

GST- Challenges And Opportunities

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Abstract :

Goods and service is very comprehensive Tax structure when implemented at the national level. Presently company and businesses pay multiple taxes which increase the cost of product and also hamper the profit level of the company. Under the GST system there would be only one rate applicable for both goods and services. GST will create a business friendly environment as prices will fall and it would also control the inflation rates.

Key Words :-

Indian Economy, Goods and service Tax, challenges and opportunities of GST.

Introduction :

Taxation policy plays a very important role in economic development of country. With much awaited GST system and in depth analysis, here we are with final GST bill passed by the parliament. Tax policies are important contributor to the economy in both cases efficiency to the economy in both cases efficiency and equity. GST stands for Goods and Services Tax. Basically there is need to change the taxation pattern as double taxation system demotivates the consumer from consumption of products.

Objectives Of The Study :-

- 1) To study the concept of Goods and Service Tax.
- 2) To understand the GST implementation in Indian.
- 3) To study the impact of GST on Indian Economy.
- 4) To study the challenges and opportunities of GST.

Research Methodology :-

This paper is depended on secondary data of GST. Secondary data collected from various books, national and international Journals, government reports, various websites.

Concept of Goods and Service Tax :-

GST or Goods and Service Tax is applicable on supply of Goods and Services. It will replace the current taxes of excise, VAT and Service Tax. Currently, there are different VAT laws indifferent states. GST are three types.

- 1) CGST – Central Goods and Service Tax
- 2) SGST – State Goods and Service Tax
- 3) IGST – Integrated Goods and Service Tax

Challenges of GST :

There are few aspects with disagree with the growth story and might be seen as hurdle. Service Tax on various fares currently ranges between 6% - 9% with GST the rate will Surpass 15%, if not 18% effectively doubles of the tax rate. If the rate of GST will be over 15% the all the service will be costlier. It is really required that all the states implement the GST together and that too at the same rates, It will help to stay service charge constant. Different tax analysis say that real estate market will be 12% down by GST and may affect demanded of new houses because of increased cost upto approx. 10%. As per the constitutional amendment bin placed in Lok Sabha. it was proposes that all state government would be allowed to an additional 1% nonviable tax on inter-state supply of goods for the initial two years. These are some of the major challenges for the central and state government.

Opportunities for GST :-

- 1) Reduces Average Tax Burdens :- Under GST mechanism the cost of that the consumers have to bear will be certain and GST would reduce the average tax burdens on the consumers.
- 2) As end to Cascading effects :- This will be the major contribution of GST for the business and commerce. At present, there are different state level and central level indirect tax levies that are compulsory on after another on the supply chain till the time of its utilization.
- 3) Reduces transaction costs :- If government works in on efficient mode, it may be also possible that a single registration for the both SGST and CGST provided government produces effective infrastructure of state level with union.
- 4) Growth of Revenue in states and union :- It is expected that the introduction of GST will increase the tax base but lowers down the tax rates and also removes the multiple point.
- 5) Reduces the Corruption :- It is one of the major Problems that India is over when med with. We cannot expect anything Substantial unless there exists a Political will do root it out.
- 6) One Point Single Tax :- Another Feature that GST must hold it is should be one point single taxation.

Impact of GST on Indian Economy :-

- 1) Reduce Tax burden on Producers and Faster growth through more production.
- 2) A Single Taxation on Producers would also translate into a lower final selling price for the consumer.
- 3) There will be more transparency in the system. As the customers would know exactly how much taxes they are being charges and on what base.
- 4) GST would add to government revenues by widening the tax base.
- 5) GST Provides credits for the taxes paid by produces.

Conclusions :-

In short, all the short comings of the present taxation regime lead us to level for a new system of taxation for the ease of doing business. There is a criticism today that the proposed model of GST is fractured due to the compromises. One should keep in mind that an ideally perfect GST has never been Practiced in any federal democracy.

Reference :-

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