

# GST: A TAX REFORMS IN INDIA

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## ABSTRACT

This paper is an examination of what the effect of GST (Goods and Services Tax) will be on Indian Tax Scenario. Here expressed with a concise description of the historical scenario of Indian tax assessment and its duty structure. At that point the need emerged for the adjustment in impose structure from conventional to GST demonstrate. GST has be point by point talk about in this paper as the foundation, noiseless highlights and the effect of GST in the present assessment situation in India. All things considered, light is additionally tossed on how GST contrasts from the current circuitous assessments and its preferences over them regarding ease in gathering and how it draws out the secret exercises that are not burdened by the current expenses. This paper additionally concentrates on the potential outcomes and the obstacles that India may look because of Goods and Services Tax.

## Keywords

GST, INDIAN TAX.

India is going through a lot of change right now, one of this is GST. GST is the biggest economic reform since globalization which was done under Mr. Man Mohan Singh as Finance Minister. Goods and service tax is an indirect tax levied on supply of goods and services. It has replaced many indirect taxes that previously existed in India.

This act was passed in parliament on 29th march 2017 and come into effect on 1st July 2017. GST is governed by GST council and its chairman is finance minister of India under GST. Goods and services are taxed at 0%,5%,12%,18% and 8% and special rate 0.25% on special stones and 3% on gold.

India adopted dual GST model means taxation is administered by both union and state govt. Transaction made within single state are levied with CGST by central govt. and SGST by state govt. for interstate transaction and imported goods and services, an IGST is levied by central govt. GST is consumption based tax therefore paid to the state where goods and services are consumed not where they are produced.

If a company has turnover up to rupees 1.5 crore in preceding financial year then they need not to mention HSN (harmonized system of nomenclature) (n 8 digit code for gst rate) of a company has turnover more than 0.5 crore but up to rupees 5 cr. then they need to mention 2 digit code and % turnover cross rupees 5 c. then they hall mention 4 digit code on invoice.

## Various tax rates

2.5% on soap, 28% on detergent, 5% on clothes etc

Industries and product exempted under GST are dairy product, vegetables and fruits, other groceries and necessities.

### Positive impacts of GST

- GST makes India one nation one market one tax
- Whole process is digitized leaving no chance for tax evasion with transparency, there will be no hidden tax which will make India corruption free system
- Due to reduce cost in fast moving consumer goods sector products like biscuits ,toothpaste become cheaper
- GDP growth due to large scale production, price will reduce and equivalently increase the demand helps in GDP growth
- Logistics plays an integral role in supplying goods from one corner to another because of gst goods can move freely from one place to another
- Prices of personal care products like oil, soap etc. come down
- Taxes on hotels, restaurant have been reduced
- Prices of air travelling have also been reduced
- Reduction in transaction cost leads to an improved competitiveness for trade
- No generation of paper at any stage
- For every action there is an equal and opposite reaction

### Negative impacts

- Costly transportation and communication service
- Real estate will get costlier. Developers have to face burden of paying tax of unsold flats and bad for buyers as developers may increase their cost of property
- Cars are considered as luxury goods under GST and hence fall under higher slab rate. Not only that but hike in insurance and loans for cars as well
- Mobile phone is necessity for now days electronic get cheaper except for mobiles but imported mobile phone will get cheaper than mobile manufactured in India
- GST is confusing the common man, there is a need to rely on advocates and ca. new software have developed and increase in operating cost
- Linking of aadhar with pan become necessary

- No. 37 returns are to be filled in every year

### Conclusion

Gov. is trying to reduce the burden of compliance for business by relaxing return filling requirements. Also, the provisions of TCS on e-commerce and registration for online sellers have been relaxed for time being changes never easy.

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