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GST CURRENT SCENARIO: AMENDMENTS AND ACHIEVEMENT

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Abstract

The new system of taxation in the country, GST (goods and service tax) was implemented from 1 July 2017. The GST was passed by the Lok Sabha on 29 March 2017. With this new system, 17 taxes like VAT, Excise Duty and Service Tax were abolished. GST has given good revenue to the country since last few months but its full potential is yet to be tapped. Looking at the current perspective and statistics, the Indian economy seems to be on the right track because the increase in indirect tax collection is making it clear to the implementation of the economy. There were indications that GST was being proposed and implemented for a new economic system. While the government was promoting this new law as a strong pillar for the Indian economy, different voices were being raised among the scholars and traders of the country regarding the advantages and disadvantages of Goods and Services Tax. The difficulties of doing were also hindered. Now more than 4 years have passed since the GST tax regime, this is the most appropriate time when the success and failure of GST can be analyzed.

Keywords: Tax, Taxation, Goods and Services, Indirect Tax, Implementations, Economy, Business.

Introduction

The GST tax system seems to have been successful in achieving its original goal, but if the data and impact are comprehensively reviewed, it has not had a substantial positive impact on the economy. If we look at the data of GST, from October 2, 2020 to April 2021, the indirect tax collection under GST is more than 100000 crore rupees per month, the figure for April 2021 is Rs 141384 crore, the highest ever tax amount collected after the implementation of GST.

This gives an impression that the Indian economy is on the right track in terms of GST as the increase in indirect tax collection is showing the smooth functioning of the economy. But if seen broadly, is it true? there are some negative effects in the path of GST as well. This question is because other economic data parallel to this is indicating the slope of the economy. According to data from the Center for Monitoring Indian Economy, the unemployment rate has increased to more than 12 percent in the month of May. This is the highest in the last 45 years. The Indian economy has been growing at a negative growth rate for the past four consecutive quarters. Rural demand is at a 40-year low. So, it is not correct to say that increasing GST collection is a positive message from the point of view of Indian economy. GST does not include a large part of the economy. Such business establishments and businesses whose annual turnover is more than 400000 rupees are covered under GST. To promote small scale industries, the government exempted businesses with an annual turnover of Rs 40 lakh from the purview of GST. Apart from this, those businesses whose annual turnover was 1.5 crores were exempted to deposit only 1 percent tax under the composition scheme. Whereas the service providers whose turnover was up to 50 lakhs were given exemption to pay only 6 percent tax. But 94% of the Indian economy sector belongs to the unorganized sectors. The nature of the economic sector is marked in the figures of large industries and traders. Small markets and street shops have a minor stake in online markets and they are not registered under GST. Apart from this, the process of GST returns is so complicated and full of technical flaws that transparency is not clear in it.

In the CAG report, the central government has been called a failure on the implementation of GST. GST filing has not been simplified so far. The complexity of GST persists till now. There is no coordination among the agencies related to GST. In the first report, the CAG has expressed the possibility of fraud. In the report tabled in Parliament, the central government has been found to be unsuccessful in implementing GST. The report also raised the possibility of big fraud. In the year 2017-18, GST tax collection of two lakh 11 thousand crores was done. But even after two years, the central government has not settled it. Simultaneously, the CAG has found in its audit that the right of the state has been killed in the execution of GST and got their lesser share about Rs 6366 crores as cess.

The Confederation of All India Traders (CAIT) took a dig at the present system of GST tax system on the completion of four years (4 years of GST) in the country. CAIT said that after four years it has now become a colonial tax system which is in sharp contrast to the original stated objective of GST "Good and Simple Tax". At the same time, it has become a big headache for the traders of the country. According to CAIT, "Various amendments and new rules under GST in the recent months have made the tax system extremely complex and is totally against the basic concept of Ease of Doing Business. Even after such a long time of the implementation of GST in India, the GST portal is still facing many challenges and is not working properly. The rules have been



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amended but the portal fails to update in time with the said amendments. No National Appellate Tribunal has been constituted so far. According to CAIT, states have been given an open hand to interpret the law in their own way to distort the basic principles of One Nation-One Tax.

If we look at it, we find that after the implementation of GST, the decline in the Indian economy increased. Now it seems that all possible loopholes should have been taken care of before implementing such a massive reform. GST was a major reform but its implementation was also the defeat of a major reform. Later on, the Indian economy also had to see negative consequences. After this, one of the reasons for the decline in the automobile sector and real estate sector was also considered to be the untimely implementation of GST without any initial pilot project.

Prime Minister Narendra Modi has said on the completion of four years of GST that GST has proved to be a milestone in the economic scenario of India. He has said that due to GST, many types of taxes, tax burden and problems due to tax have been reduced to the common man. He said that there has been a significant increase in transparency, compliance and overall collections due to GST.

GST: Amendments and achievements

We are also seeing changes in the GST law for the last three years continuously. We all want this law to be stable. The government brings every change with the aim of simplifying this law, but unfortunately this law is getting confused and more complicated in the midst of these changes. If we talk about the GST journey from July 1, 2017 to December 2020, then hundreds of changes have been made in this law so far. Now the situation is that even tax consultants, tax experts and officers of the tax department are finding it difficult to understand the changes in this law. There is pressure and challenge on the government to increase tax revenue as well as to control tax evaders and scammers. All the taxpayers are suffering as a result of the punishment for the mistake of some wrongdoers. Today, fraud in GST and fake input tax credit remains a headache for the government. Keeping this in view, the Finance Ministry has taken some tough decisions recently so that wrong people can be caught and wrong inputs and tax evasion can be checked.

The limit of rule 36 (4) has been reduced from 10% to 5%. The government has changed one more thing in this rule, that if your seller first uploads the details in GSTR-01 (without filing return) then Also, you used to get the input on appearing in GSTR 2A. But many taxpayers misused this relaxation and took more inputs. Now the government has amended this rule to inform that under rule 36(4), now only the input can be taken after filing / furnishing GSTR-01.

From January 1, 2021, the government has implemented a new rule 86B, under which the taxpayer will now have to pay at least 1% of the tax due from the cash ledger.

The provision of e-invoicing has been implemented in our country from 01.01.2020. Till now, this rule was applicable to select taxpayers whose annual total turnover in the previous year exceeds Rs 500 crore. But now the government is going to implement this rule on all those taxpayers whose annual turnover is more than 100 crore rupees. Apart from this, the government has also made a provision to show the QR code. You can generate e-invoice from any accounting software. In order to generate e-invoice, the merchant has to register on the IRP portal. This will be applicable on B2B and B2G transactions. This rule will not apply to B2C transactions.

An e-invoice SCHEME GST INV-01 has also been generated. The main purpose of this provision is to check fake bills and prevent tax evasion. The provision of e-invoicing is mentioned in Rule 48(4) and 48(5) of GST.

Now once again the government has come up with a whole new scheme of returns filing which has been brought for the convenience of small and medium traders. The name of this scheme is -QRMP (QUARTERLY RETURN MONTHLY PAYMENT SCHEME).

New scheme for traders with annual turnover up to 5 crores: This provision will be applicable to all those taxpayers whose total annual turnover for the previous year is up to 5 crores. This scheme will not be applicable to those taxpayers who are in taxpayer composition scheme, any government department, ISD, non-resident taxable person. With this scheme, the government intends to reduce the pressure of tax compliance on small traders. Changes for merchants with annual turnover of more than 5 crores:

The government has brought a new rule 59 (5), under which it has been told that if a taxpayer has not filed GSTR-3B returns for the last 2 months, then now he will not be able to file GSTR-1 either. With this rule, the government has now linked GSTR-3B with GSTR-1, which is a very good step towards preventing tax evasion.



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The validity of the waybill is given as 1 day for a distance of up to 100 kms. But now by amending this rule, the validity of e-waybill will be for only 1 day at a distance of 200 km.

For new registration

The easiest, simple and non-useful topic in GST so far is that of GST registration. Registration certificate can be obtained in just 3 days without paying any fee.

The time limit for giving registration has been increased from 3 days to 7 days. Also, this time limit has been increased from 7 days to 30 days in situations where the applicant has not done Aadhaar verification or Aadhaar verification has failed or the department wants to do physical verification.

If the applicant has taken the option of Aadhaar verification, then now Biometric Based Aadhaar Authentication will be done as well as photo will also be taken.

Now Biometric Information, Photo and KYC documents will be verified if the applicant has not opted for Aadhaar Verification. Also, the verification of all the documents which have been given for registration will also be checked in one of the nominated Facilitation Center and only after that registration will be given.

If any discrepancy is noticed in the application for registration, the tax officer will now issue notice in the form GST REG-03 within 7 days instead of 3 days.

The Finance Ministry said that there is a lot of benefit to the businessmen from GST and the government has given a lot of facilities. Giving a big relief to businessmen, businesses with turnover up to Rs 40 lakh per annum have been exempted from GST. The Finance Ministry has counted its achievements regarding the benefit of the business world from GST. The government has given the option of paying only 1 percent tax by choosing the composite scheme to businesses with annual turnover up to Rs 1.5 crore. It is worth noting that in January 2019, the Goods and Services Tax Council had given a big gift to small businessmen during Arun Jaitley's tenure as the finance minister. Companies with annual turnover up to Rs 40 lakh were exempted from GST registration. Earlier this limit was Rs 20 lakh. Similarly, the GST Council had announced a doubling of the exemption limit from GST registration from Rs 10 lakh to Rs 20 lakh per annum for companies from Northeast and hill states. A higher tax of 28 percent GST has been imposed on some luxury and other non-essential goods only. Earlier 230 items were taxed at 28 per cent which has been reduced to only 30 items. The remaining 200 items have been brought in the lower tax slab.

In the last four years, 44 important meetings of the GST Council have been held. On the completion of four years of GST, the Finance Ministry has said through a tweet that the GST law is very friendly to both the consumer and the taxpayer. In all, GST rates have been reduced on 400 goods and 80 services. Noting that in the pre-GST regime, the rates of the Center and the states combined on most of the items were more than 31 per cent. This reduction is a big relief for the taxpayers. Adequate concessions have been given to the agriculture sector under GST. On fertilisers, the net tax in GST was halved. On agricultural equipment, the tax has been significantly reduced from 15%/18% to 12%, and on certain items from about 8% to 5%.

Conclusion

Currently, the GST figures are increasing rapidly but still behind the target. There is a need that the government should also make provision for some tax deduction while further facilitating the GST structure. Because the current economy has moved towards a major crisis, the responsibility of fixing which is also on the GST. GST appears as a one nation, uniformity tax rather than one nation, one tax.

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