IOSR Journal of Business and Management (IOSR-JBM)
e-ISSN: 2278-487X, p-ISSN: 2319-7668
PP 10-15
www.iosrjournals.org

GST And It's Implementation

T. Syamala Devi, A.Nagamani
Dept of Commerce, Kasturba Gandhi Degree & P G College for women, Marredpally, India
Dept of Commerce, Kasturba Gandhi Degree & P G College for women, Marredpally, India

Abstract: *GST is one indirect tax for the whole nation, which will make India one unified common market. GST is a single tax on supply of goods and services right from the manufacturers to consumers. Credits of input taxes paid at each stage will be available in the subsequent stage of value addition, which makes GST essentially a tax only on value addition at each stage. The final consumer will thus bear only the GST charged by the last dealer in the supply chain, with set-off benefits at the previous stages. Under GST the MRP will include the tax component i.e. is the seller of the product cannot charge any amount over and above the price of the product and service provided, which is the most important feature of this tax. The benefits of GST can be for business and industry, for central and state governments and for the consumers.*
The study of the paper is related to GST and its implication is covering under the following areas how will IT will be used for the implementation of GST, how imports and exports will be taxed under GST, what are major features of proposed registration procedures under GST, what are the major features of proposed return filling procedures under GST and the major features of proposed payment procedure under GST.
Keywords: *Goods and service Tax, Export, filing returns Import, Proposed Registration procedure,*

I. Introduction

Goods and Service Tax is an indirect tax. Under indirect tax, initially manufacturer or trader will be paying the tax and latter the burden of payment of tax is shifted to the customers. The various taxes paid in the channels of distribution are compounded in the product price andtransferred to the customersat high price.Under GST various taxes are submerged into one tax.

Keeping in mind federal structure of India there will be two components of GST

- **Central GST (CGST) AND STATE GST (SGST)** Both the center and states will be simultaneously levy GST across the value chain. Center would levy and collect central goods and service taxes (CGST) and states would levy and collect state goods and services tax (SGST) on all transactions with in the state. The central GST and state GST would be levied simultaneously on every transaction of supply of goods and services except on exempted goods and services, goods which are outside preview of GST and the transactions which are below prescribed threshold limits.

Further, both would be levied on same price or value unlike state VAT which is levied on the value of the goods inclusive of central excise.

- **Integrated** Goods **and Service Tax (IGST)**: For inter-state transactions and imports related to supply of goods and/or services, carried out by the Centre.

1.1 Union Taxes shall be subsumed with CGST
1. Central Excise Duty
2. Duties of Excise (Medicinal and Toilet Preparations)
3. Additional Duties of Excise (Goods of Special Importance)
4. Additional Duties of Excise (Textiles and Textile Products)
5. Additional Duties of Customs (commonly known as CVD)
6. Special Additional Duty of Customs (SAD)
7. Service Tax
8. Central Surcharges and Cess so far as they relate to supply of goods and services

1.2 State taxes will be subsumed with SGST

1. State VAT
2. Central Sales Tax
3. Luxury Tax
4. Entry Tax (all forms)
5. Entertainment and Amusement Tax (except when levied by the local bodies)
6. Taxes on advertisements
7. Purchase Tax
8. Taxes on lotteries, betting and gambling
9. State Surcharges and Cess so far as they relate to supply of goods and services

1.3List of Taxes which are not subsumed under GST

1. Basic Customs Duty – BCD
2. Surcharge on Customs duty Surcharge at the rate of 10% of the Basic Customs Duty is levied on
3. Imported goods under Section 90 of the Finance Act, 2000 (unless exempted by a notification).
4. Customs Cess –
5. Safeguard duty under Section 8B of the Customs Tariff Act, 1975
6. Anti-dumping duty under Section 9A, Customs Tariff Act 1975
7. State Excise
8. Stamp Duty
9. Property Tax levied by Local Bodies
10. Central Excise as respects goods included in entry 84 (Alcohol for human consumption) of the Union
11. List of the Seventh Schedule to the Constitution
12. Central Excise on Petroleum Products - GST applicability date on petroleum products will be notified
13. subsequently
14. VAT on Petroleum Products - GST applicability date on petroleum products (i.e. petroleum crude,
15. High speed diesel, motor spirit(commonly known as petrol), natural gas and aviation turbine fuel)
16. will be notified subsequently
17. Profession Tax
18. License fee on entry of vehicles under THE CANTONMENTS ACT, 2006
19. Securities Transaction Tax (STT)

1.4 Advantages of GST

1. Eliminating cascading tax effect
2. Input credit tax
3. Higher limit for registration
4. Composition scheme for small businesses
5. Easy online procedure under GST
6. Lesser number of compliances
7. Defined treatment for e-commerce
8. Increased efficiency in transportation
9. Bringing accountability and regulation unorganized sector

1.5 Disadvantages of GST

1. Increase in cost due to GST software purchase
2. Employ tax professionals in small business increase operational cost
3. In the middle of financial year GST is implemented.
4. Earlier, only manufacturing businesses whose turnover exceeded Rs 1.5 crore had to pay excise duty. But now any business whose turnover exceeds Rs 20 lakh will have to pay GST. If they select composition scheme, they cannot claim input credit tax.
5. A trader doing trading in more than one state , the trader has register in those states separately.

Historical Background

Good and services tax first announced in 2000 by then government, 17 years later it is now a reality with the date for implementation set for July 1st 2017. Since 3rd august 2016 when the Rajya Shaba passed bill introducing GST in the 122nd amendment of the constitution there have been many changes in proposed GST bill and rules and regulations pertaining to it.

II. Review of Literature

NishitaGupta(2014), studied "Goods and Service Tax: its impact on Indian Economy" to study concept of goods andservice tax and its impact on Indian economy and suggested that implementation of GST in Indian framework lead to commercial benefits which are not available under VAT.

Monika Sehrawat and UpasanaDhanda (2015) Studied "GST in India: A Key Tax Reform", and suggested what are various challenges in the way of GST implementation and it is need of the time to implement GST.

ShefaliDani(2016) **s**tudied "Impact of Goods and Service Tax (GST) on Indian Economy," andconcluded thatthe proposed GST regime is a half-hearted attempt by the government to rationalize indirect tax structure which more than 150 countries have implemented GST. The government of India should have studied the GST regime set up by various countries and also their fallouts before implementing it. At the same time, the author knowledges the advantages of GST and suggest the government inclusion of petroleum products, electricity, liquor and real estate.

Pankaj Kumar, SubhrangshuSekhar Sarkar (2016), studied "Goods and service tax in India: problems and prospects " examined the major features of GST. The paper has also focused on the problems likely to be faced by Central and State Governments at time of implementation found GST system is more beneficial for the Government as well as stakeholders from the management and analysis point of view.

MilandeepKour, Kajal Chaudhary, Surjan Singh, Baljinder Kaur (2016) studied " A Study on Impact of GST after its Implementation", found GST will face many challenges after its implementation and will result to give many benefits and conclude that GST play a dynamic role in the growth and development of our country.

Objective of the study

The objective of the paper is cover the following areas

1. To study how will IT will be used for the implementation of GST
2. To study how exports will be taxed under GST
3. To study what are major features of proposed registration procedures under GST
4. To study what are the major features of proposed return filling procedures under GST and the major features of proposed payment procedure under GST

III. Research Methodology

The paper is based on secondary sources of data, which have been obtained from various GST implementation discussion papers, web articles (internet sources), past studies and news paper etc. The accessible secondary data is intensively used for research study.

IT and implementation of GST

In GST regime, fromregistration to GSTprocessing of returns, payments, audits, assessments, appeals, everything will be online. . All mis-matched returns would be auto-generated, and there would be no need for manual interventions. Most returns would be self-assessed.

The Central and State Governments have jointly registered Goods and Services Tax Network (GSTN) as a not-for-profit, non-Government Company will provide shared IT infrastructure and services to Central and State Governments, tax payers and other stakeholders

All States, accounting authorities, RBI and banks tax payers will use their IT infrastructure for administration for GST software.

Exports

The cost of manufactured goods and services will decrease with the comprehensive reduction of input cost of major Central and State Taxes in GST. This will create a competitive environment of goods and services of India, in the international market.

Exports will be tax atzero rate. No GST will be levied on exports because of which input credit of exporter will not be affected and he/she can use these input credit in future. With zero rated exports, domestic goods will be more competitive in international market and will help in increasing exports which in turn the fulfillment of objective of 3.5% share of India in world exports by 2020.

In the previous indirect tax regime, exporters enjoyed upfront tax exemption on goods to be exported. But under GST, exporters are procuring goods and services on payment of GST. This credit of GST, which is available with exporters is supposed to be claimed as refund.

Federation of Indian Export Organizations (FIEO) has time and again stated that exporters are facing liquidity problems due to the implementation of GST. Earlier they used to get ab-initio exemption on indirect taxes. But now regime GST they to pay first and then seek refund, which is cumbersome process.
If exemptions, similar to the one given under previous indirect tax regime, are granted then the funds blockage can be optimized along with reduction in unnecessary administrative work for paying GST and then claiming refunds

Imports

Import will be considered as Inter-State supply under GST and accordingly will attract Integrated Goods and Services Tax (IGST) along with Basic Custom Duty and other surcharges. Services are provided by a person residing outside India. It is similar to the current provision of reverse charge, wherein service receiver is required to pay tax and file return. The incidence of tax will follow the destination principle and the tax revenue in case of SGST will accrue to the State where the imported goods are consumed.

Procedure for GST Registration

Every business carrying out a taxable supply of goods or services and whose turn over exceeds the threshold limit of 20 lakhs (RS 10 lakhs for north eastern and hill states) is required to register as an normal taxable person, this process of registration is called GST registration.

Registration of any business entity under the GST law implies obtaining a unique number from the concerned tax authorities for the purpose of collecting tax on behalf of the government and to avail input tax credit(ITC) for the taxes on his inward supplies. Without registration a person can neither collect tax from his customers nor claim any input tax credit of tax paid him. Now registration for existing tax payersis at new GST Portal with screenshots.

Under service tax , every person whose turnover is more than 10 lakhs and responsible for collecting service tax has to register with the central excise authorities within 30 day from the date of commencement of the business on providing taxable services
Under VAT structure any business a turnover of more than Rs 5 lakh (in most states) was liable to register under VAT. The limit differs state-wise for registration example under APVAT ACT 2005 the dealers are classified into two categories

(a) If the turnover of taxable goods of a trader is more than Rs.5 lakhs but less than Rs 40 lakhs has register has Turnover Tax Dealer
(b) If the turnover of taxable goods of a trader is more than Rs.40 lakhs has register has VAT Dealer

The manufacturers whose turnover is more than 1.5 crores as to register under excise duty.
Now under GST a businessman need not have to run to various authorities when they are dealing with different components of business activities to get different registrations such as VAT, excise, and service tax only a single registration is necessary.

3.1 Important Update by GST Council on 6/10/2017

Presently, anyone making interstate taxable supplies, except interstate job worker, is compulsorily required to register, irrespective of turnover. It has now been decided to exempt those service providers whose annual aggregate turnover is less rupees 20 lakhs (Rs.10 Lakhs in special category states except (J&K) from obtaining registration even if they are making interstate taxable supplies of services. This measure is expected to significantly reduce the compliance cost of small traders.

3.2 GST registration by existing tax payers or migration to GST

All the existing VAT, Central excise, service tax, Assesses, dealers will b e migrated to GST. To migrate to GST Assesses would be provided a provisional ID and Password by CBES /State Commercial Tax Department,

33 Special category states under GST

In special category states the aggregate turn over criteria fort GST Registration is set at Rs.10 Lakhs. List of the special category states are currently Assam, Nagaland, J&K, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Uttarakhand, Tripura, Himachal Pradesh and Sikkim are considered special category states.

3.4 Multiple registrations for different states

Any person doing multiple business in different states then requires to obtain a separate registration for each business vertically.PAN umber is mandatory to apply for GST registration(Except for a non resident person who can get GST Registration on the basis of other documents).

IV. GST Return

A return is document containing details of income which a tax payer is required to file with a tax administrative authorities. This is used by tax authorities to calculate tax liability. Under GST, a registered dealer has to file GST returns that includes a. Purchases b. Sales c. Output GST (on sales) and d. Input tax Credit (GST Paid on Purchases) to file GST returns GST complaint sales and purchase invoice are required.

41 Who has to file GST returns?

In the GST regime, any regular business has to file three monthly returns and annual return. This amounts to 37 returns in a year. The beauty of the system is that one has to manually enter the details of one monthly return – GSTR-1.the other two –GSTR 2 and GSTR 3 will get auto populated by the deriving information from GSTR 1 filed by businessmen and endorser. There are separate returns required to be filed under special cases such as composition dealers.

As per 22nd GST council meeting of 06th October 2017 a) Business with annual turnover up to 1.5 crores will submit quarterly returns. Taxes will be paid quarterly.
b) Due dates of august and September will be declared later.
c) Switch over to quarterly will happen from October r- December 2017 cycle.

A dealer obtaining for composition scheme will enjoy of benefits of lesser returns and compliance along with payment of taxes at normal rates. A composition will file only two returns.

Late fees for not filing return on time

If GST returns are not filed within time, how will be liable to pay interest and a late fee. Interest is 18% per annum. It has to be calculated by the tax payer on the amount of outstanding tax to be paid. Time period will be form the next day of filing (26/29th august) to the date of payment. Late fees is Rs.100/- per day per act. So it is 100/- under CGST and 100/- under SGST. Total will be Rs.200/- per day. Maximum is Rs.5000/-. There is no late fee on IGST.

Filingof returns under VAT differsstate wise like TOT dealer has to file the returns quarterly, whereas VAT dealer the return relating to the assessment period is one month , the returnfor any month is to be filed on or before 20th of the following month.
Whereas service tax according to the status of service provider ie is individual, firm,company,other type of assesses the duedate of filling returns exist.
Under excise duty due date of filling return is monthly. Under the GST regime, any regular business has to file three monthly returns and annual return

V. Conclusion

Goods and Service Tax has simplified the indirect taxes structure for a businessmen in process of registration, payment of taxes and claiming the refund.. The implementation of GST has many benefits to various stakeholders i.e. businessmen, Central and State Governments and Customers. Businessmen require a single registration, threshold limit for tax paymentunder GSTunlike under old indirect tax system where he needs to register for each type of indirect tax. Composite scheme is beneficial to small traders but they cannot claim input credit. Exports being zero bases tax will increase competiveness of our products at the international market. Single rate tax levied on goods and services being lesser than number of taxes levied on product and service enable to transfer this benefit to the customer in terms of reduction in prices. Electronic processing of tax returns, refunds and tax payments through 'GSTNET' without human intervention, will reduce corruption and tax evasion in turn increasing the revenue for Central and State governments.

References

[1]. https://cleartax.in
[2]. https://economictimes.indiatimes.com
[3]. https://www.quora.com
[4]. ShefaliDani, (2016) A Research Paper on an Impact of Goods and Service Tax (GST) on Indian Economy, Bus Eco J 7: 264. doi: 10.4172/2151-6219.1000264
[5]. Monika Sehrawat and UpasanaDhanda, "GST In India: A Key Tax Reform" International Journal of Research – Granthaalayah, Vol. 3, No. 12(2015): 133-141.
[6]. Pankaj Kumar, SubhrangshuSekhar Sarkar, "Goods and service tax in India: problems and Prospects" ,Asian Journalof Management Research Online Open Access publishing platform for ManagementResearch, ISSN 2229 – 3795

[7]. MilandeepKour, KajalChaudhary ,Surjan Singh, Baljinder Kaur (2016) , " A Study on Impact of GST after its Implementation",International Journal of Innovative Studies in Sociology and Humanities (IJISSH) Volume: 1 Issue: 2 | November 2016
Nishita Gupta (2014), "Goods and Service Tax: its impact on Indian Economy", CASIRJ, Volume 5, Issue 3, ISSN2319-9202