

GST : THE CONCEPT AND FEATURES

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ABSTRACT

GST Stands For : 'G' – Goods; 'S' – Services; 'T' – Tax. This is the brief description about GST i.e. Goods and Services Tax. It may play a vital role arousing for the changes in tax structure. (From traditional to GST model according to its need.) GST is a tax on goods and services with the addition of value .At every stage having comprehensive and continuous chain of setoff benefit from the producer's /service provider's point up to the retailer's level, where the final consumer should bear the tax .Properly GST is the indirect tax but it makes indirectly affects in fields. And this system would make it possible to give full credit for input taxes and help to removing economic distortions' It would help in development of a common national market. A new story has been given to VAT that gives widespread setoff for input tax credit and subsuming many indirect taxes from state and national level. Implementation of GST isn't yet declared by our government. The drafting of GST law is still under the process. However , it will be cleared till 2016. GST will be implemented not only by the central, but state government parallely also.

Key words: TAX, VAT, CST, CGST, SGST.

History of Taxation

From ancient time Tax is imposed by government under the name of toll, tribute, impost, duty, custom, excise, subsidy, aid, supply or other name. In India that time people were giving tax revenues. Farmers used to give one forth share of their crop in the form of tax. But in the whole taxation system of India, some remarkable changes have been made by British government by their rules and regulations. Administrative system and taxation system was first done by the Bruisers. There are two types of taxes 1) Direct and 2) Indirect taxes. Taxes in India are levied by the Central Government and the State Government. Municipality and local council also impose some minor taxes. From the constitution of India, to authority to levy tax is derived allocating the power to levy various taxes between Central Government and State Government.

Introduction of GST

Central and State Government considered a major step for Value Added Tax (VAT). At the State level, VAT is supposed a major improvement over the pre-existing Central Excise duty at the national level and sales tax logical step for Goods and Services Tax

(GST) will really be an additional important perfection. The Empowered Committee of the State Finance Ministers released of the First Discussion paper on 10.11.2009. By the Central and State Government has cleared to be a Dual GST in India, taxation power to levy the taxes on the Goods and Services. Near about 150 countries have introduced GST in different forms. GST is a multi-tier tax .Its burden fall on the consumer of goods and services. .Generally, the taxes are included in GST as for excise duty, countervailing duty, cess, service tax and state level VAT among others, too.

Need of GST

The existing multiple tax structures of Central and State taxes is desirable and it is extremely important in the emerging economic environment. We know that in production and distribution of goods and vice -versa services are increasingly being used and consumed. Separate taxation of goods and services lead to greater complexities, administration and compliances costs which are often required splitting of transaction value into value of goods and services for taxation. It is possible to get full credit for inputs taxes.

These taxes collected through the integration of various taxes into a GST system. In this way GST would extremely help in removing economic distortion. It helps developing of a common national level market. As I hope that all the shortcomings in the structure of VAT would be fulfilling in the GST, successfully.

Types of GST Laws

There are two types of GST Laws. 1) The (GST) at a centre level called Centre Goods and Service Tax. And on other hand, 2) The GST at State level is called State Goods and Service Tax (SGST). It seems to have different tax rates for Goods and Services at the both level. Under the GST scheme, a person who would be liable to pay tax on his output, whether for provision of service or sale of Goods, is entitled to get input tax on the tax paid on its inputs. Moreover with the connection of GST, burden of Central Goods and Services Tax for levied by Central Government. On other hand SGST- State Goods and Services tax levied by State Government. There would have multiple statute one CGST statute and SGST statute for every state.

Benefits Of GST

There are so many benefits of GST. It included many indirect taxes in State and Central level. You need to pay a single GST instead of all in which aggregate tax rate reduce. Paying tax on CST will be removed. At present there is no input tax credit available for CST. Development of nation is depend on reducing the tax burden. the competitiveness of Indian products in international market expecting to increase. Prices of goods must expected to reduce in the long run as the benefits of tax burden would be passed on to the consumer. GST Goods and Service Tax – is all set to integrate State economies and boost overall growth. GST will create a unified Indian market to make the economy powerful.

Including Indirect Taxes Under GST

(A) Indirect Taxes from State level.

1. Vat/ Sales tax.
2. Intertainment Tax.
3. Luxury Tax.
4. Taxes on lottery, betting and gambling.
5. State cesses and surcharges to (supply of goods and services)
6. Entry tax not on in lieu of octroi.
7. Purchase tax.

(B) Indirect Taxes from Central level.

1. Central Excise Duty.
2. Central Taxes.
3. Additional Excise duty.
4. The Excise Duty, levied under the medical and Toiletries Preparation Act.
5. Service Tax.
6. Additional Customs Duty, commonly known as countervailing Duty. (CVD)
7. Surcharges.
8. Cases.

Conclusion

GST will be the most important matter of fact that may have been applied since 2016. And it is the most logical step towards the comprehensive indirect tax reform in India after independence. Under the service tax, our country has followed the approach of bringing virtually all financial services within the range of tax. GST is livable on all supply of goods and provision of services. All the above ground, all sectors of economy whether the industry, business, private sectors including Govt. departments shall have to bear impact of GST.

GST will directly be affect all the sections of economy viz, small scale units, intermediaries, importers, exporters, traders, professionals and consumers etc. GST (Goods and Service Tax) is all set to

integrate state economies and boost overall growth. The goods and services tax (GST) is aimed at creating a single, unified Indian market. It will benefit both corporate and economy stronger. According to experts' saying that GST is likely to improve tax

collections. Under GST, the taxation burden will be divided equally between manufacturing and services, through a lower tax rate by increasing the tax rate base and minimizing exemption.

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