

## **INTRODUCTION OF GST: POSSIBILITIES AND CHALLENGES**

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### **Abstract**

Prime Minister Modi's NDA II government projected the new GST bill in 2017. Historical Goods and Services Tax came into force from 1 July 2017. This GST is an indirect tax, implemented with a plan to make India a unified common market. It is a single tax on the supply of goods and services from the manufacturer to the consumers. Under the GST regulation, at the central level, all indirect taxes are merged by this law. These taxes are like Central Excise, Additional Excise, Service Tax and Countervailing Duty. It has the capacity to transform India's indirect taxation setting and resulting in a constructive impact on the whole Indian economy. This paper tries to investigate the possibilities and challenges of GST. The present study is also an attempt to understand the impact of GST on Indian commercial sector.

**Key Words: GST, Economy, Indirect Tax, India, Government.**

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## **Introduction**

When the GST process was implemented, the person faced all the problems, but it benefited every person. The introduction of the GST process brought a positive change on India's economy. The Goods and Services Tax is an indirect tax imposed by the Government of India on all sides of the supply chain of goods and services. From 1 July 2017, the GST came into force with one hundred and one amendments to the Constitution of India. The biggest feature of GST is that it follows uniform tax rules for specific products across India.

GST is a uniform indirect tax that has replaced all central and state indirect taxes, treating the whole of India as a single market. Goods and services tax is also levied on imported goods. It is imposed at each stage of the production process i.e. on the raw materials purchased by the manufacturer, on the products sold by the manufacturer to the wholesaler, on the products sold by the entire vendor to the retailers and finally on the sale of the product. The Goods and services tax means refunds to all parties except the end consumer. This law eliminates the tax burden. The end customer has to pay the prescribed GST on the purchased services or on the purchased services without claiming return or credit. GST stands for Goods and Services Tax, India. It is a comprehensive tax imposed by the government on the supply of goods and services. It is also an indirect tax, which replaces other central and state indirect taxes. GST has brought the whole of India under one tax system, which saves time and consequently reduces the tax burden.

## **Possibilities and Challenges of GST**

The Goods and Services Tax is an important indirect tax regime in India, effective from 1 July 2017, which the government and many economists have described as the major

post-independence economic recovery. With this, the same indirect tax system has been implemented for the entire country by removing various taxes being levied at different rates by the central and various state governments, which will help India, generate a common market. Problems related to GST are constantly being resolved. Consumers are benefiting. The biggest thing is that the government is getting more revenue and it is also very important for the rapid development of the country. India ranks second in the world in terms of population, but has a much lower tax collection rate than GDP.

The other side of GST is that small producers have suffered. Traders falling in the 1.5 crore limits paid only VAT. Now they have to pay GST. However, large producers have benefited. They do not need to create multiple registers to separate taxes separately. Until now, merchants did not have to keep much of the tax. There was no tax on the cloth merchant, but to file multiple returns throughout the year, tax advocates have to be consulted by computer. This has increased the cost. Service tax has increased with the introduction of GST. There has been a decline in bureaucracy, but the portal has faced problems due to the portal not functioning properly.

GST is a newly introduced tax system in India. A common man is oblivious to how GST for past direct taxes additionally works for the use of citizens, so it can digest the entire critical change and become familiar with GST. It will take time for this to happen. In addition, all business software, accounting and ERP software processes need to be updated with the latest tax system. There is no denying the fact that some services will become expensive under GST.

There is no doubt that the purpose of GST is to increase the taxpayer base under SMEs and the unorganized sector. This will make the Indian market more competitive than

before and create a level playing field between large and small enterprises. In addition, Indian business will be able to compete better with foreign countries such as China, Philippines and Bangladesh. However, some experts have also acknowledged some disadvantages of GST implementation which may be a cause of concern for some industries. A single tax system was implemented, so people started paying more and more taxes and started reducing black money. The economy of the country strengthened due to more money coming to the government. The imposition of a tax made many things cheaper and the prices of some things went up. Goods and services are not taxed. But which is indirectly taxed on buying goods.

### **Conclusion:**

Thus GST is a positive step towards shifting the Indian economy from informal to formal economy. It is important to use the experiences of global economies that have implemented GST before us, so as to overcome the challenges ahead. When the GST (tax) process was implemented then the person had to face all the problems but it also benefited every person. The process of GST brought a positive change on the economy of India.

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