
GST In India and Its Importance

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Abstract: *The implementation of GST will ensure one tax system for whole country. It will be taxed on all goods and services produced or supplied or imported in India. The system will facilitates taxation of goods and services in an integrated manner and will help in eliminating tax problems and further gives boost to the economy.GST will bring in India at par with other developed nations all over the world.GST will be going to be the biggest tax reform ever introduced in India after independence. The present paper is an attempt to focus on India's tax structure and importance of GST in India.*

Keywords: *GST, Tax, Goods, Services and Value.*

Introduction:

GST (Goods and Service Tax) is an Indirect tax which is implemented all over India except Jammu and Kashmir from 1 July 2017.It is a tax which replaced number of taxes such as service tax, excise duty, octroi, luxury tax etc. imposed by the central Government and state government. Goods and service tax is based on the value addition at each stage. It is borne at the time of consumption rather than at the point of production, tax department evaluate the value at each stage and collect value proportionate to value at each step.GST is a single tax right from the manufacturer or service provider to the consumer. In this system, taxes paid at each stage will be credited in the subsequent stage of value addition...Thus, goods and services tax charged by the final dealer is the final tax borne by the customer, will set off all taxes paid at the earlier stages in the supply chain. Under GST, goods and services are taxed at following rates, 5%, 12%, 18% and 28% and other necessity items like flour, pulses, milk and other durable consumer items of necessity will be tax free. Will be taxed on all goods and service produced or supplied or imported in India. Initially for a period of 2 yr the tax will be levied by both central and state and from 3 yrs, all forms of CGST will be merged into one single tax.

Importance of GST

-) It will help in overall growth of the economy.
-) It will help in improving India's GDP growth rate.
-) Tax structure is expected to become simple.
-) Benefit for Business and Industrial
-) One Economic Development for whole nation.
-) After implementation of GST the whole India will become one nation, one market.

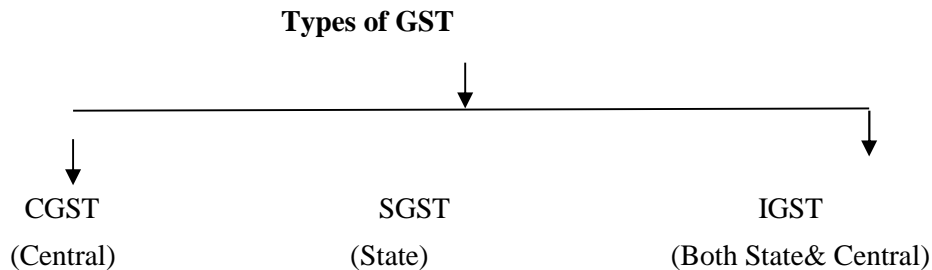
Objectives of the study

-) To understand the importance of GST.
-) To analyze the difference in other tax and GST.

Research Methodology

The study focuses on secondary information collected from various Books, Journals, newspaper etc...It focused on importance of GST to different consumers.

Types of GST



GST will be imposed at three levels.

1. **CGST (Central Goods and Service Tax):** It will be levied by the Central government.
2. **SGST (State Goods and Service Tax):** It will be levied by State Government.
3. **IGST:** It will be levied by both state and central Government. One share will be levied by the central and one by the state.

Benefit for Others

For Consumer

1. Mostly products will be tax free or otherwise be charged at the rate of 5%.
2. Poor will be benefitted.
3. Small businessmen will have an equal opportunity to do business.
4. Reduction in burden of the tax payers, payment of single and transparent tax.

For Manufacture and Trader

-) Easy Compliance.
-) Uniformity in tax rates and structure
-) Increase Competition at International Levels.
-) Help in making development of common nation market.

For Economy

-) Help in making India one Manufacturing Hub.
-) Help in making development of one nation market.
-) Encourage Investment and Export.
-) It will generate more employment opportunities by increasing economic activities.
-) Uniformity in tax rate and structure.

For Government

-) Simple and easy administration.
-) Improved Compliance and revenue collections.
-) Better revenue effectiveness.

Difference between Current Tax Structure and GST Tax

	Current Tax Structure	GST
No. of Laws	There are separate laws for separate taxes and respective VAT on States.	There is only one law.
Tax Rate	Existence of Separate Tax rate.	There will be one CGST rate and uniform SGST rate across all the states.
Cascading Effect(Taxes on Tax)	Presence of Cascading effect of taxes due to multiplicity in taxes.	Cascading effect is reduced which makes it very simple.
Tax Burden	High Tax Burden on Taxpayers.	Tax Burden is reduced.
Tax Structure	Presence of multiple taxes makes compliance difficult.	Subsuming or absorbing the taxes into one and makes compliance easy and simple.
Prices of Consumers	Usually very high due to cascading effect of taxes.	Prices are expected to be reduced.

Source:www.myloancare.in.

GST Exemptions

Goods

) Foods such as vegetable pulses, milk etc...	Exempt
) Clothing and Medicine	Exempt
) Gold and precious metals	very low rate (2-6%)
) Real estate land	Exempt

Services

Education	Exempt
Health (excluding medicines)	Exempt

Conclusion

Tax policies adopted by government plays an important role on the economy and help in maintaining income distribution by imposing high tax on high income group. Further it helps in generating revenue to support government expenditures on public services. Introduction of GST will prove to be significant improvement towards a comprehensive Indirect Tax in the country. Further it is expected to create a friendly environment for business at national and international level and inflation rates will be less due to same tax structure all over. The introduction of GST will bring a great change in the country.

References

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