

ISSN 2348- 5825

International Registered & Recognized Research  
Journal Related to Higher Education for all Subjects



# Indo Asian Philosopher

(UGC Approved, Refereed & Peer Reviewed Research Journal)

Year - VI, Issue - XII, Vol. - I

Impact Factor 5.60  
(GRIFI)

Oct. 2018 To Mar. 2019



EDITOR IN CHIEF

Dr. Pramod G. Kalam





Issue : XII, Vol. I

**IAP**IMPACT FACTOR  
5.60ISSN 2348-5825  
Oct. 2018 To Mar. 2019**INDEX**

Sr. No	Title for Research Paper	Page No.
1	A study of Impact and Challenges of GST on Indian economy: with special reference to an analysis of researches based on GST. <b>Indrajeet Ramdas Bhagat</b>	1
2	Analytical Study of Performance of Mudra Yojna <b>Dr. Sanjay NamdevAswale</b>	5
3	Application of Human Resource Information System In Business <b>Dr. Meena Wadgule</b>	12
4	A Critical Analysis of E-Commerce & E- Business in India <b>Dr. M. B. Biradar</b>	18
5	Impact of Goods & Service Tax on Indian Economy <b>Dr. Suhas Gopane</b>	23
6	Challenges and issues of GST <b>B. S. Sawant</b>	27
7	Impact of Goods & Service Tax on Indian Economy <b>Dr. Suhas Gopane</b>	36
8	The Role of CRM in Indian SMEs Growth: Issues and Challenge <b>Dr. R. D. Gaikwad</b>	41
9	Farming Industry for Economic Development <b>Dr. Prakash Rodiya</b>	47
10	Digitization and Its Impact on Economy <b>Dr. Balaji Rajole</b>	56
11	The Role of Financial Institution in Economic Development of India <b>Dr. Sudhir Vasantrao Agale</b>	64
12	Depreciation of Rupee: Causes and Impact <b>Dr. Sau. Vijaya Nitin Gursal</b>	70
13	Performance and Problems of Internet Banking in India <b>Dr. R. D. Ganapure</b>	75
14	Services Exports Performance of India <b>Dr. D. P. Takale, Shivaji Kakade</b>	80
15	Theory of Surplus Production reflected in AmbadasKendr's Marathi short story A Stalk of Squeezed Sugarcane <b>Dr. Sunil Raosaheb Raut</b>	84
16	भारतातील शेतकऱ्यांच्या आत्महत्यांचा अभ्यास <b>डॉ. एस.जी. गव्हाणे</b>	90



## Challenges and issues of GST

B. S. Sawant

Dept. of Commerce,

S.M. Dnyandeo Mohekar Mahavidyalya,  
Kalamb, Dist. Osmanabad.

### ABSTRACT

*Goods and service Tax (GST) enforced in Asian country to bring in the 'one nation one tax' system. The goods and service Tax act commenced operation totally in India on first july, 2017. GST is extremely comprehensive tax structure once implemented at the national level. It's one amongst the many steps towards the event of the country. It's one amongst the most important tax revolutions that is geared up to integrate the state and financial system to spice up the general growth of the country. Presently firms and businesses pay multiple taxes that increase the value of product and additionally hamper the profit level of the corporate. The GST system is applied there would be single tax system which might record a major development in comprehensive indirect taxation reform. Through this paper we will be in an exceedingly position to know regarding the ideas, objectives, benefits, challenges and drawbacks of the goods and service Tax in India.*

**Keywords:** indirect tax, concept of GST, benefits, challenges.

### Introduction:

GST stands for goods and Services Tax. Republic of India is that the hub of taxes wherever people pay several taxes that create confusion for them. Presently we have a tendency to pay 2 types of taxes initial square measure Direct and second Indirect in varied sectors. Tax paid on to the govt. by the payer i.e. Income Tax, Wealth Tax, and Corporation Tax. Tax may

be a tax levied on goods and services instead of on financial gain or profits. It's indirectly paid to government however collected from intermediaries from the one that bears the last word economic burden of the tax (consumers). The mediator later files a tax and forwards the tax precedes to government with the return for example sales tax, VAT, Excise Duty, and Custom Duty etc.

GST is nothing however the VAT in one or the shape that goes to switch all the indirect taxes once its correct implementation levied by the State and Central Government at one purpose to a different. The most objective of the GST is to avoid cascade taxation on goods and services provided to customers. GST can additional build healthy competition among the manufacturer of the various state and avoid confusions to the international players operating and looking out for business opportunities in india.

#### Objectives of the study:

1. To understand the Concept of GST.
2. To understand GST History in India.
3. To study the benefits and challenges of implementation of GST.

#### Research methodology:

The study focuses on study of Secondary data collected from various books, national & international journals, government reports, publications from various websites which has been published and focused on various aspects of Goods and Service tax.

#### Concept of GST:

GST is one indirect tax for the whole nation, which will make India one unified common market. It is a single tax on the supply of goods and services, right from the manufacturer to the consumer. The Goods and Services Tax is meant to be a unified indirect tax across the country on products and services. In the current system in India, tax is levied at each stage separately, by the Centre and the State, at varying rates, on the full value of the goods. But under the Goods and Services Tax system that is set to be introduced, tax will be levied only on the value added at each stage. It is a single tax (collected at multiple points) with a full set-off for taxes paid earlier in the value chain. Further, GST will broaden the tax base, and result in better tax compliance due to a robust IT infrastructure. Due to the seamless transfer of input tax credit from one stage to another in the chain of value addition, there is an in-built mechanism in the design of GST that would incentivize tax compliance by traders.

Thus, the final consumer will bear only the GST charged by the last dealer in the supply chain with set-off benefits at all the previous stages. For transaction within a State, there will be two components of GST Central GST (CGST) and State GST (SGST) being

irectly paid  
e last word  
rds the tax  
nd Custom

the indirect  
ent at one  
n on goods  
among the  
operating

s, national  
which has

d common  
urer to the  
country  
separately,  
under the  
the value  
f for taxes  
better tax  
tax credit  
ism in the

aler in the  
in a State,  
ST) being

levied on the value of goods and services. Both the Centre and States will simultaneously levy GST across the value chain. In case of inter-state transactions, the Centre would levy and collect the Integrated Goods and Services Tax (IGST). The IGST would roughly be equal to CGST plus SGST.

**GST-JOURNEY SO FAR:**

Year	Proceedings
2006	Finance Minister announces GST in India from 01.04.20102006.
2007	Joint Working Group set up by Empowered Committee of State Finance Ministers. Joint Working Group submitted Report to Empowered Committee. Report of Joint Working Group discussed by Empowered Committee and some changes made.
2008	Views of Empowered Committee were sent to Government of India. Comments received by Empowered Committee from Government of India. A comment of Government of India considered by Empowered Committee and Committee was constituted to consider these comments.
2009	Views accepted by Empowered Committee, a Working Group was formed by State/Central Govt. office to submit recommendations of structure of GST. Interaction between Finance Minister and Empowered Committee for compensation for loss of Revenue to the State for phase out of the CST. First Discussion Paper released by Empowered Committee. Report of the Task Force on GST constituted by the 13th Finance Commission 2009. The Prime Minister's Economic Advisory Committee (PMEAC), Chairman C. Rangarajan has said "The Centre could follow the pattern in which there is only one rate for goods and one rate for services, or one rate which is common to both goods and services".
2010	The government launches a mission-mode project for the computerization of commercial taxes in states which is expected to lay the foundation for the GST.
2011	The Constitution (One Hundred and Fifteenth Amendment) Bill, 2011 introduced in Parliament.
2012	The Standing Committee begins discussion. Finance minister Chidambaram holds meetings with state finance ministers.
2013	In his budget speech, Chidambaram announces that the government has made provisions of Rs.9000 crore for compensation to states. The Standing Committee submits its report to parliament. The panel approves the

Year	Proceedings
2006	Finance Minister announces GST in India from 01.04.20102006.
2007	Joint Working Group set up by Empowered Committee of State Finance Ministers. Joint Working Group submitted Report to Empowered Committee. Report of Joint Working Group discussed by Empowered Committee and some changes made.
2008	Views of Empowered Committee were sent to Government of India. Comments received by Empowered Committee from Government of India. A comment of Government of India considered by Empowered Committee and Committee was constituted to consider these comments.
2009	Views accepted by Empowered Committee, a Working Group was formed by State/Central Govt. office to submit recommendations of structure of GST. Interaction between Finance Minister and Empowered Committee for compensation for loss of Revenue to the State for phase out of the CST. First Discussion Paper released by Empowered Committee. Report of the Task Force on GST constituted by the 13th Finance Commission2009. The Prime Minister's Economic Advisory Committee (PMEAC), Chairman C. Rangarajan has said "The Centre could follow the pattern in which there is only one rate for goods and one rate for services, or one rate which is common to both goods and services".
2010	The government launches a mission-mode project for the computerization of commercial taxes in states which is expected to lay the foundation for the GST.
2011	The Constitution (One Hundred and Fifteenth Amendment) Bill, 2011 introduced in Parliament.
2012	The Standing Committee begins discussion. Finance minister Chidambaram holds meetings with state finance ministers.
2013	In his budget speech, Chidambaram announces that the government has made provisions of Rs.9000 crore for compensation to states. The Standing Committee submits its report to parliament. The panel approves the

**Benefits of GST:**

For business and industry:

**Easy compliance:** A vigorous and comprehensive IT system is to be the foundation of the GST government in India. Therefore, all services such as registrations, returns, and payments would be available to the taxpayer's online, making compliance easy and transparent.

**Uniformity of tax rates and structures:** GST will ensure that indirect tax rates and structures are common across the country, thereby increasing certainty and ease of doing business. In other words, GST would make doing business in the country tax-neutral, irrespective of the choice of place of doing business.

**Removal of cascading:** A system of seamless tax-credits throughout the value-chain, and across boundaries of States, would ensure that there is minimal cascading of taxes. This would reduce hidden costs of doing business.

**"Improved competitiveness:** Reduction in transaction costs of doing business would eventually lead to improved competitiveness for the trade and industry.

**"Gain to manufacturers and exporters:** The subsuming of major Central and State taxes in GST, complete and comprehensive set-off of input goods and services, and phasing out of Central Sales Tax (CST) would reduce the cost of locally manufactured goods and services.

This will increase the competitiveness of Indian goods and services in the international market and give boost to Indian exports. The uniformity in tax rates and procedures across the country will also go a long way in reducing the compliance cost.

For Central and State governments:

**"Simple and easy to administer:** Multiple indirect taxes at the Central and State levels are being replaced by GST. Backed with a robust end-to-end IT system, GST would be simpler and easier to administer than all other indirect taxes of the Centre and State levied so far. **"Better controls on leakage:** GST will result in better tax compliance due to a robust IT infrastructure. Due to the seamless transfer of input tax credit from one stage to another in the chain of value addition, there is an in-built mechanism in the design of GST that would incentivize tax compliance by traders.

**"Higher revenue efficiency:** GST is expected to decrease the cost of collection of tax revenues of the Government, and will therefore, lead to higher revenue efficiency.

For the consumer:

**"Single and transparent tax proportionate to the value of goods and services:** Due to multiple indirect taxes being levied by the Centre and State, with incomplete or no input tax credits available at progressive stages of value addition, the cost of most goods and services in

the country today are laden with many hidden taxes. Under GST, there would be only one tax from the manufacturer to the consumer, leading to transparency of taxes paid to the final consumer.

"Relief in overall tax burden: Because of efficiency gains and prevention of leakages, the overall tax burden on most commodities will come down, which will benefit consumers.

#### **Challenges GST:**

The following major challenges for the success of GST in India:

1. The fitment of thousands of commodities and services into the five GST rate slabs (zero, 5%, 12%, 18% and 28%) could be the trickiest for the GST Council.
2. The GST administration intends to keep petroleum products out of the ambit of GST, being petroleum products have been a major contributor of inflation in India.
3. Small traders are confused with the GST tax rate application and increasing cost of operations, as they are unable to afford the cost of computer and accounting staff for maintenance of record and filling of returns under GST.
4. Regressive nature of indirect taxes will badly affect the purchasing power of poor people which will have negative impact on human development index.
5. There are various definitional issues related to manufacturing, sale, service, valuation etc. arises. These needs to be rationalized.
6. Several transactions take the character of sales as well as services, thus there is complexity in determining the nature of transaction.

#### **Disadvantages of GST:**

Presently, more than 160 countries of the world have implemented GST. Each country where GST was implemented experienced inflation for next 3 to 5 years. Some possible disadvantages of GST are as follows:

1. There is no such clear picture about the GST both to the government and to the general public.
2. There is no cooperation between the Central government and the state government in implementing the GST. Even though, if implemented the levy of Tax remains on the part of the state.
3. It is expected due to GST the services may get costlier from 14% to 20%, which may push up the inflation in short run. Service industries like Airline, IT, Online business portal, E-tailing, would cost more due to increase in the service tax.

#### **Conclusion:**

Goods and Service Tax, with end-to-end IT-enabled tax mechanism, is likely to bring



buoyancy to government revenue. The implementations of GST, tax burden on consumer and businesses will be reduced and number of extra taxes will be cover under this model. GST help to improve the transparency in taxation and make a healthy environment to the investors and government polices implementations. The GST is very crucial tax reform since independence of India, so it must be better handled with utmost care and analyzed well before implementing it. And, the governments both central and state have to conduct awareness programs and various literacy programs about GST to its various stakeholders.

### References :-

1. Patel J. K. (2011), Goods and Service Tax - An Introductory Study. Golden Research Thoughts, 1(7), pp 1-3.
2. British G (2014) Basic concepts and features of Goods and Service Tax in India. International Journal of Scientific Research and Management.
3. Garg Girish. Basic Concepts and Features of Good and Services Tax in India. International Journal of scientific research and Management. 2014; 2(2):542-549.
4. N. Kumar (2014): "Goods and service tax in India- A way forward", "Global Journals of multidisciplinary studies", vol.3, issue 6, may 2014.
5. Neha & Sharma Manpreet, A Study on Goods and Services Tax in India, Research journal of social science & management ISSN 2251-1571. Volume: 03, Number: 10, February-2014.
6. Sehrawat M, Dhanda U (2015) GST In India: A key tax reform. International Journal of Research-Granthaalayah.
7. Khurana A, Sharma A (2016) Goods and Services Tax in India-A Positive reform for Indirect Tax System. International Journal of Advanced Research.
8. Srinivas K. R (2016), "Issues and Challenges of GST in India", International Journal of Management and Social Science Research Review, Vol. 1, Iss. 4, Pp. 228 - 233.
9. Akanksha Khurana et. al., (2016), "Goods and Services Tax in India - A Positive Reform for Indirect Tax System", Vol. 4, Iss.3, Pp. 500 -505.
10. Poonam, M. (2017). goods and services tax in india: an. 6th International Conference on Recent Trends in Engineering, Science and Management , 9.
11. Kunal Sharma (2017) "Challenges and shortcoming of GST in India.
12. The Hindu e-book.