



A STUDY OF LITERATURE REVIEW ON GOODS AND SERVICES TAX LAWS IN INDIA

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Abstract

GST has started in India by passing a long way. Most of the countries now in the world are under this system. Again, there was a need for a new one-country tax system to free India from many taxes and rate system. GST will greatly help overcome economic confusion caused by the complex tax structure and help in the development of general national markets. It is expected that all sectors of economy such as industry, business, government departments and services sectors have to bear its positive impact.

Key words: *GST, India, Background, Goods, Services, Tax, VAT, Input tax credit (ITC), Literature Survey, CGST, SGST, PAN, Author.*

Objective

- (1) *To understand the concept of Goods and Service Tax Laws through survey of literature.*
- (2) *To study and analyse the various research works carried out on Goods and Service Tax Laws.*
- (3) *To understand the gaps inherent in the current research work regarding Goods and Service Tax Laws of India.*

Limitations

This study is limited to the number of research articles and books referred.

Research Methodology

This is a descriptive cum conceptual research paper, which studies the concept and framework of GST based on past literature, books, journal, magazines, research papers and articles etc. The study is based on secondary sources of data or information. Different books, newspapers and relevant websites, Govt. Publications and research papers, have been consulted in order to make the study effective one.

Hypothesis

No particular hypothesis has been taken for testing purpose as because the study is explanatory in nature for the literature review aspects substantiating the Goods and Service Tax Laws of India. It covers a wide range of academic literatures on Goods and Services Tax. Additionally, as per the need of the study, further considerations have been made.

Introduction

The *Taxation* was born and shaped with civilization. The structure and complexity of the tax system have been developed along with the development of civil society. The sovereign authority of the Government to extract tax is the life of taxation, Governments' need for resources is its bargaining power and human instinct of reluctance to sacrifice money is the reason for its mandatory imposition.¹

Kautilya's in *Arthashastra* state that the taxes are often perceived to be a measure for raising resources for the government. In the primitive barter economies of the medieval period in Europe and even in ancient India, the primary objective of taxation was to raise resource for the economy.

Goods and Services Tax is basically destination based consumption tax levied on goods and services. Simply, GST is a single tax on the supply of goods and services, right from the manufacturer to the consumer. In the nutshell, it's a tax would be levied only on the value addition with transfer of input tax credit on the subsequent stages of value addition which means that the final burden of tax shall be borne by the final consumer of the goods or services.

The Goods and Services Tax is a combination of two words "Goods" & "Services". Where Goods means every kind of movable property other than money and securities but includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply² {Sec. 2(52)} and Services means anything other than goods, money and securities but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged.³

Background

Taxation policy in ancient India was highly logical and based on the principles of economic theory and equity in comparison with the current taxation policies of the government. The tax system of our ancients was quite reasonable, rational, convenient, elastic, appealing and based on the principles of maximum welfare with some exceptions.⁴

A new era has been started in the indirect taxation system of our country. It's a tax system which has converted entire country in integrated market. "*One Tax One Nation*" is the motto of this indirect tax system. GST is a destination and consumption based indirect tax which is imposed over the supply of goods and services directly from the manufacturer to the consumer. 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.

GST was first discussed on 2003 after the suggestions of Kelkar task force under the chairmanship of *Vijay Kelkar*. A proposal to introduce national level GST by April 2010 was made on the budget speech of year 2006- 07. After several efforts and discussion an 122 nd constitutional amendment bill for GST was brought into parliament, following which 101st Constitutional (Amendment) Act 2016 was enacted and passed from Lok Sabha (House of the people) on 3 august 2016 and on 8th august 2016 from Rajya Sabha (Council of States).

¹ C.S. Basavaraj, Demands of Globalization and Reforms in Direct and Indirect Taxes – A Study in Indian Context, UGC Sponsored Major Research Project, Gulbarga University, Gulbarga, p.1.

² Sec. 2(52), GST Act, 2017.

³ Sec. 2(102), GST Act, 2017.

⁴ Halani, Umesh and Holani, Ravi, Ancient Taxation Pplicity : Manu Smriti, Chartered Secretary, p.734.

It was assented by Honourable president of India on 8th September 2016 and finally it commenced its journey with its introduction in the country on 1st July 2016. The introduction of GST in India was mainly due to the cascading effect that prevailed in the earlier taxation system of our country. The Indian Goods and services tax subsumes about 17 indirect taxes levied by central and state government as well as 23 cess.⁵

Goods and Service Tax: Literature Survey

G. Garg,⁶(2014) analysed the impact of GST on Indian tax scenario. He tried to highlight the objectives of the proposed GST plan along with the possible challenges and opportunity that GST brings. He concluded that GST is the most logical steps towards the comprehensive indirect tax reform in our country since independence. GST is leviable on all supply of goods and provision of services as well combination thereof. All sectors of economy i.e the industry, business including Govt. departments and service sector shall have to bear impact of GST. All sections of economy viz., big, medium, small scale units, intermediaries, importers, exporters, traders, professionals and consumers shall be directly affected by GST. One of the biggest taxation reforms in India – the Goods and Service Tax (GST) is all set to integrate State economies and boost overall growth. GST will create a single, unified Indian market to make the economy stronger. Experts say that GST is likely to improve tax collections and Boost India's economic development by breaking tax barriers between States and integrating India through a uniform tax rate. Under GST, the taxation burden will be divided equitably between manufacturing and services, through a lower tax rate by increasing the tax base and minimizing exemptions.

Pinki et al.,⁷ (2014) the authors in the paper have explored the concept of GST, the need to introduce it in India, the hurdles in introducing it in India and suggestions to overcome the same. The paper also discusses the benefits of introducing GST at the earliest. The authors have discussed the options to introduce the dual GST in India which could be Concurrent Dual GST, National GST or State GST. Under the concurrent dual GST the better option was the one where GST is applied on both goods and services. The other option explored was whether the Central GST would be on goods and services but state GST would be only on goods since state to collect GST in services is difficult to determine. This option also recommended one single return with both CGST and SGST details and PAN based registration. The authors have also discussed the constitutional amendments required if GST is ever to be introduced since without the amendment taxing both goods and services using one tax is not possible. The paper also highlights the issues in the credit mechanism in the CGST/SGST model since it is difficult to practically implement in terms of determination of place where service is taxable. The other challenges to introduction of GST in India highlighted are the availability of strong IT network, infrastructure and programmes, agreement on other provisions like basic threshold, exemption to goods/services, rates to be applied, etc.

⁵ Abhishek Kumar Yadav & Ashwani Kumar, Indian Goods and Services Tax: A Review of its Introductory Stage and its Possible Contribution Towards Sustainable Economic Development, International Journal of Management Studies ISSN(Print) 2249-0302 ISSN (Online)2231-2528, Vol.–V, Issue –3(4), July 2018 , pp.84-91 Also available on <http://www.researchersworld.com/ijms/>

⁶ Garg, G., *Basic concepts and features of Goods and Services Tax in India*, International Journal of Scientific Research and Management, 2014, 2(2), 542-549

⁷ Pinki, Kamna S. and Verma R., Goods and Service Tax – Panacea for Indirect Tax System in India, Tactful Management Research Journal, Vol. 2,2014, Issue 10, pp. 1-7.

Rashid et al.,⁸ (2014) in this paper the authors study impact of GST in Malaysia since it is proposed to introduce GST in Malaysia in 2015. The GST is being introduced mainly so as to increase the revenue collections of the government and reduce the deficit. The authors have studied the impact of the introduction of this GST and its relation to certain indicators like the consumer price index and the structural balance. For this the relation between these factors and the GST are studied for Singapore, Thailand and Indonesia so that whilst implementing GST in Malaysia the administration can adopt the best practice. The paper recommends transparency in implementing GST and review of the rates/base of GST after 5 years and rectification based on the 5 year experience.

N. Kumar,⁹ (2014) concluded that GST will help in eradicating economic distortion by current Indian tax system and is expected to encourage unbiased tax structures which will be indifferent to geo locations.

Jaiprakash (2014) in his research study mentioned that the GST at the Central and the State level are expected to give more relief to industry, trade, agriculture and consumers through a more comprehensive and wider coverage of input tax set-off and service tax setoff, subsuming of several taxes in the GST and phasing out of CST.

Saravanan Venkadasalam,¹⁰ (2014) has analysed the post effect of the goods and service tax (GST) on the national growth on ASEAN States using Least Squares Dummy Variable Model (LSDVM) in his research paper. He stated that seven of the ten ASEAN nations are already implementing the GST. He also suggested that the household final consumption expenditure and general government consumption expenditure are positively significantly related to the gross domestic product as required and support the economic theories. But the effect of the post GST differs in countries.

Shaik et al,¹¹(2015) studied the concept and impact of GST on Indian economy. The study also focused on some aspects of GST models. This study also covered the advantages and working of GST. The study concluded that GST in Indian framework will lead to commercial benefits which were untouched by VAT system and would essentially leads to economic development.

Sherawat & Dhanda,¹² (2015) conducted a study focused on advantages and challenges of GST faced by India in execution. They concluded that a simplified and transparent tax system was the need of Indian economy. Pointing out the various advantages they said that GST will provide India a world class tax structure and a seamless tax system but it will depend upon effectiveness of its implementation.

⁸ Rashid N., Yusoff H. and Nor H., Study on the possible impact of GST towards Malaysia using selected Economic Indicators: Case of Singapore, Thailand and Indonesia as Model countries, 5th ICBER, 2014 Proceeding, pp. 569-578

⁹ Kumar, N., Goods and Services Tax in India: A Way Forward. Global Journal of Multidisciplinary Studies, 3(6), 216-225. 2014.

¹⁰ Saravanan Venkadasalam, Implementation of Goods and Service Tax (GST): An Analysis on ASEAN States using Least Squares Dummy Variable Model (LSDVM) International Conference on Economics, Education and Humanities (ICEEH'14) Dec. 10-11, 2014 Bali (Indonesia), Pg No. 7-9

¹¹ Shaik, Sameera, and Firoz, "Does Goods and Services Tax (GST) Leads to Indian Economic Development?" IOSR Journal of Business and Management (IOSR-JBM), eISSN: 2278-487X, p-ISSN: 2319-7668. Volume 17, Issue 12 .Ver. III, 2015, pp 01-05.

¹² Sherawat, M., & Dhanda, U., GST in India: A key tax reform. International Journal of Research Granthaalaya, 3 (12), 133-41, 2015.

Khurana & Sharma,¹³ (2016) conducted a study with a view to explore various benefits and opportunities of GST by throwing a light on its' background, objectives of proposed GST plan and its impact on Indian tax scenario. They concluded that GST implementation will definitely benefit producers and consumers although its' implementation requires concentrated efforts of all stake holders especially central and state government.

Munde & chavan ,¹⁴ (2016) conducted a study to discuss the pros and cons of GST and accordingly make suggestions to minimise loopholes and make it more effective. They concluded that if the probable loopholes are dealt effectively, tax payers will accept the change brought upon and if procedures in GST proves to be simple and assures the involvement of interest of all stakeholders then definitely it will lead to economic development and rationalization of prices.

Kumar, R.,¹⁵ (2016), in his paper 'Comparison between Goods and Services Tax and Current Taxation System – A Brief Study' differentiate the GST framework and previous taxation system and highlighted the impact of GST on Indian economy.

Khurana, A. And Sharma, A.,¹⁶ (2016), in their paper 'Goods and Services Tax in India – A Positive Reform for Indirect Tax' highlighted the objectives of GST and reforms in indirect taxation system in India. And conclude after implementation of GST, manufacturer, wholesaler and retailer can be easily recovered input taxes in form of tax credit.

Shefalidani,¹⁷ (2016) stated impact of GST on Indian economy in the study in which some benefits of GST such as one nation one tax, free from cascading effect, increase consumption due to cascading effect, transparency and GDP growth are studied. Petroleum products, real estate, and liquor are free from GST.

Dani, S.,¹⁸ (2016) in her research study revealed that GST being a system replacing all indirect taxes might hamper the progress of the country as the attempt to implement it is not being made whole heartedly.

Lourdunathan F and Xavier P.,¹⁹ (2016) studied inexplicit opinion of manufacturers, traders and society. It also included challenges and prospectus of GST in future in India. Centre and state level taxes also discussed in this paper. Various states are shown in which GST is followed for growth of economy. Some issues such demonetisation issue, inappropriate time, polictical issues, rate for manufacturers and traders, impact on working and cash flow and implementation in unorganised sectors became some main issues in path of GST.

¹³ Khurana, A. & Sharma, A., Goods and Services Tax in India –A Positive return for indirect tax system. International Journal of Advanced Research, 4 (3), 500-505, 2016.

¹⁴ Munde, B. M., & Chavan, A., Perspective of GST in India. International Journal of Innovative Research in Science, Engineering and Technology, 5 (11), 2016.

¹⁵ Kumar, P. et al. , Goods and service tax in India: problems and prospects, Asian journal of Management Research, 2016, Vol. 6 Issue 3, pp. 504-513.

¹⁶ Khurana, A and Sharma, A., Goods and Services Tax in India – A Positive Reform for Indirect Tax, International Journal of Advance research, 2016, Vol. 4, Issue 3, pp. 500-505.

¹⁷ Shefali Dani , An Impact Of Goods And Service Tax On Indian Economy. Business and economics journal, 2016, vol. 7 (4).

¹⁸ Dani, S., Impact of Goods and Service Tax (GST) on Indian Economy. Business and Economics Journal, Bus Eco J 7: 264, 2016.

¹⁹ Lourdunathan F and Xavier P., A study on Implementation of Goods and Services Tax (GST) in India; Prospectus and Challenges, International Journal of Applied Research, 2016, vol. 3(1), pp. 626-629.

Lourdunathan & Xavier,²⁰ (2017) conducted a study based on exploratory research technique on the basis of past literature to study the opinions of manufacturers, traders, society etc. about the GST and the challenges and prospects of introducing GST in India. They concluded that no doubt GST stands with one tax one nation slogan and will provide relief to producers as well as consumers. Its efficient implementation will lead to resource and revenue gains. They also said that seamless credit and return processing without human intervention requires educating, training, and conducting workshops on GST on the part of government.

Mujalde, S. and Vani, A.,²¹ (2017), in their research paper on ‘Goods and Services Tax (GST) and its outcomes in India’ focused on the features of GST, impact of GST on Indian economy and discussed possible advantages and challenges of GST.

Nath, B.,²² (2017), in his paper on ‘Goods and Services Tax: A Mile Stone in Indian Economy’ discussed benefit and impact of GST on Indian economy and also conclude that GST has a positive impact on various sectors and industries.

Nishitha Guptha,²³ (2017) in her study stated that implementation of GST in the Indian framework will lead to commercial benefits which were untouched by the VAT system and would essentially lead to economic development.

Kawle ,S, P. and Aher, L.,Y.,²⁴(2017) in their research paper highlighted the working of GST in India along with its impact on the Indian economy.

Nayyar, A. and Singh, I.,²⁵ (2017) in their study cited that introduction of GST is a major breakthrough in the Indian economy. It will help in redefining the Indian Tax Structure by being more transparent and corruption free.

Abda, S.,²⁶ (2017) in his research paper concentrated on the objectives, purpose and benefits of GST to our economy and how it will help in strengthening it.

B, MitraPriya,²⁷ (2017) stated GST as a Game changer in Indian Economy. The paper showed that GST reduced complexity of various taxes and also removed cascading effect. Tax structure shown in paper in which various tax rates included. Impact on Tax incidence included various sectors such as Telecom, E- Commerce, Automobile, real estate, banking and consumer goods. Impact on input tax credit showed that there would be availability of cross credit utilization in CGST and SGST.

²⁰ Ibid., 2017.

²¹ Mujalde, S and Vani, A., Goods and Services Tax (GST) and its outcomes in India, Journal of Madhya Pradesh Economic Association. 2017, Vol. XXVII. No. 1, pp.

²² Nath, B., Goods and Services Tax: A Mile Stone in Indian Economy, International Journal of Applied Research, 2017, Vol. 3, No. 3, pp. 699-702.

²³ Nishitha Gupta, Goods and Services Tax: Its implementation on Indian economy, CASIRJ Volume 5 Issue 3, 2014, pp.126-133.

²⁴ Kawle ,S, P. and Aher, L.,Y., GST: An economic overview: Challenges and Impact ahead. International Research Journal of Engineering and Technology, 2017, Volume: 04 Issue: 04, pp. 2760-2763.

²⁵ Nayyar, A. and Singh, I., A Comprehensive Analysis of Goods and Services Tax (GST) in India. Indian Journal of Finance, 2017.

²⁶ Abda, S., Research paper on effects of goods and services tax on indian economy. International education and research journal, 2017, 3(5), 584–585.

²⁷ B, MitraPriya., GST- A Game Changer, International Journal of Management Research and Social Science (IJMRSS),2017, vol. 4(1), pp. 10-12.

Kapoor Kapil,²⁸ (2017) critically examined GST implementation, models, mechanism, issues and challenges. Development stages GST in India studied in this paper. Exclusions from GST which is petrol alcohol, tobacco, Diesel and some benefits such as simplicity, transparency, cascading effect, reduction in burden of tax revenue collection, economic growth and no tax for exporters are included in this paper. Challenges also studied in the paper. So the paper concluded that proper implementation of GST will lead to economic growth.

Yadav, S. S. and Shankar, R.,²⁹ (2018) in their research paper analysed the history and evolution of GST in the country and how it has replaced various indirect taxes. Rupa, R. (2017) in her research paper explained the concept of GST. Also she highlighted the advantages and disadvantages of GST in our economy.

Concluding Remarks

After a thorough analysis of the above literature it can be concluded that GST will provide relief to producers and consumers by subsuming the several indirect taxes in India.

The Study of literature indicates that the implementation of Goods and Services Tax helps in better utilization of resources and makes the taxation system environment friendly. The taxes for both Centre and States will be collected at the point of sale. Both will be charged on the manufacturing cost. Individuals will be benefited by this as prices are likely to go down.

The lower price of goods increases consumption and more consumption leads to higher production thereby leading to economic growth and development of the country.



²⁸ Kapil Kapoor, GST New Tax Regime: Issues and Challenges. International journal of recent scientific research, 2017, vol. 8(4), pp. 16786- 16790.

²⁹ Yadav, S., S. and Shankar, R. (2018). 'Goods and service tax (GST): How and Why', Journal of Advances in Management Research, Vol. 15 Issue: 1, pp.2-3.

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