A SWOC ANALYSIS ON GOODS AND SERVICES TAX IN INDIA

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ABSTRACT

Goods and Services Tax (GST) is a comprehensive tax levy on manufacture, sale and consumption of goods and services at a national level. One of the biggest taxation reforms in India the (GST) is all set to integrate State economies and boost overall growth. Previously, companies and businesses pay lot of indirect taxes such as VAT, service tax, sales tax, entertainment tax, octroi and luxury tax. After implementation of GST all these taxes are ceased to exist. There is only one tax, that too at the national level, monitored by the central government. GST is also different in the way it is levied-at the final point of consumption and not at the manufacturing stage. Previously, separate tax rates were applied to goods and services. Under GST, there is just a single tax rate for the two goods and services. The goods and services Tax is to be sure a further noteworthy change towards a thorough indirect tax reforms in the nation. Joining of goods and services taxation would give India a world class tax framework and enhance tax accumulations. It would end bends of differential medications of assembling and service division. GST is relied upon to make a business agreeable condition, as value levels and consequently swelling rates would descend additional time as a uniform tax rate is connected. It will likewise enhance government’s financial wellbeing as the tax accumulation framework would turn out to be more straightforward, making tax avoidance troublesome. An attempt is made in this paper to study the concept of goods and service tax. The study also aims to analysis strength, weakness, opportunity and challenges of GST in Indian scenario.

KEYWORDS: Goods & Services Tax, Economic Development and Value Added Tax.

INTRODUCTION

The proposed GST is probably going to change the entire situation of current indirect tax framework. It is considered as greatest tax reform since 1947. At present, in India entangled indirect tax framework is taken after with imbrications of taxes forced by association and states independently. GST will bind together all the indirect taxes under an umbrella and will make a smooth national market. Specialists say that GST will assist the economy with growing in more proficient way by enhancing the tax gathering as it will disturb all the tax barriers amongst states and coordinate nation by means of single tax rate. GST was first presented by France in 1954 and now it is trailed by 140 nations.

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The vast majority of the nation’s took after bound together GST while a few nations like Brazil, Canada take after a double GST framework where tax is forced by local and state both. In India likewise double arrangement of GST is proposed including CGST and SGST.

LITERATURE REVIEW

Dr. R. Vasanthagopal (2011) considered, "GST in India: A Big Leap in the Indirect Taxation System" and presumed that changing to consistent GST from current muddled indirect tax framework in India will be a positive advance in blasting Indian economy. Accomplishment of GST will prompt its acknowledgment by in excess of 130 nations in world and another favored type of indirect tax framework in Asia moreover.

Nitin Kumar (2014) contemplated, "Goods and Service Tax-A Way Forward" and inferred that usage of GST in India help in expelling monetary bending by current indirect tax framework and anticipated that would energize unprejudiced tax structure which is apathetic regarding geological areas.

Nishitha Guptha (2014) in her investigation stated that usage of GST in the Indian structure will prompt business benefits which were immaculate by the VAT framework and would basically prompt monetary improvement. Consequently GST may introduce the likelihood of an aggregate pick up for industry, trade, horticulture and basic purchasers and in addition for the Central Government and the State Government. Does Goods And Services Tax (GST) Leads To Indian Economic Development?

Saravanan Venkadasalam (2014) has dissected the post impact of the goods and service tax (GST) on the national development on ASEAN States utilizing Least Squares Dummy Variable Model (LSDVM) in his exploration paper. He stated that seven of the ten ASEAN countries are now actualizing the GST. He likewise recommended that the family unit last utilization use and general government utilization use are emphatically essentially identified with the total national output as required and bolster the financial speculations. In any case, the impact of the post GST contrasts in nations. Philippines and Thailand indicate huge negative association with their country’s advancement. Then, Singapore demonstrates a huge positive relationship. It is evident that those nations whom actualizing GST dependably experience develop. The degree of the effect changes relying upon the administration, consistence cost and financial bending. A positive effect of GST relies upon a nonpartisan and balanced outline of the GST such a way it is basic, straightforward and fundamentally upgrades automatic consistence. It must be actual, not presumptive, prices and compliance control would be exercised through an auditing system.

RESEARCH PROBLEM

The idea of Goods and Services Tax (GST) is the greatest tax reform in decades all through the world, however India has been finding a way to meet its objective of taking off goods and services tax (GST) on first July, 2017. The examination plans to center around understanding idea of goods and service tax and its effect on Indian economy.

OBJECTIVES OF THE STUDY

The study has following objectives:

1. To cognize the concept of Goods and Services Tax (GST) and its impact.
2. To understand how GST will work in India.
3. Make the SWOC analysis for GST in India

RESEARCH METHODOLGY

Being an explanatory research it is based on secondary data of National and International journals, articles, newspapers, magazines, Government Reports and websites. Considering
the objectives of study descriptive type research design is adopted to have more accuracy and rigorous analysis of research study.

**CONCEPT OF GOODS AND SERVICE TAX IN INDIA**

GST is an extensive indirect tax on fabricate, deal and utilization of goods and services at national level. One of the greatest taxation reforms in India the (GST) is good to go to incorporate State economies and lift general development. Beforehand, organizations and organizations pay part of indirect taxes, for example, VAT, service tax, deals tax, diversion tax, octroi and extravagance tax. When GST is actualized, all these taxes are stopped to exist. There is just a single tax, that too at the national level, observed by the focal government. GST is additionally extraordinary in the way it is imposed at the last purpose of utilization and not at the assembling stage.

At present, isolate tax rates are connected to goods and services. Under GST, there is one tax rate for the two goods and services. The goods and services Tax will undoubtedly be a further noteworthy change towards a thorough indirect tax reforms in the nation. Joining of goods and services taxation would give India a world class tax framework and enhance tax accumulations. It would end bends of differential medications of assembling and service segment. GST is relied upon to make a business well-disposed condition, as value levels and thus expansion rates would descend extra minutes as a uniform tax rate is connected. It will likewise enhance government's monetary wellbeing as the tax gathering framework would turn out to be more straightforward, making tax avoidance troublesome. The GST is required to supplant all the indirect taxes in India. At the inside’s level, GST will supplant focal extract obligation, service tax and traditions obligations. At the state level, the GST will supplant State VAT. How It Works In India? The GST framework depends on an indistinguishable idea from VAT. Here, set-off is accessible in regard of taxes paid in the past level against the GST charged at the season of offer. The GST demonstrate has a few perspectives which are as per the following: GST is partitioned into three segments, specifically, Central Goods and Service Tax and State Goods and Integrated Goods and Service Tax: GST is material to all Goods and Services sold or gave in India, with the exception of from the rundown of exempted goods which fall outside its domain. Payment:

GST is charged and paid separately in case of Central and State level. Input Tax Credit: The facility of Input Tax Credit at Central level will only be available in respect of Central Goods and Service tax. In other words, the ITC of Central Goods and Service tax shall not be allowed as a set-off against State Goods and Service tax and vice versa.

**SWOC ANALYSIS OF GST**

**STRENGTHS**

1. It is drop out the falling impacts of tax on production and distribution of goods and services.
2. It is apply to all goods and services except from some exempted items.
3. Natural gas, Aviation Turbine Fuel (ATF), High Speed Diesel (HSD), Crude oil, Petrol items are exempted.
4. Tobacco isn’t exempted from the territory of GST. It is dealt with as Sin goods and come under the taxation with central excise tax.
5. GST is the double taxation framework. It is charged intra-State by Central and State governments. It is called CGST (Central Goods and Service Tax) and SGST (State Goods and Service Tax).

**WEAKNESSES**

1. The doorstep objective is exceptionally ground level for traders and service suppliers. It will raise allocation of government ways
and means which are costlier than government’s income.
2. This framework is very fond of technology, but India is a developing country where people are not habitual of technology.
3. GST for States and Central (SGST, CGST) although looks different, further it can be broadened based on location, geographical structure etc.
4. GST is subsume of different States and Central taxes like excise duty, cess, service tax, countervailing duty etc.
5. The tax rate is relies on availability of fund in States. The States is decision authority to expand the rate as per their requirement.

OPPORTUNITIES
1. GST can also be called "One Point Single Taxation System". his is a helping hand for businessman’s, they can come to agreement on price modalities, supply chain etc., without pondering taxes forced on them at later stages.
2. GST can give the chance of Corruption Free Indian Revenue Services. The base of corruption found in political framework. It will get transparency in Indian political framework.
3. The rates of tax are set at ground level which will encourage States and Unions to collect more income.
4. It will decrease the transaction costs and wastages of terrify assets on the grounds that at a one enlistment individuals can do exchanges from States and Unions. Along these lines, it will associate the entire country from a single click.
5. GST will reduce normal tax weight of buyers. They will be sure about their taxes which will diminish avoidance of taxes.
6. In indirect tax structure numerous taxes were charged from taxpayers. But GST will eliminate the taxes on chain of transactions.

CHALLENGES
1. Inter-States supply of goods and services are considered as import and IGST is applied (1%) in addition to custom duties.
2. The Central government promised for compensation to loss making States for a period of 5 years. The compensation will be as: 100% for first 3 years, 75 % for 4th year and 50% for 5th year. So, it is possible that all States does not implement it in effective manner to get compensation.
3. GST is not friendly with banking sector. Because the cost of goods become cheaper after GST and it will promote export. Previously, 14% service tax was levied on baking transactions. GST will make these transactions more costly. Over and above, in most of countries banking sector is excluded from GST.
4. GSTC (Goods and Service Tax Council) will set the benchmark for settling the question on suggestions of GSTC. It implies GSTC will set out the criteria for GSTC itself. It is against the standard of common equity.
5. GST isn’t a certification in itself that it would not be impacted by political gatherings and legislators won’t utilize it as a win-misfortune diversion.

CONCLUSION
It can be concluded from the above discussion that GST will bring One Nation and One Tax market. Give help to makers and buyers by giving wide and thorough scope of information tax credit set-off, service tax set off and subsuming the few taxes. Productive detailing of GST will prompt asset and income pick up for both Center and States significantly through broadening of tax base and change in tax consistence. It can be additionally reasoned that GST positively affect different areas and industry. Despite the fact that execution of GST requires concentrated endeavors of all partners in particular, Central and State Government, trade and industry.
Electronic handling of tax returns, discounts and tax installments through 'GSTNET' without human intervention, will decrease debasement and tax avoidance. Worked under tight restraints on business exchanges through consistent credit and return preparing will diminish scope for dark cash age prompting beneficial utilization of capital, Therefore It is necessary on the part of the government to educate, conduct proper training, continuous seminars and workshop on GST is need of the hour. Thus, necessary steps should be taken.

REFERENCES


