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IMPLEMENTATION AND MANAGEMENT OF GST IN INDIA – AN APPRAISAL

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THE ROLE OF GST TO MAKE INDIA ONE UNIFIED COMMON MARKET

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Abstract

GST is one Indirect Tax for the whole nation, which will make India one united common market. GST is a single tax on the supply of Goods and Services, right from the manufactures to the consumers. Credits of inputs taxes paid at each stage will be available in the subsequent stage of value addiction, which makes GST essentially a tax only on value addiction at each stage. The final consumer will thus bear only the GST charged by the cost dealer. The supply chain with set-off benefits at all the previous stage. The benefits easy compliance uniformity of tax rates, and structures removal of cascade. Improved competition ,Gain to manufactures and exporters, Benefit for Central Government and State Government, Simple and easy to administer better controls on leakage, higher revenue efficiency. For the consumer- single transparent Tax proportionate to the value of goods and services relief in aver all tax burden.

Introduction

Goods & Services Tax Law in India is a comprehensive, multi-stage, destination-based tax that is levied on every value addition. In simple words, Goods and Service Tax is an indirect tax levied on the supply of goods and services. GST Law has replaced many indirect tax laws that previously existed in India.

Objectives of the Study

- To identify basic concepts of GST
- Filing of GSTR 1, GSTR 2 and GSTR 3
- To find the components of GST and how it works in Business scenario

Frame Work of Analysis

At the **Central** level	At the **State** level
Central Excise Duty, Additional Excise Duty, Service Tax, Additional Customs Duty commonly known as Countervailing Duty, and Special Additional Duty of Customs.	Subsuming of State Value Added Tax/Sales Tax, Entertainment Tax (other than the tax levied by the local bodies), Central Sales Tax (levied by the Centre and collected by the States), Octroi and Entry tax, Purchase Tax,

	Luxury tax, and Taxes on lottery, betting and gambling.

There are 3 taxes applicable under GST: CGST, SGST & IGST.

Transaction	New Regime	Old Regime	
Sale within the State	CGST + SGST	VAT + Central Excise/Service tax	Revenue will be shared equally between the Centre and the State
Sale to another State	IGST	Central Sales Tax + Excise/Service Tax	There will only be one type of tax (central) in case of inter-state sales. The Center will then share the IGST revenue based on the destination of goods.

GSTN

GSTN is working on developing a state-of-the-art comprehensive IT infrastructure including the common GST portal providing frontend services of registration, returns and payments to all taxpayers, as well as the backend IT modules for certain States that include processing of returns, registrations, audits, assessments, appeals, etc. All States, accounting authorities, RBI and banks, are also preparing their IT infrastructure for the administration of GST.

Filing procedures under GST

There would no manual filing of returns. All taxes can also be paid online. All mis-matched returns would be auto-generated, and there would be no need for manual interventions. Most returns would be self-assessed Common return would serve the purpose of both Centre and State Government. There are eight forms provided for in the GST business processes for filing for returns. Most of the average tax payers would be using only four forms for filing their returns. These are return for supplies, return for purchases, monthly returns and annual return. **Small taxpayers**: Small taxpayers who have opted composition scheme shall have to file return on quarterly basis. Filing of returns shall be completely online. All taxes can also be paid online.

Who is required to take Registration ?

- Turnover > 9 lakhs (Turnover includes: Taxable and non-taxable supplies, exempt supplies, export)
- Interstate supplies
- E-commerce operation
- Suppliers supplying goods through e-commerce operation
- Persons required to pay tax under several charge mechanism
- Aggregator who supply service under his brand/trade name

Purchase from unregistered dealers:

Registered recipient → pay tax under Reverse charge

Receiver → cannot claim Input tax credit

Input Tax Credit (ITC)

When we buy product or service → from registered dealer → we pay taxes on purchase

On supply (Sale) → we collect Tax

We have to pay to Govt only the balance tax collected on supply after deducting tax on purchase

This mechanism is called Input Tax Credit (i.e tax on purchased adjusted against tax liability)

Condition to claim Input Tax Credit

Supplier has the Tax invoice of purchase from registered dealer

Supplier is NOT registered under Composition scheme

Purchase from Unregistered Dealers

If a registered dealer → purchase from → unregistered dealer → Tax to be paid on Reverse charge, Reverse charge means pay tax on the purchase made from unregistered dealer.

Composition Scheme

Conditions :-

i. Turnover < 75lakhs
ii. No Inter State Outward supplies
iii. Cannot claim Input Tax Credit
iv. Must be supplier of Goods (Service suppliers cannot opt for this scheme. Except Restaurant)
v. Cannot issue tax invoice. So, buyer from composition dealer cannot claim ITC.

Tax Rate under Composition :-

Restaurants	5%
Manufactures	2%
Other supplies	1%

Returns for Composition scheme ;-

Quarterly Returne- GSTR 4

Filing date- 18th of the month succeeding the quarter.

.GSTR 1

GSTR 1 is a monthly return of outward supplies. Essentially, it is a return showing all the sales transactions of a business. Every business registered under GST, will have to file the GSTR 1

GSTR 1 Due date sales up to Rs.1.5 Crore

July to September 2017	10th January 2018
October to December 2017	15th February 2018
January to March 2018	30th April 2018

. GSTR 1 Due date sales more than Rs. 1.5 Crore

Periods (Monthly)	Due Date
July to November 2017	10th January 2018
December 2017	10th February 2018
January 2018	10th March 2018
February 2018	10th April 2018
March 2018	10th May 2018

GSTR-2

Form GSTR 2 is a statement in which a regular dealer needs to capture all the inward supplies made during the month. Broadly, all the inward supplies from registered businesses, including the supplies on which tax needs to be paid on reverse charge are required to be captured at the invoice level to file GSTR 2. In addition to inward supplies, one also needs to declare - the details of advances paid on supplies liable for reverse charge, and also, the advance amount on which tax was paid in the earlier returns period but the invoice has been received in the current returns period. As per the latest recommendations, for the period of July '17 to March '18, filing of GSTR-1 will be allowed to be done without filing GSTR-2 and GSTR-3 for the previous month, and the dates for filing of GSTR-2 and GSTR-3 will be decided by a committee of officers and communicated in due course of time.

GSTR3

GSTR-3 is a monthly return with the summarized details of sales, purchases, sales during the month along with the amount of GST liability. This return is auto-generated pulling information from GSTR-1 and GSTR-2.GSTR-3 will show the amount of GST liability for the month. The taxpayer must pay the tax and file the return.

Findings

Importance of GST

For business and industry

✓ Easy compliance: A robust and comprehensive IT system would be the foundation of the GST regime in India. Therefore, all tax payer services such as registrations, returns, payments, etc. would be available to the taxpayers online, which would make compliance easy and transparent.

✓ Uniformity of tax rates and structures: GST will ensure that indirect tax rates and structures are common across the country, thereby increasing certainty and ease of doing business. In other words, GST would make doing business in the country tax neutral, irrespective of the choice of place of doing business.

✓ Removal of cascading: A system of seamless tax-credits throughout the value-chain, and across boundaries of States, would ensure that there is minimal cascading of taxes. This would reduce hidden costs of doing business.

✓ Improved competitiveness: Reduction in transaction costs of doing business would eventually lead to an improved competitiveness for the trade and industry.

✓ Gain to manufacturers and exporters: The subsuming of major Central and State taxes in GST, complete and comprehensive set-off of input goods and services and phasing out of Central Sales Tax (CST) would reduce the cost of locally manufactured goods and services. This will increase the competitiveness of Indian goods and services in the international market and give boost to Indian exports. The uniformity in tax rates and procedures across the country will also go a long way in reducing the compliance cost.

For Central and State Governments

★ Simple and easy to administer: Multiple indirect taxes at the Central and State levels are being replaced by GST. Backed with a robust end-to-end IT system, GST would be simpler and easier to administer than all other indirect taxes of the Centre and State levied so far.

★ Better controls on leakage: GST will result in better tax compliance due to a robust IT infrastructure. Due to the seamless transfer of input tax credit from one stage to another in the chain of value addition, there is an in-built mechanism in the design of GST that would incentivize tax compliance by traders.

★ Higher revenue efficiency: GST is expected to decrease the cost of collection of tax revenues of the Government, and will therefore, lead to higher revenue efficiency.

For the consumer

✦ Single and transparent tax proportionate to the value of goods and services: Due to multiple indirect taxes being levied by the Centre and State, with incomplete or no input tax credits available at progressive stages of value addition, the cost of most goods and services in the country today are laden with many hidden taxes. Under GST, there would be only one tax from the manufacturer to the consumer, leading to transparency of taxes paid to the final consumer.

✦ Relief in overall tax burden: Because of efficiency gains and prevention of leakages, the overall tax burden on most commodities will come down, which will benefit consumers.

CONCLUSION

GST is destination based tax on consumption of goods and services. It is pro[posed to be levied at all stages right from manufacture up to final consumption with credit of taxes paid at previous stages available as setoff. In a Nutshell, only value addiction will be taxed and burden of tax is to be borne by the final consumption. The tax would accrue to the taxing authority which has jurisdiction over the place of consumption which is also turned as place of supply.

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