

Goods and Service Tax a Bold Step in Indian Economy

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Abstract:

VAT was introduced in the tax system of India on 1 April 2005. VAT is a major improvement of the local sales tax. The advantage of VAT at the provincial level is that it is a multi-point tax that is set off against the taxes paid for the purchase and that prevents repeated taxation of the same product. Despite the success of VAT, certain restrictions remain on the central and national VAT structure. On 6 July 2009, GST announced that it would take effect from April 2010 to address the problem that Pranab Mukherjee, then Minister of Finance, did not comment on the pot. Goods and Services Tax (GST) is actually a comprehensive indirect tax reform in the country. The integration of taxes on goods and services will provide India with a world-class tax system and improve tax collection. It will disrupt the discriminatory treatment of production and service sectors. It will lead to the abolition of taxes such as tax, central sales tax, and sales tax at state level, immigration rights, and stamp duties, license fees for communication, sales tax, excise duties or electricity tax. GST is a business-friendly environment and price levels and inflation rates will be overtime when a uniform tax rate is applied.

Payment of goods and services tax

The 2011 Constitution amends the Constitution to allow central and provincial governments to legislate on taxes on goods and services. This amendment allows for the introduction of goods and services taxes. If the value-added tax is a significant improvement over the local sales tax, the tax on goods and services will be an important breakthrough for a comprehensive reform of indirect taxes. Despite the success of VAT, the VAT structure still has some disadvantages at central and national level. Central and national VAT system will include a number of taxes on GST and will provide more help to industry, commerce, agriculture and consumers through extensive and comprehensive coverage of phased tax reductions and compensated service tax rate.

What is GST?

GST is a comprehensive indirect tax on the production, sale and consumption of goods and services at national level. It is expected that GST will replace all Indian indirect taxes. At the middle level, the GST replaces the central excise duty, service tax and rate. GST replaces the VAT at the main level. How does it work in India? The GST system is based on the same concept as VAT. Here the sale can be used in connection with the tax paid in the previous step for the GST paid at the point of sale. The GST model has several aspects: Components: GST is divided into two components: central goods and services tax and main goods and services tax. Percentage: costs at all national and central levels will be consistent with the regulations, definitions and classifications. Scope of application: GST applies to all goods and services sold or delivered in India (with the exception of exempted tax-free product listings). Payment method: GST is charged and paid separately at central and state level. Input tax credit: the facility for input tax at central level Central goods and services tax. That is to say, the ITC of central goods

and services tax is not allowed as compensation for the main goods and services tax and vice versa.

Tax cascade - Oil and gas production and mining, agriculture, wholesale and retail trade, real estate constructions and coverage of services are not covered by the CENVAT and the service tax charged by the Center. The tax-free sector cannot claim credits from CENVAT or pay service tax for their contribution. Similarly, the main value-added tax (VAT) under the credit is not allowed for the duty-free sector inputs, including the full sector services, real estate sector, agriculture, oil and gas extraction and mining. Another important factor for the cascade connections will not be allowed the credit in all levels of government as the national sales tax (CST) for a cross-border sale collected in the country of origin.

To The Corporate - As the average tax burden on the company declines, India will help. Reducing production costs will increase the competitiveness of exports. For the exporters - the main central and national taxes of GST, the complete and extensive cessation of the input of goods and services and the phased withdrawal of central sales tax (CST) reduce the costs of locally produced goods and services. This will increase the competitiveness of Indian goods and services on the international market and promote Indian exports.

Sector Industry - The Indian processing industry is one of the sectors with the largest taxes in the world. Complex, strong cleaning structures tend to reduce the competitiveness of products on international markets or to consume a significant part of the cost of financing transactions available in production facilities in low cost economies such as India. The implemented GST eliminates the complexity of the current tax structure and therefore prevents India from losing almost 50% of its production costs compared to Western countries. "Well-designed GST is the most elegant way to get rid of the deformation of existing multi-tax processes," said Sanjay Pant, director of Bangalore.

Conclusion

Tax policy plays an important role in the economy through its influence on efficiency and justice. A good tax system should consistently maintain revenue exchange problems while generating revenues to support public spending on public services and infrastructure development. Differentiated tax revenues have a different impact on economies where the burden for those who do not receive full compensation is relatively large. As a result, the income and welfare of the affected economy will be lost. Continued tax reforms on goods and services taxes affect the national economy, international trade, businesses and consumers. There has been a lot of criticism, as well as an assessment of the proposed tax system for goods and services. The new tax rate, which is considered to have improved significantly in comparison with the existing national centralized consumption tax and the State level sales tax, would be a milestone in the next phase of a comprehensive indirect tax reform.

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