperation companies, legal services.

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**5% GST speed**

**Goods**

Fish fillets (fish fillet), 1000 under clothing, packaging, food, footwear, cream, skimmed milk powder, brand finder, frozen vegetables, coffee, tea, herbs, pizza bread, rusks, sabudana, kerosene, coal, medicine, a stent, a lifeboat, cashew nutshell resin cashew nuts, raisins, ice and snow, biogas, insulin, best Le Liberty, lead or stamps, paint drawing, first day covers, etc.

**Service**

Transport services (railways, air transport) because the oil is the main raw material is out of the range of small scale employment of 5% GST Category parties. A 5% tax is levied on textile work in the aviation industry. Jobs related to services - printing of newspapers; (Other than man-made fibers) for textile fibers and fiber cutting and textile cut diamonds; Gemstones and semi-precious stones; Or simple and studded jewelry of gold and other precious metals. Books (including Braille books), periodicals and periodicals; Processing of leather, leather and leather 5% or less GST 12% GST ratio

**Service**

State lotteries, non-AC hotels, business cards, fertilizer and employment contracts will be subject to the VAT tax of 12%. Deliver food / drinks without alcoholic beverages in restaurants where there is no air conditioning throughout the year. Hotels, guesthouses, guest houses, clubs, campgrounds or other commercial accommodation about Rs.1000 per room for under a fee Rs.2500 facilities occupancy or housing, behavior classes for passenger transport by air outside the economy. Services provided by Chit Fund executives in connection with Chit. Information technology use or the enjoyment of intellectual property rights on products of other software than temporary or permanent transfer or decide that a connection with a view to sale to the buyer,
construction, civil engineering constructions or a part construction of the (in whole or in part) (from the land Value is considered one third of the total amount that is imposed on such goods)

18% GST speed

Goods

Most of the items are shoes that require Rs 500, trademarks, goodwill, software, Bidi Patta, cookies (all product listings), refined sugar, and pasta, cornflakes, pastries and pastries, preserved vegetables, jams, sauces above. This tax is included under blow. Soup, ice cream, instant food mixes, mineral water, fabrics, envelopes, tampons, nuts, steel, printed circuits, cameras, loudspeakers and monitors, Kajal pencil stick, headgear and parts thereof, aluminum foil, electric recorders, closed circuit TV, set-top box, 17 inches longer than a computer monitor, a cold wire, coaxial cable, fiberglass, phycillay motor vehicle (except the copier, a printer) for TV, refrigerated car, the rear transport wheel rim tractor middle housing, the housing transmission, stroller and its components, transformers, CCTV, fiber, bamboo furniture, loading basin and padding pool, curry paste; Mayonnaise and salad dressing; Mixed herbs and mixed herbs and tractor parts, etc.

Service

Alcohol, Communication services, IT services, AC Hotel offers designer clothes and financial services, and prices between Rs 2500 and Rs 7500, outside cooking of food, such as the tax base of 18% GST.

28% GST ratio

Goods

Primary cells and batteries, electronic liquid storage part (including heat claim) rectangular or without (square) and tanks and other armored vehicles, motorcycles, trailers and semi-trailers vacuum, electromechanical home appliances with its own electric motor other electric vacuum cleaner, a razor blade, hair cutters character-based hair removal device a electric ignition, electric lighting or signaling device, for windows, windscreen wipers, electric hair care device, ISDN system, a loudspeaker, a sound recording, a radio broadcast transmission device with an engine, radar apparatus, radio receiver, monitors and projectors, electrical signals, railways / rail / road / water safety, control equipment, insulated wire and cable heel egg, brushes, electric machines, cars (car more than 10 transport, Auto parts and accessories, Bidis, chewing gum, molasses, chocolate products, auto parts and accessories), auto Auto parts and accessories shavers, shavers, hair dye, sunscreen, wallpaper, ceramic tile, water heater, dishwasher, weight measuring device, washing machine, which includes wafers and wafers coated with the ATM, such as waffles and wafers, vending machines, shavers and hair trimmers, Cars, motorcycles and personal aircraft charge 28% of the highest load on the GST system.

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My Tax India: an overview of the Prospectus and challenges "and it concluded that the GST will bring a nation with one of the fiscal markets has a positive effect on the various sectors and the
industrial implementation of GST is the stake holders, Central and provincial governments, trade and industry need more work

Arkansas Chateau Kura me (AkankshaKhorana) and ahseuta Shah Rheumatism (Asthा Sharma, 2016) - After a study of the "Indian goods and services tax positive reform of the system of indirect taxes" GST is that they have a rescue operation on producers and consumers the I saw. Service tax has started and various taxes are included. Efficient organization of GST will increase your tax base and improve tax compliance to significantly increase your focus and resources and income from the country

If you want to register with GST, you must register.

**GST registration is mandatory.**

- Anyone registered under the previous law (e.g. Excise, VAT, service tax, etc.) must register with GST.
- If the registered company is transferred or transferred to another person, the recipient must register as of the date of transfer.
- A person who directs the delivery of goods between countries.
- Casual taxable person.
- Any other person or hierarchy in which the central government or state can communicate the recommendations of the council.
- Agent of supplier
- A person who has to pay taxes on resistance costs.
- A person who has to deduct taxes in accordance with article 37.
- A person who supplies goods and services on behalf of taxpayers who are registered as agents or others.
- A collection that offers services under the trade name or trade name.
- Distributor for import services.
- E-commerce operator.
- All e-commerce operators.
- Non-resident taxpayers are taxable suppliers.
- A person who provides other than brand services via electronic products and services.

**Who is taxable under GST?**

Such persons are treated as temporary taxpayers under the GST. Example: a person with a business in Bangalore offers taxable advisory services in Pune, and places where no business is done in Pune are considered taxable in Pune.

Who is subject to foreign tax under GST? Non-residents sometimes offer goods / services in areas where GST applies, but it does not have a permanent business in India. According to the GST, he is treated as a non-resident taxpayer person. Similar to the above, except that non-residents do not have a business in India.

**Who is the distributor for import services?**
An 'Input Service Distributor' is a goods / service that receives a tax invoice after receiving an import service and issues a tax invoice to distribute the CGST / SGST / IGST credits paid for the service to your branch.

The result is that you can only distribute credits for "Input Services" and cannot distribute them among input goods or capital goods.

**Get help in India**

It will contribute to strengthening foreign investment and 'Make in India' campaigns and creating a unified, common national market in India.

- Delivery credits will be offered by all goods and services at all delivery stages, thus avoiding tax casings.
- Harmonization of laws, procedures and tax rates;
- This will increase GDP by boosting export and production activities, creating more jobs and increasing employment, leading to substantial economic growth.
- Ultimately it will help to eradicate the eradication of poverty by creating more employment and more resources.
- In particular, more efficient neutralization of the taxes on exports increases the competitiveness of our products on the international market and promotes Indian exports.
- Improving the general investment climate of the country that will naturally help the development of the country.
- Uniform SGST and IGST rates will reduce incentives for avoidance by eliminating exchange rate preferences between neighboring countries and intra-weekly and weekly sales.
- The average tax burden for companies that are expected to have lower prices and lower prices will be reduced, resulting in more consumption, which in turn means more production, allowing the sector to grow. This makes India a "production hub".

**Goals of GST**

GST has been proposed to achieve the following goals:

- GST helps to eliminate the consecutive effects of the production and distribution costs of goods and services. This will help raise GDP and improve economic conditions in the next country.
- GST eliminates the diversity of indirect taxes and simplifies all indirect taxes that benefit the production and the final consumer.
- GST will complement all shortcomings of the existing VAT system and help improve your economic health.
- Taxing corresponds to domestic consumption.
- System efficiency and equity have been optimized.
- You do not have to export tax from a tax jurisdiction.
- The Indian market must be integrated into a common market.
- It improves the cause of cooperative federalism.

**Benefits of GST**
According to the GST scheme, the tax burden is distributed fairly between production and services through low tax rates, the extension of the tax base and the minimization of exemptions. We look forward to helping you to set up effective and transparent tax management. It is expected that the cascading effect of tax and aid on the creation of a common international R & D national market for research will disappear. In addition to this

Explanation

In the current indirect tax system, each conglomerate only tries to produce everything internally in order to reduce the CST and the cascading effects of taxes. The proposed GST system, however, lacks CST and cascade effects that lead to outsourcing, outsourcing and division of labor. This characterization will reduce future production costs. At lower prices, domestic products will become more competitive on the international market, which will help boost exports and reduce the current account deficit.

Some basic calculation

With the introduction of GST there will be no chain effect of taxes and there will be a single basis for tax calculations for both central and provincial governments. Initially the state loses tax revenue because the value of taxable goods is low. However, the availability of cheap goods will increase the number of taxpayers and also increase the country's total tax collection. This increase in tax revenues will lead to the fiscal consolidation demanded by the current Indian economy. According to a recent CRISIL report, the GST is considered the most appropriate for fiscal consolidation because there is little scope for reducing government spending in India.

Output is zero.

GST does not affect input credits for exporters and is not subject to export because they can use these input credits in the future. In the absence of an assessed export, domestic raw materials will become more competitive on the international market and help to increase exports, which means that India will reach its 3.5% target in world exports by 2020.

Simple tax structure

We expect the tax structure to be much simpler and easier to interpret, as different indirect taxes on the goods and services of the state and the central government will be replaced by a single tax. Reducing the accounting complexity of your business will increase your production competitiveness and improve your economy by 1-2%.

Support services for information technology

The proposed GST ratio in the IT industry has not yet been determined. The total ratio of the GST discussed is 27%. According to the proposed GST, the software, if transmitted via an electronic format, is considered as a service (intellectual property) and must be treated as a product if it is sent via media or other types of assets. Implementation of GST can lower prices with uniform simplification and single point valuation.

GST Implementation process and prospects
All companies that levy taxes on goods and services in the context of the GST and whose sales exceed the Rs threshold. If applicable, 20 lakh / 10 lakh must be registered as a general taxable person. The registration process is called GST registration.

**Why is GST registration important?**

GST registration is important because it allows you to take advantage of the many benefits available under GST. One of these benefits is a smooth tax deduction amount. GST is subject to a number of taxes and the current dominant tax rate expires. In addition, timely registrations will help to avoid any form of interface with tax authorities.

**GST registration method**

The graph shows the registration process:

A check on the basis of the GST is to check the data kept by the taxpayer to verify the accuracy of the reported information, to pay taxes and to assess compliance with the GST requirements. Audits can be carried out by the taxpayer himself or by the tax authorities. The CA or CMA must be verified if the registered tax rate of the turnover exceeds the prescribed limit during the tax year (based on the transaction-based sales limit prescribed for the CA or CMA to be audited). The tax authorities may carry out tax audits if they have been approved by the supervisor of CGST / SGST.

**GST outlook**

Goods and services tax establishes "one national tax" to integrate indirect taxes into one country and to promote Indian companies that are globally competitive. The Indian GUEST, which is designed for efficient taxation, reduced corruption,

The current indirect tax structure is a major obstacle to economic growth and competitiveness in India. Tax impediments in the form of CST, import duties and a limited tax credit distorted the Indian market. The cascading effect of tax on costs makes indigenous production less attractive. Complex multiple taxes increase the compliance costs. In this scenario we consider the introduction of GST.

By removing tax obstacles to uniform GST acceptance across the country with smooth creditworthiness, India will be a common market leading to economies of scale in terms of supply chain production and efficiency. It will expand trade and commerce. GST will have a favorable impact on the organized logistics sector and modern warehouses.

Electronic processing of tax refunds, reimbursements and tax payments via 'GSTNET' without human intervention reduces corruption and tax evasion. Built-in controls for business transactions through seamless credit and return processing reduce the amount of black money generated, leading to productive capital use.

The main beneficiaries of GST are FMCG, pharmaceuticals, durable goods and the automotive, storage and logistics sector. 5. High inflationary effects will occur in telecommunications, banking and finance.

**Conclusion**
Because of the incomplete environment of the Indian economy, India needs the perspective needed to implement the GST. Consumption and production of goods and services are undoubtedly increasing and the complexity of the current tax administration has also accelerated the compliance costs. Therefore, a simple, user-friendly and transparent tax system is required that can be realized through the implementation of GST. Implementation implies a consistent tax system that can encourage most of the current indirect taxes.

This leads to higher production, more jobs and a growth of 1 to 1.5 percent of GDP. It can also be used as an effective tool for managing fiscal policy if it is successfully implemented at the same national rate. It will also lower the costs of doing business, thereby increasing the competitiveness of national products on national and international markets. There is no doubt that GST India will offer a world-class tax system to seize other treatments in the processing and service sectors. But all this depends on a reasonable design and timely implementation. As mentioned above, the GST implementation has several problems. They need more analytical research to resolve the interests of various stakeholders and to achieve dedication to the fundamental reform of the tax structure in India.

References

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