



OUR HERITAGE

ISSN (Online): 0474-9030 Vol-68, Special Issue-7
Impact Factor (2020) - 6.8
Special Issue on "Tax Reform for Developing Viable and Sustainable Tax System in India"



A Study of Advantages and Disadvantages of GST

Dr. Choudhari Rekha Laxmanrao

Assistant Professor, Department of Commerce,
Vaishnavi Mahavidyalaya, Wadwani, Tq. Wadwani, Dist. Beed.

Abstract

GST has been introduced to replace multiple indirect taxes levied by State and Central Governments in order to simplify the indirect tax system. It is an indirect tax used in India on the supply of goods and services.

The concept of GST is that it is an "Indirect Tax", i.e., this tax is not directly paid by customers to the government, but is rather levied on the manufacturer or seller goods and the providers of services. The sellers usually add the tax expense into their costs, and the price the customers pay is inclusive of GST. Thus, in most cases, you end up paying a tax even if you are not an income taxpayer.

Introduction

GST is an indirect tax that is levied on goods as well as services. All the existing state and central indirect taxes are subsumed under the GST. It is applicable throughout the country. GST is also referred as "One Nation One Tax". Under this system, a single product is taxed at the same rate in every corner of the country.

GST is an Indirect Tax which has replaced many Indirect Taxes in India. The Goods and Service Tax Act was passed in the Parliament on 29th March 2017. The Act came into effect on 1st July 2017; Goods & Services Tax Law in India is a **comprehensive**, multi-stage, destination-based tax that is levied on every value addition.

Keywords: GST, Service Tax, Indirect Tax, Goods.

Objectives of study

- ❖ To understand the concept of GST.
- ❖ To highlight advantages of GST.
- ❖ To know the disadvantages of GST.

RESEARCH METHODOLOGY

The paper has been written on the basis of secondary data. The secondary data were collected from published books, journals, research papers, magazines, daily newspaper, internet and official statistical documents.

Advantages of GST

1. Reduction of Litigation

GST aids in reducing litigation as it establishes clarity towards the jurisdiction of taxation between the Central and State Governments. GST provides a smooth assessment of tax.

2. Creation of a Common National Market

GST gave a boost to India's tax to Gross Domestic Product ratio that aids in promoting economic efficiency and sustainable long – term growth. It led to a uniform tax law among different sectors concerning indirect taxes. It facilitates in eliminating economic distortion and forms a common national market.



OUR HERITAGE

ISSN (Online): 0474-9030 Vol-68, Special Issue-7

Impact Factor (2020) - 6.8

Special Issue on "Tax Reform for Developing Viable and Sustainable Tax System in India"



3. Product competitiveness

Becoming at par with the international tax standards, the introduction of the GST system has ensured reduction in overall costs of production, thereby making Indian products much more competitive in the global market. Furthermore, inflation is likely to remain under control under the GST regime.

4. Benefit to the government

The GST system has ensured better revenue generation for the government as the cost of tax collection has reduced. And, the government is seeing an increase in taxpayer registration. Also, with the systematic rules under GST, malpractices like corruption and sales without receipts are kept under check.

5. Single window clearances (SWC)

Multiple legal compliances under different legislatures required lot of efforts and time. GST being the one indirect tax has opened up a way to single window clearance. Now the taxpayer can focus more on its core business as legal norms only under one statute would be needed to be adhered.

6. A regulated unorganized sector

GST regulated unorganized sector by providing it with provisions such as, online payments, online compliances and availing input tax credit (ITC) once the supplier has accepted the payment. This has made the unorganized sector more accountable.

Disadvantages of GST

1. Nothing New

Some Economist says that CGST, SGST and IGST are nothing but new names for Central Excise/Service Tax, VAT and CST and hence GST brings nothing new for which we should cheer

2. IT Infrastructure

Since GST is an IT-driven law, it cannot be sure whether all the states in India are currently equipped with infrastructure and workforce availability to embrace this law. Only a few states have implemented this E- Governance model. Even today some states use the manual VAT returns system.

3. Increase Burden of Compliance

The GST administration states that companies are required to register in all the states they operate in. This increases the burden on the business for excessive paperwork and compliance.

4. Difficult to expositions

There is need of various expositions (Monthly, annually, total 37 expositions are required as per present situation) are complicated would difficult to the traders.

5. Elimination of local tax incentives

In earlier tax regime many investment based tax incentives were given by central and state governments to make the area business friendly and encourage investments by virtue of fiscal policies. With implementation of GST, it is seen that the tax incentives in indirect taxes are no more made available by the governments and the earlier existing tax incentives have also been discontinued and pruned.

CONCLUSION:

GST is at the initial stage in Indian economy. It will take some time to experience its effects on Indian economy. GST mechanism is designed in such a way that it is expected to generate good amount of revenue for both central and state government. Regarding corporate, businessmen and service providers it will be beneficial in long run. It will bring transparency in collection of indirect taxes benefiting both the Government and the people of India.



OUR HERITAGE

ISSN (Online): 0474-9030 Vol-68, Special Issue-7

Impact Factor (2020) - 6.8

Special Issue on "*Tax Reform for Developing Viable and Sustainable Tax System in India*"



REFERENCES

- [1] <https://www.lexology.com>
- [2] <http://www.iasscore.in>
- [3] Ehtisham Ahamad and Satya Poddar(2013), “Goods and Service Tax Reforms and Intergovernmental Consideration in India”, “Asia Research Center”, LSE, 2013
- [4] Dr. K. Kishore Kumar Reddy, GOODS AND SERVICE TAX (GST) ADVANTAGES AND DISADVANTAGES IN INDIA. Vol-3 Issue-6 2017 IJARIE-ISSN(O)-2395-4396
- [5] “Model of GST Law”. Retrieved June, 2016 from <http://finmin.nic.in> / reports /modelgstlaw_draft.pdf
- [6] “GST India”. Retrieved May 10, 2015 from www.gstindia.com
- [7] Garg, G. (2014). Basic concepts and features of Goods and Services Tax in India, International Journal of Scientific Research and Management, 2(2), 542-549