

Assessment of Goods and Service Tax in relation to Generation of Tax Revenue for the Government

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ABSTRACT

Finance is very crucial aspect of the management of any organisation, success or failure of any corporation is dependent upon the factor how well top management understands and implement the rules and regulation relating to the management of the sources of the funds. For any Government source of finances are of two types of taxes- one is direct tax and another one is indirect tax. When the incident and impact are on same person, that is direct tax, on the other side incident and impact are on different person that is indirect tax. In India, indirect taxes are major source of revenue as compare to direct tax. Before implementation of Goods and Service tax in India, There is large number of indirect taxes prevailing in the India like Central Excise Duty, Service Tax, Countervailing Duty, Special Countervailing Duty, Value Added Tax, Central Sales Tax, Octroi, Entertainment Tax, Entry Tax, Purchase Tax, Luxury Tax, Advertisement taxes, Taxes applicable on lotteries etc. In this paper attempt has been made to analysis impact of GST in the tax revenue of the Government.

1. Introduction

Goods and service tax is radical and biggest reform of an indirect tax which is levied on the supply of goods and services was implemented as on 1st July 2017 to whole of India including Jammu and Kashmir. GST is also known as consumption tax. GST in India is implemented on the formula of one nation, one market, and one tax. GST is levied on every stage of production which is refundable to all the parties in chain except in favour of the final consumer.¹The Goods and Services Tax was first implemented in France. In India GST is **based on the Canadian model**. GST in India was made on the recommendation of Vijay Kelkar Committee. **The first state which implemented the GST was Assam.** Amitabh Bachchan has been made the brand ambassador of GST by Government of India. GST Council was formed by the President of India in September 2016. At present GST Council has 31 members. GST has been implemented by the *101st Constitution Amendment Act, 2016*. The GST was the *122nd constitutional amendment bill* to be introduced in the Parliament of India. The President of India approved the GST bill on September 8, 2016. During the approval of the GST bill in Parliament; In favour of the GST bill, 336 votes were casted and 11 votes were against it. For those who do not pay GST, there is a provision of 5 years of jail sentence. The most important reason behind the implementation of GST is to achieve uniformity in the tax system in country. After the implementation of GST, 'Tax upon Tax' will be eliminated. Goods & Services Tax Law in India is a multi-stage, **comprehensive** and destination-based tax which is levied on every value addition. Important factor about GST in India is that all the states approved their State GST (SGST) laws. Union territories with legislatures, i.e., Delhi and Pondicherry, have adopted the SGST Act and the other 5 union territories without legislatures have adopted the UTGST Act.

2. Objective of the study-

- To analysis horoscope of the GST
- To study the impact of the GST on the Revenue generation in the Government Treasury.

3. Research Methodology

The study is based upon the secondary data and data analysis on the basis of research tools such as percentage, average and change in the collections is considered for the purposed study.

4. History of GST In India

Presently more than 160 countries of the world have implemented GST in one form or another while France was the first country to introduce GST in the year 1954.² China implemented GST in 1994, while Russia did it in 1991 whereas Saudi Arab plans do it in 2018.³ The term GST was first used by Prime Minister AtalBihari Vajapee in 2000 for the purpose of restructuring of excise taxes that formed committee under the chairmanship of AsimDasgupta.⁴ During the budget speech of 2006-07, the idea of GST was first proposed by then union finance minister Mr P. Chidambaram, who planned to introduce it by 1st April, 2010. The empowered committee of state finance minister was empowered to prepare the roadmap as well as structure of GST. Joint working groups of officials having representatives of both centre and state after large no. of meetings and discussions, released its first discussion paper on the GST in November 2009 named "A Model and Roadmap for the Goods and Services (GST) in India" which tell about proposed features of GST and discussion between centre and state officials.⁵ In the same year then finance minister Pranab Mukherjee announces that basic structure of

GST is same as designed by Dasgupta Committee, which was formed in 2000. In Feb 2010, finance Ministry starts work to lay the foundation of GST by mission-mode computerization of commercial taxes in the states. In March 2011, then UPA Govt. brings GST bill in Lok Sabha by making 115 constitutional amendments, which was referred to Parliamentary standing committee led by

Yashwant Sinha.⁶ In next years various meetings held between state and centre representatives regarding various issues of GST and that lead to provision of 9000 crores in budget of 2013 for loss suffered by states because of GST. The GST bill was lapsed in parliament due to change in Government in 2014, after that in December bill was introduced in parliament under constitutional amendment 122 by NDA Govt. which was finally passed in March 2015 in Lok Sabha and after lot of incidents finally passed in Rajya Sabha in August 2016.

On September 2-2016, the GST bill was ratified by 16 states and given assent by president Pranab Mukherjee, which led to formation of GST council and who held their first meeting in the end of month and decided four tax slab structure of 5,12,18,28 % along with additional cess on luxury and sin goods.⁷ In March 2017, various bills like UTGST (Union territory GST), CGST (central GST), Compensation and SGST (state GST) And others important provisions regarding registration, payment, refund, invoice etc. are decided by GST council and finally on July 1- 2017 GST was rolled out and implemented⁸

5. Rates prevailing under the GST

Under GST the rate of taxes are divided into five Slabs, the aim of which is to lower the prices of mass- consumption products and services.

TABLE NO 1.1
Slab Rate under GST

GST rates (in percentage)	items included under the slab rate
0	Fresh Milk, newspapers, food grains, fresh vegetables, fresh fruit ,raw silk , Prasad etc.
5	Packaged food items, fish fillet ,branded Paneer, frozen vegetables ,coffee, tea etc.
12	Playing cards, ghee butter, cheese, frozen meat products, spectacles etc.
18	Fans, pumps, Shampoos, hair cream, detergents, furniture ,electrical boards etc.
28	Shaving creams, paints and varnishes, pan masala, washing machine etc.

Source- GST Council Meetings

28%+additional tax levy on goods of tobacco Products, cigarettes, aerated drinks and motor vehicles.

6. GST Council

GST Council is the Governing and constitutional body for the recommendation of issues related to GST to both the central and state Govt. are having 33 members. The joint forum of the GST council under article 279- A of amended constitution is as follows-

- The union finance minister- Chairperson
- The union minister of state in charge of revenue or finance- Member
- The minister in charge of finance or taxation or any other minister nominated by each state Govt. - Member

As per Article 279-A (4) the council is empowered to take decision on issues like- goods and services which are exempted from GST, model GST laws, principles that govern place of supply, threshold limit, GST tax rates etc. The quorum of GST Council is 50% of total members and decisions are taken by 75% majority. In the GST council two third weight age is given to states and one third is given to centre govt. Till now there are 34 meetings of GST council took place to discuss various related to GST.⁹

1.2 COMPARISON BETWEEN VALUE ADDED TAX AND GST

	BASIS	GST (GOODS AND SERVICE)	VAT(VALUE ADDED TAX)
1.	RATE OF TAX	In GST rate of tax as well structure of tax is same all over the nation.	Under VAT the rate of tax varies from state to state with different tax structures.
2.	CASCADING EFFECT	In GST the cascading effect chances are not there because of one single indirect tax.	Under VAT the cascading effect is there because of all number of different indirect taxes.
3.	SCOPE	The scope of GST is wider as this is consumption based tax and collected from the final consumer.	The area of VAT is narrow because of different types of taxes for different goods and services.
4.	TAX ADMINISTRATION	Intention to make it easier, simple and tax payer friendly	Tax administration is complex because of large no. of taxes.
5.	PROCEDURE OF COLLECTION OF TAX	Uniform throughout the nation.	It is different from state to states
6.	USE OF INFORMATION TECHNOLOGY	All procedure is online and different portal goods and service company is created.	No use of information technology
7.	SOURCE OF REVENUE	Revenue is divided between centre and state Government.	Revenue is only collected by state Government.

7.

8. Goods and Service Network (GSTN)

GSTN software is non-profit, non-government organisation developed by Infosys and managed by NIC which is formed with purpose of providing single source portal to all stakeholders like taxpayers, taxation authorities, Government etc.¹⁰ The authorised capital of GSTN is 10 crore, where 49% shares are divided equally by state and centre Govt. and 51% shares are of private institutions like HDFC, HDFC Bank, ICICI Bank, NSE strategic investment company and LIC Housing finance limited.¹¹

9. comparison of GST rates with different countries

- 1-France- GST was first time introduced in this country where tax rates are of four types with 20% maximum GST.
- 2-United Kingdom- GST was introduced in 2011 with single slab of 20%.

- 3-Ukraine –in this country GST rate is 20% on most of goods and services, where 7% on most of the medicines.
- 4-New Zealand- GST was introduced in 1986 with 10% which was increased to 15 % in 2010.
- 5- Australia-the tax rate is set at 10% which was introduced in 2000.
- 6-Vietnam- tax rate is 0,5 and 10 % other than some specified goods.
- 7-Singapore- implemented at 3% in 1994, later raised to 7% in 2007.
- 8- Malaysia- the rate is 6 % which was introduced in 2015.
- 9-Canada- GST rate is 5 % on most of goods, whereas in some province harmonised sales tax 15 % is charged.¹²

8.1 (A) Tax Collections through GST

GST is the new form of tax levied in India and collection of GST since July 2017 to April 2018 is given below in table.

Table 1.3
Analysis of GST between July 2017 to April 2018

MONTH	GST FILLED BY ASSESSES (IN LAKHS)	TOTAL GST (IN CRORES)	CGST	SGST	IGST	CESS
JULY 2017	38.38	92,283	14,894	22,272	47,169	7,198
AUGUST,2017	37.63	90,669	14,402	21,067	47,377	7,823
SEPTEMBER,2017	42.91	92,150	14,042	21,172	48,948	7,988
OCTOBER,2017	50.10	83,346	15,218	22,307	-	-
NOVEMBER,2017	53.06	80,808	13,089	18,650	41,270	7,798
DECEMBER,2017	56.30	86,703	-	-	-	-
JANUARY,2018	57.78	86,318	14,233	19,961	43,794	8331
FEBRUARY,2018	59.51	85,174	14,945	20,456	42,456	7,317
MARCH,2018	60.50	1,03,458	18,652	25,704	50,548	8,558
APRIL,2018	62.50	94,016	15,866	21,691	49,120	7,339

SOURCE- Ministry of Finance, Government of India

Above table depicts that in beginning of the year July, GST collection of the month exceeds the estimated figures despite the fact large no. of Assesses doesn't fill the return. Deadline to file the return was 28 August 2017, the total no. of registered tax payers are 59.57 Lakhs whereas only 38.38 Lakhs payers file the return before deadline. Total GST collection was 92,283 crores, where share of CGST is 14,894 crores, SGST is 22,272 crores, IGST is 47,169 and compensation cess is 7,198 crores.

The GST collection for the month of April 2018 is 94,016 crores which is filled by the 62.5 lakhs taxpayers. The share of CGST is 15,866 crores, SGST is 21,691 crores, IGST is 49,120 crores and 7,339 are collected by compensation cess.

10. Assessment of GST

GST is going to prove game changer for Indian economy as it leads to unified and simple tax structure in India as well as lead to reduction in the prices of goods and services. one nation, one market, one tax, before GST there are different and large no. of taxes are levied by centre and state Government which subsumed into GST. Reduction in prices of goods and services due to large amount of taxes, the price

charged from consumers are high, therefore after GST it is reduced to minimal amount. The movement of goods and services became easy after introduction of GST and transportation became possible from one state to another. The effect of multiple taxes are avoiding with the introduction of GST and taxation structure become simple. Before GST, there is no systematic collection of taxes, so after GST the tax revenues tremendously. Also due to decrease in price and increase in competitiveness, the demand of exports increased.¹³

11. Conclusion

Goods and Service tax is a new development for India but it has long history. In India, it is alternative of several indirect taxes as an umbrella of tax revenue. Its authority such as Good and service Council meets frequently and decides span of taxes in arena of new changes taking place in the Indian economy. There is significant impact of contribution of GST in the tax revenue of Govt. of India and it is not only proved haunting action to acquire hidden tax but also push the economy in the transparent manner.

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