Is Goods and Services Tax A Milestone In Indian Economy

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Abstract

Goods and services tax is the largest positive tax reforms indirect that spread around the world, there is an increase seen in more than 160 countries. India is currently implementing dodger constitutional changes from 1 July 2017 (100th amendment), 2016. Under GST there is only one tax rate for goods and services that the state imposes. In this article we try to study the tax on goods and services (GST) and the introduction schedule in India. The study is also aimed at identifying the benefits and effects of the Indian economy.

Introduction

Good taxation plays an important role in the national economy through its influence on efficiency and justice. The concept of a tax policy for all sales and service will initially come from European countries and the tax policy of the type ya is changed as GST, which means the goods and services tax. GST is already in the tax system in 160 countries. The GST is an extensive tax system covering almost all indirect taxes of the state and the central government. Although some years ago considered the biggest tax in many countries, because India had the dynamics around 2000 NDA government set up the privileges committee for designing the GST model, there was a lot of discussion about the implementation of the Indian GST. We promised to introduce GST until around July 2017. We expect the proposed GST to change the overall scenario of the current indirect tax policy.

This document is organized as follows.

Part 1 provides an introduction to the final rates of GST and GST in India. Part 2 consists of some information from previous studies. The aim of our research and our methodology is included in Chapter 3. Part 4 examines the impact of the GST on the Indian economy and its benefits. The importance of the results of this article is presented in conclusion 5 as a conclusion.

Concept of GST

GST only applies one tax rate to a broad tax system imposed on the production, sale and consumption of goods and services, goods and services under the GST. The GST has two components, namely proposals from India, Central GST (CGST) is collected and applied to the central GST (SGST) or between GST (IGST) and by the state. CGST service taxes, national sales tax, central excise duties, customs, counter bale ring rate includes a central indirect tax, such as the SGST sales tax (or VAT), entertainment tax, Octroy and Luxury Tax, Entry Tax, gambling tax and gambling. The introduction of GST will provide a world-class tax system in India by improving tax collection; it will be a significant improvement over the broad tax reform to boost economic growth generally.
Schedule for the introduction of GST in India

Minister of Finance P. Chidambaram in GST would form a State finance ministers (EC) committee had been authorized to adopt a road map implemented on April 1, 2010, announced in the budget Speech (February 28, 2006). On 10 May 2007, the national Ministry of Finance formed a co-working group and presented a report entitled "Model and Roadmap for the Indian Tax on Goods and Services (GST)" [4]. In April 2008, the government announced in November 2009 [1] the first detailed discussion paper on the structure of the GST, aimed at providing arguments and obtaining feedback from all stakeholders. A double GST module has been proposed with the GST board. After that, the proceeds part commented on this article GST debate in 2010 Minister of Finance, the 115th amendment was proposed to the GST rate is finally expected in March 2011, one has submitted to Parliament. In August 2013, the Standing Committee of Parliament submitted a report on the law. However, the 115th amendment was withdrawn because there was no major support for the 15th Lok Sabha. By making some changes to the bill, it was reintroduced into the 122nd constitutional amendment in 2014 and will be implemented in both houses from 1 April 2016 to 2015.

Last tax rate under GST

A final GST record is as follows:

1. 0% Item Rating: Essential items including food grains used by the general public.
2. 5% rated items: bulk items, including essential consumer goods, have a low tax rate.
3. 12% and 18%. Review items: the two standard rates are 12% and 18%.
4. 28% valued items: items subject to 30-31% tax, such as refrigerators, washing machines, air conditioners, shavers and soaps, shampoos, etc. are currently subject to a tax of 28%.
5. 28%: disadvantages such as tobacco and tobacco products, pot masala, carbonated drinks and luxury cars charge a tax of 28% plus tax. As a result, the total incidence of incidents can vary between 40-65% and additional taxes on some luxury goods are also taken into account.

Literature overview

Pradeep Chaurasia et al. (2016). [6] The analysis of the study called "The role of goods and services tax on the Indian economy" GST requires help to not only help the Indian economy to improve the GDP of the country for more than 2%.

Monika Sehrawat and Upasana Dhanda (2015) is a simple, user-friendly and transparent tax system currently required in India: focuses on the research report, "Indian GST major tax reform." GST. It also concluded that the introduction of GST would allow higher production, more employment opportunities and GDP growth of 1 to 1.5%.

NDA government Pinky, Supriya Kamma and Richs Verma (2014) found to be favorable to have more interest in GST implementation of India [8] - in a research report called closed "for the system of indirect taxes of India, goods and services tax Hooray" . It is long-term for consumers if supported by the central government, state government and a strong IT structure for implementation.
Raj Kumar (2016) [10] emphasized the impact of the GST on the Indian economy through a comparison of GST and current tax systems. He also concluded that after the GST implementation, manufacturers, retailers and retailers could easily get their taxes back in the form of tax reductions.

The effect of the GST on the Indian economy

Employment: if we look at the history of GST in many countries, international housing centers will feel more at ease when investing and expanding activities in specific countries where GST is being implemented. That is why foreign investments will be the second largest consumer market in the world. With the start of their various activities, the flow of investment in business accommodation will certainly increase employment opportunities and lead to erosion of unemployment. Finally, we will create a stable environment by avoiding the largest group trends due to illegal activities and antisocial activities, which are the main requirements for national development.

Processing sector: the manufacturing sector of the Indian economy has an inherently complex tax structure and accounts for only 16% of GDP. India can change the agricultural economy into a production and service economy. The proposed GST in India will bring about a positive change by removing the cascade effects of the current tax system. The first step in production issues is the calculation of production costs in annual accounts. GST helps you create extra value for your customers and reduces the production costs that remain a challenge for every company.

Information technology support services: if the software is transmitted electronically, it will be treated as a service (intellectual property) in accordance with the proposed GST and as a product if transferred through media or other tangible assets. With GST, uniform simplification and single-point taxation can ultimately lower the price.

Consequences for textiles: exceptions, silk, wool, Cardin hand room, synthetic fibers, carpet weaving, artificial silk, jute, hemp and mezzanine, ready-to-wear clothing and clothing. Current taxes vary by category. Moreover, the textile sector is dominated by non-organized companies that receive tax-free benefits based on company scales. The main concerns of the textile industry are based on the following factors:

- Taxes on duty-free and artificial fibers are different. Dispute about the classification of cloth versus garment
- Compared to the high consumption tax regime of the synthetic fiber sector, tariff-free for cotton fibers.
- Compound milk is taxed at a higher rate than power looms.
- However, since the current tax system is based on production, it reduces input costs and increases production costs. However, because GST is a consumption-based tax, you block the import tax on the uniform tax roll after the enforcement has been lifted.
- Consequences for small businesses: small businesses are classified in the tax legislation of GST in three ways.
  - Below threshold: No GST registration required
  - Between threshold value and configuration transition: you can choose to pay a sales-based tax or sign up for the GST system.
Benefits of GST

Simple tax system: with GST almost all indirect taxes are included in taxable countries and central enforcement, which reduces the accounting complexity of the company. This will increase the competitiveness of the processing industry and improve the economy by 1-2%.

Export at zero rate: GST will introduce major changes in the domestic sector as GST is not imposed on exports. Domestic products will be competitive on the international market to reach 3.5% of the global export target by 2020.

IGST as effective logistics: in the current indirect tax system, CST is paid as a weekly transaction of goods instead of deliveries. This helps large companies to produce all their products internally and helps to reduce product costs, but this hampers the growth of small businesses. IGST, on the other hand, acts as an effective logistics system because it is charged both in the weekly trade and in the delivery of goods and services in the proposed GST system. This ultimately protects SMEs to survive in the competition of large companies.

Some basic calculation: there is a tax or tax for multiple taxes or tax steps in the current tax system. However, implementing GST can reduce the impact of taxation on consumers or customers on purchased products or services. The number of taxpayers will also increase due to the availability of cheap items and help the United States directly by increasing tax revenues.

Conclusion

In the discussion above, we can conclude that GST will reduce the chain effect of the current indirect tax system.

Since the introduction of GST, manufacturers, wholesalers and retailers can easily claim back their input tax in the form of tax deductions. GST also has a positive effect on many sectors, including production, employment, FMCG and IT. The implementation of the GST will thus lead to commercial benefits and more employment and will lead to economic development which will essentially improve GDP. It is noteworthy that the GST will offer a world-class tax structure through a different treatment of production and service sectors. However, these will critically depend on the neutral and rational design of the GST. Taxpayer training or public awareness programs, workshops, training and various seminars on GST should also be conducted in every state in every state.

References