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GST
(Goods and Services Tax)

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GST or Goods and Services Tax as the name implies, it is an indirect tax applied both on goods and services at a uniform rate. It is a single form of tax applied throughout the country, replacing a number of other indirect taxes like VAT, Service tax etc. GST is bring in "one nation one tax" to unite indirect taxes under one umbrella and facilitate business to be globally competitive.

Significance of GST

- Introduction of GST would result in abolition of multiple types of taxes on goods and services.
- Reduces effective rates of tax to one or two floor rates.
- Removes cascading effect of taxation and removes distortion in the economy.
- Enhances manufacturing and distribution efficiency, reduces cost of production of goods and services, increases demand and production of goods and services.
- As it is neutral to business processes, business models, organization structure, geographic location and product substitutes, it will promote economic efficiency and sustainable long-term economic growth.
- Will give competitive edge in international market for goods and services produced in India, leading to increased exports.
- Reduces litigation, harassment and corruption.
- Will result in widening tax base and increased revenue to the Centre and State.
- Reduces administrative cost for the Government.

Worldwide GST

The Goods and Services Tax (GST) also known as the National VAT (value Added Tax) France was the 1st country to introduce GST in 1954 to reduce tax-evasion. Since then, more than 160 countries have opted GST so far. The standard GST rate in most Countries ranges between 15-20% India has the highest rate of GST at 18% compared to emerging market economies. The United States of America does not have national level VAT. While some countries having Dual – GST (e.g.:- Brazil, Canada etc.) model. India has chosen the Canadian model of dual GST.

India

GST is an indirect tax which was introduced in India on 1st July 2017. It was introduced as The Constitutional (one hundred and first Amendment) Act 2017. It has 3 types.

1. **Central Goods and Service Tax (CGST):-** Collected by the Central Government on an intra state sale.
2. **State Goods and Service Tax (SGST):-** Collected by the State Government on an intra state sale.
3. **Integrated Good and Service Tax (IGST):-** Collected by the Central Government on an Inter-state sale.

Canada

The Canadian GST is a multi level value added tax introduced in Canada on January 1, 1991 by Prime Minister Brian Mulroneey and Finance Minister Michael Wilson.

In Canada it has 3 Types

- 1. **Provincial Sales Tax (PST):-** levied by provinces
- 2. **Goods and Services Tax (GST):-** a value added tax levied by Federal Government.
- 3. **Harmonized Sales Tax (HST):-** In Canada, The Harmonized Sales Tax is a consumption tax. It is used in provinces where both the federal goods and services tax (GST) and regional provincial sales tax (PST) have been combined into a single value added sales Tax.

Indian GST model compares with GST in Canada.

Particulars	INDIA	CANADA
1 Name of GST in country	Goods and Service tax	Federal Goods and Service Tax and Harmonized Sales Tax.
2. Standard Rate	0%(for food staples) 5%, 12%, 18% and 28% (+ cess for luxury items)	GST 5% and HST varies from 0% to 15%
3.Threshold exemption Limit	20 lakhs (10 lakhs for NE states)	Canadian \$ 30,000 (Approx Rs. 15.6 Lakhs in INR)
4. Returns and Payments	Monthly and annual return	Monthly, quarterly or annually based on turnover
5. Exempt Services	Manufacture of exempted goods of Provision of exempted Service	Real estate , financial services, Rent (Residence charities, Health, Education

Global Gst Rates

Country	Rate of GST
India	18%
Australia	10%
Canada	5%
China	17%
Singapore	7%
Germany	19%
Malaysia	6%
Mexico	16%

Advantage of GST

1. Business Booster

GST is might turn out to be a win-win situation for the entire country. It will bring benefits to all the stakeholders of industry, the consumer and the government because it will lower the cost of goods and services and give a boost to the economy and make the products and services globally competitive.

2. Strengthen Make in India initiative

GST is expected to give a major boost to the ‘Make in India’ Initiative of Government of India by making goods and services produced in India competitive in the National as well as International market.

3. Transparency

The indirect tax laws would be more transparent after the implementation of GST. Since under the GST, the whole supply chain will be taxed at every stage with credit of taxes paid at the previous stage is available for set off at the next stage of supply.

This will make it easier to distinguish the economics and tax value of supplies. Eventually, this will help the industry to take credit and the government to verify the correctness of taxes paid and the consumer to know the exact amount of taxes paid.

4. Improvement in internal Trade

It is reasoned that in the wake of GST internal trade is showing the sign of growth. The GST is expected to bring about reduced tax exemption, which could have a bearing on prices of goods and capital requirement for managing cross-border supply chains. It will also reduce duty benefit imposed on imports and reduced exports incentives and drawback on exports.

5. Agriculture

The GST will contribute in setting up a National Agricultural Market for agriculture products. This will involve all the farmer and traders in the regulated markets with a common e-commerce platform for a transparent, impartial trade of Agro commodities.

Conclusion:

GST will surely help to boost up our economy but its Long run process, which will take time. Only the time will tell us whether the GST was beneficial for India or not But this tax reforms shows that Indian government and its citizens are ready to take big steps for the betterment of the nation. People coming together, discussing, debating on national growth that is big enough takeaways from this.

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