

Impact of Summoning All Indirect Taxes into One Tax “GST”

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Abstract -- After many controversy, it has been now more than 5 months since GST is implemented in place of all indirect taxes like Excise Duty, Service Tax, VAT, and CST. This proves notion of “One Nation, One Tax”. Due to GST there is huge relief for Small Business as less paper work & less return filling. Before GST, Dealer or Manufacturers has to file many returns of Excise, Customs, Service Tax, Vat .But after GST, They have to file GST return only. Moreover for Small Business men, Exemption up to 20 lakhs given which became huge relief for them. For Medium Size enterprise, Composition scheme has been approved up to 75 lakhs which is extended to 1.5 Cr right now.

Objective:

- 1. To gain Knowledge about impact of transforming all indirect taxes into One Tax GST.**
- 2. To aware Consumers & Businessmen about Benefits of Introducing GST Transforming India Through “One Nation, One Tax”**

I. IMPACT OF GST IN INDIAN MARKET SCENARIO

GST the huge tax reform in India introduced on the notion of “one nation, one market, one tax” is finally implemented. The event waiting by Indian Government is finally happened after many years. The single tax concept has come into force, removing all the inter-state preventers with respect to trade. The GST, with a master stroke, has converted India into uniformed market of 130 lakhs citizens. Basically, the Indian economy is trying to transform itself by removing internal tariff preventers and summoning central, state and local taxes into a Single GST.

Besides Above, Implementation of GST may disturb whole market in beginning. It may result into dissatisfaction from businessmen and merchants. But as the time will go, everything will be set up simply. Once every businessmen and merchants understand whole procedure of GST and benefits available then old indirect taxes, they will enjoy and occupy the simplest tax reform of Indian Government.

There is a watch on Government how they works on making GST “Good & Simple Tax” instead of “Gabber Sing Tax “ as mentioned by opposite political

parties. The main object behind implementing GST in India is that to create “WIN-WIN” situation both for consumers and traders as well. Due to GST, Businessmen will enjoy all benefits like less return fillings, uniform rules across all states and Union Territories, Easy book keeping. From Customer point of view, the cost of basic needs will comparatively less than earlier. This all benefits will run the market simply and smoothly.

II. GST: THE SHORT-TERM IMPACT

From the viewpoint of the Rich and Upper Middle Class consumer, they would now have to pay more tax for Luxury goods and services they consume. From the viewpoint of the Poor and Lower middle class consumer, The majority of everyday consumables now exempt from tax or a slightly lower rate of tax. Moreover, Implementation of GST has a cost of many compliance attached to it. For Small Traders, The cost of compliance is high .So to cover up this they may increase their price of goods. Furthermore, No composition scheme is available to small service providers.

III. GST: STEPS TOWARDS BRIGHT FUTURE

By Taking in Mind the benefits Of GST, It may not only result in lower rate of taxes, but also minimum tax slabs. Right now, across the country, Government has applied three rates, 1) Integrated GST, 2) Central GST and 3) State GST. In addition to this rates, chess is also levied. But Government still revises the rate as per recommendations by GST Council and will continue till the neutral rate is reached. Moreover Application of lower rate on basic consumables and higher rate on luxurious consumables will help in reforming great revenue for economy .It also Removes Income differences between people.

The Impact of GST is likely to be very positive on macroeconomic environment in India in midterm. Due to removal of cascading effect i.e. tax on tax effect by GST, inflation rate may goes down marginally. The government revenue will also increase as export will grow. Foreign Direct Investment will also increase.

III. COMPARISON OF ALL INDIRECT TAX
V/S GST

Points	Excise	Service Tax	VAT	GST
Taxable Event	Manufacturing	Rendering Of Service	Selling Of Goods	Consumption Or Supply
Scope	Narrow	Narrow	Narrow	Wider
Tax Administration	Comparatively Difficult Due To Number Of Taxes	Comparatively Difficult Due To Number Of Taxes	Comparatively Difficult Due To Number Of Taxes	Ease, Simple And Centralized
Collection Of Tax And Filing Of Returns	Differs From State To State	Differs From State To State	Differs From State To State	Similar Process And Common Dates For Collection
Cascading Effect	Input Credit Between Excise & Service Tax Available But No Credit Of Vat Against Excise Duty	Input Credit Between Excise & Service Tax Available But No Credit Of Vat Against Excise Duty	Input Credit Between Excise & Service Tax Available But No Credit Of Vat Against Excise Duty	Input Credit Available On The Full Amount Of Taxes Up To Retailer.
Threshold Limit	150 Lakhs	Varies From Rs. 5 To 20 Lacs From State To State.	Rs. 10 Lakhs	20 Lakhs
Rate Of Tax	Avg.12.5%	14%+Cess	5% To 15%	0% To 28%

REFERENCES

IV. CONCLUSION

Overall, it is up to government to build encouragement both for dissatisfied small-scale manufacturers and traders. It is necessary for government to find a ways for reducing Cost of Compliance for them. GST will become “GOOD and SIMPLE TAX, only when the entire country accepts it as a whole towards making it successful.

- [1] The Government website: www.gst.gov.in
[2] www.cleartax.in