

**A**  
**Project Report**  
**ON**  
**“A DETAIL STUDY ON GOOD SERVICE TAX IN INDIA”**

Submitted to  
**G.S. College of Commerce & Economics**  
**Nagpur**

In partial fulfillment for the award of the degree of  
**Bachelor of Business Administration**

Submitted by  
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Academic Year 2021 –22



**G.S. College Of Commerce & Economics , Nagpur**

**Academic Year 2021 – 22**



**CERTIFICATE**

This is to certify that **"Mr. Yash M Manapure"** has submitted the project report title "A DETAIL STUDY ON GST IN INDIA ", towards partial fulfillment of **BACHELOR OF BUSINESS ADMINISTRATION** degree examination. This has not been submitted for any other examination and does not form part of any other course undergone by the candidate. It is further certified that he has ingeniously completed his project as prescribed by Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur.

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## **DECLARATION**

I here-by declare that the project with title "A DEATAIL STUDY ON GOOD SERVICE TAX IN INDIA" has been completed by me in partial fulfillment of BACHELOR OF BUSINESS ADMINISTRATION degree examination as prescribed by Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur and this has not been submitted for any other examination and does not form the part of any other course undertaken by me.

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**Date:**

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# **CHAPTER 1**

## **INTRODUCTION**

## TAX

### CONCEPT OF TAX

A **TAX** is a compulsory financial charge or some other type of levy imposed on a taxpayer (an individual or legal entity) by a governmental organization in order to fund government spending and various public expenditures (regional, local, or national) and **tax compliance** refers to policy actions and individual behaviour aimed at ensuring that taxpayers are paying the right amount of tax at the right time and securing the correct tax allowances and tax reliefs.

The first known taxation took place in Ancient Egypt around 3000–2800 BC.

A failure to pay in a timely manner (non-compliance), along with evasion of or resistance to taxation, is punishable by law. Taxes consist of direct or indirect taxes and may be paid in money or as its labour equivalent.

Most countries have a tax system in place, in order to pay for public, common, or agreed national needs and for the functions of government. Some levy a flat percentage rate of taxation on personal annual income, but most scale taxes are progressive based on brackets of annual income amounts. Most countries charge a tax on an individual's income as well as on corporate income. Countries or subunits often also impose wealth taxes, inheritance taxes, estate taxes, gift taxes, property taxes, sales taxes, use taxes, payroll taxes, duties and/or tariffs.

In economic terms, taxation transfers wealth from households or businesses to the government. This has effects that can both increase and reduce economic growth and economic welfare. Consequently, taxation is a highly debated topic.

### MEANING OF TAX

Taxes are mandatory contributions levied on individuals or corporations by a government entity whether local, regional, or national. Tax revenues finance government activities, including public works and services such as roads and schools, or programs such as Social Security and Medicare.

In economics, taxes fall on whoever pays the burden of the tax, whether this is the entity being taxed, such as a business, or the end consumers of the business's goods. From an accounting perspective, there are various taxes to consider, including payroll taxes, federal and state income taxes, and sales taxes.



## **IMPORTANT POINT**

- Taxes are mandatory contributions collected by governments.
- The Internal Revenue Service (IRS) collects federal income taxes in the United States.
- There are many forms of taxes and most are applied as a percentage of a monetary exchange (for example, when income is earned or a sales transaction is completed).
- Other forms of taxes, such as property taxes, are applied based on the assessed value of a held asset.
- Understanding what triggers a tax situation can enable taxpayers to manage their finances to minimize the impact of taxes.

## **FEATURES OF TAX**

The main characteristic features of a tax are as follows:

- A tax is a compulsory payment to be paid by the citizens who are liable to pay it. Hence, refusal to pay a tax is a punishable offence.
- There is no direct quid-pro-quo between the tax payers and the public authority.
- A tax is levied to meet public expenditure incurred by the government in the general interest of the nation.
- A tax is payable regularly and periodically as determined by the taxing authority.
- A tax is a legal correction.

## **TYPES OF TAXES**

There are two main categories of taxes, which are further sub-divided into other categories. The two major categories are direct tax and indirect tax. There are also minor cess taxes that fall into different sub-categories. Within the Income Tax Act, there are different acts that govern these taxes.

### **1. DIRECT TAX**

Direct tax is tax that are to be paid directly to the government by the individual or legal entity. Direct taxes are overlooked by the Central Board of Direct Taxes (CBDT). Direct taxes cannot be transferred to any other individual or legal entity.

#### **Sub-categories of Direct Taxes**

The following are the sub-categories of direct taxes:

- **Income tax:** This is the tax that is levied on the annual income or the profits which is directly paid to the government. Everyone who earns any kind of income is liable to pay income tax. For individuals below 60 years of age, the tax exemption limit is Rs.2.5 lakh per annum. For individuals between the age of 60 and 80, the tax exemption limit is Rs.3 lakh. For individuals above the age of 80, the tax exemption limit is Rs.5 lakh. There are different tax slabs for different income amounts. Apart from individuals, legal entities are also liable to pay taxes. These include all Artificial Judicial Persons, Hindu Undivided Family (HUF), Body of Individuals (BOI), Association of Persons (AOP), companies, local firms, and local authorities.
- **Capital gains:** Capital gains tax is levied on the sale of a property or money received through an investment. It could be from either short-term or long-term capital gains from an investment. This includes all exchanges made in kind that is weighed against its value.
- **Securities transaction Tax:** STT is levied on stock market and securities trading. The tax is levied on the price of the share as well as securities traded on the ISE (Indian Stock Exchange).
- **Prerequisite Tax:** These are taxes that are levied on the different benefits and perks that are provided by a company to its employees. The purpose of the benefits and perks, whether it is official or personal, is to be defined.
- **Corporate tax:** The income tax paid by a company is defined as the corporate tax. It is based on the different slabs that the revenue falls under. The sub-categories of corporate taxes are as follows:
  - **Dividend distribution tax (DDT):** This tax is levied on the dividends that companies pay to the investors. It applies to the net or gross income that an investor receives from the investment.
  - **Fringe benefit tax (FBT):** This is tax levied on the fringe benefits that an employee receives from the company. This include expenses related to accommodation, transportation, leave travel allowance, entertainment, retirement fund contribution by the employee, employee welfare, Employee Stock Ownership Plan (ESOP), etc.
  - **Minimum Alternative Tax (MAT):** Companies pay the IT Department through MAT which is governed by Section 115JA of the IT Act. Companies that are exempt from MAT are those that are in the power and infrastructure sectors.

## 2. INDIRECT TAX

Taxes that are levied on services and products are called indirect tax. Indirect taxes are collected by the seller of the service or product. The tax is added to the price of the products and services. It increases the price of the product or service. There is only one indirect tax levied by the government currently. This is called GST or the Goods and Services Tax.

**GST:** This is a consumption tax that is levied on the supply of services and goods in India. Every step of the production process of any goods or value-added services is subject to the imposition of GST. It is supposed to be refunded to the parties that are involved in the production process (and not the final consumer).

GST resulted in the elimination of other kinds of taxes and charges such as Value Added Tax (VAT), octroi, customs duty, Central Value Added Tax (CENVAT), as well as customs and excise taxes. The products or services that are not taxed under GST are electricity, alcoholic drinks, and petroleum products. These are taxed as per the previous tax regime by the individual state governments.

## 3. OTHER TAXES

Other taxes are minor revenue generators and are small cess taxes. The various sub-categories of other taxes are as follows:

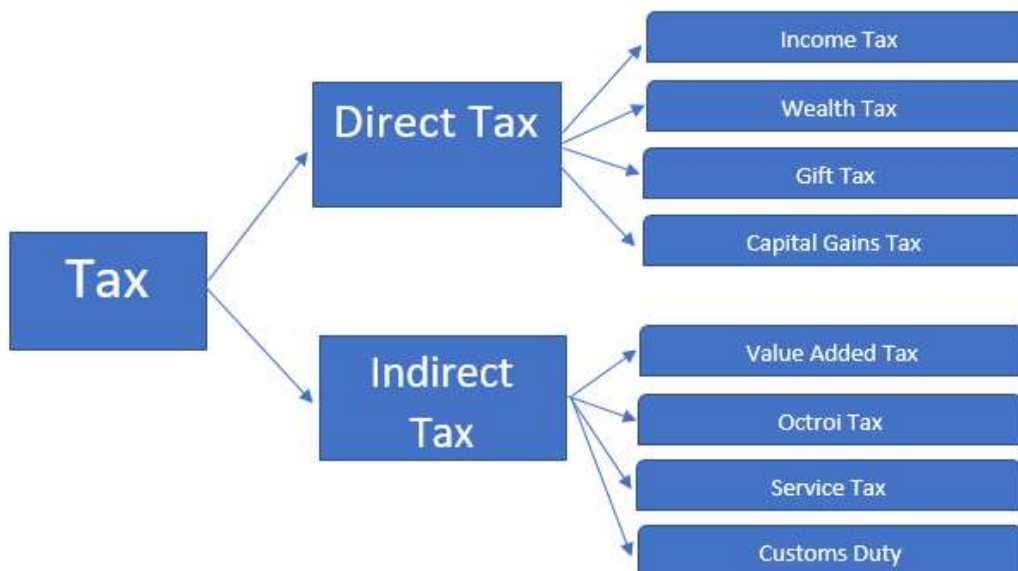
- **Property tax:** This is also called Real Estate Tax or Municipal Tax. Residential and commercial property owners are subject to property tax. It is used for the maintenance of some of the fundamental civil services. Property tax is levied by the municipal bodies based in each city.
- **Professional tax:** This employment tax is levied on those who practice a profession or earn a salaried income such as lawyers, chartered accountants, doctors, etc. This tax differs from state to state. Not all states levy professional tax.
- **Entertainment tax:** This is tax that is levied on television series, movies, exhibitions, etc. The tax is levied on the gross collections from the earnings. Entertainment tax also referred as amusement tax.
- **Registration fees, stamp duty, transfer tax:** These are collected in addition to or as a supplement to property tax at the time of purchasing a property.
- **Education cess:** This is levied to fund the educational programs launched and maintained by the government of India.
- **Entry tax:** This is tax that is levied on the products or goods that enter a state, specifically through e-commerce establishments, and is applicable in the states of Delhi, Assam, Gujarat, Madhya Pradesh, etc.
- **Road tax and toll tax:** This tax is used for the maintenance of roads and toll infrastructure.

## INDIAN TAX STRUCTURE

**Tax structure in India** is a three-tier federal structure. The central government, state governments, and local municipal bodies make up this structure. Article 256 of the constitution states that “No tax shall be levied or collected except by the authority of law”. Hence, each and every tax that is collected needs to be backed by an accompanying law.

### Tax system in India

The **tax system in India** allows for two types of taxes—Direct and Indirect Tax.



### Direct Tax:

Direct Tax is levied directly on individuals and corporate entities. This tax cannot be transferred or borne by anybody else. Examples of direct tax include income tax, wealth tax, gift tax, capital gains tax.

Income tax is the most popular tax within this section. Levied on individuals on the income earned with different tax slabs for income levels. The term 'individuals' includes individuals, Hindu Undivided Family (HUF), Company, firm, Co-operative Societies, Trusts.

### **Indirect Tax:**

Indirect taxes are taxes which are indirectly levied on the public through goods and services. The sellers of the goods and services collect the tax which is then collected by the government bodies.

- **Value Added Tax (VAT)**– A sales tax levied on goods sold in the state. The rate depends on the government.
- **Octroi Tax**– Levied on goods which move from one state to another. The rates depend on the state governments.
- **Service Tax**– Government levies the tax on service providers.
- **Customs Duty**– It is a tax levied on anything which is imported into India from a foreign nation.

### **BENEFITS OF TAXES**

The purpose of taxes is to provide the government with funds for spending without inflation. Taxes are used by the government for a variety of purposes, some of which are:

- Funding of public infrastructure
- Development and welfare projects
- Defense expenditure
- Scientific research
- Public insurance
- Salaries of state and government employees
- Operation of the government
- Public transportation
- Unemployment benefits
- Pension schemes
- Law enforcement
- Public health
- Public education
- Public utilities such as water, energy, and waste management systems

Tax is levied on a wide range of income stemming from salary, profits from business, property rental, etc. There are also wealth taxes, sales taxes, property taxes, payroll taxes, value-added taxes, service taxes, etc.

## **GST (GOODS AND SERVICES TAX)**

### **INTRODUCTION OF GST**

**Goods and Services Tax (GST)** is an indirect tax (or consumption tax) used in India on the supply of goods and services. It is a comprehensive, multistage, destination-based tax: comprehensive because it has subsumed almost all the indirect taxes except a few state taxes. Multi-staged as it is, the GST is imposed at every step in the production process, but is meant to be refunded to all parties in the various stages of production other than the final consumer and as a destination-based tax, it is collected from point of consumption and not point of origin like previous taxes.



Goods and services are divided into five different tax slabs for collection of tax: 0%, 5%, 12%, 18% and 28%. However, petroleum products, alcoholic drinks, and electricity are not taxed under GST and instead are taxed separately by the individual state governments, as per the previous tax system. There is a special rate of 0.25% on rough precious and semi-precious stones and 3% on gold. In addition a cess of 22% or other rates on top of 28% GST applies on few items like aerated drinks, luxury cars and tobacco products. Pre-GST, the statutory tax rate for most goods was about 26.5%, Post-GST, most goods are expected to be in the 18% tax range.

The tax came into effect from 1 July 2017 through the implementation of the One Hundred and First Amendment of the Constitution of India by the Indian government. The GST replaced existing multiple taxes levied by the central and state governments.

The tax rates, rules and regulations are governed by the GST Council which consists of the finance ministers of the central government and all the states. The GST is meant to replace a slew of indirect taxes with a federated tax and is therefore expected to reshape the country's \$2.4 trillion economy, but its implementation has received criticism. Positive outcomes of the GST includes the travel time in interstate movement, which dropped by 20%, because of disbanding of interstate check posts.

## **HISTORY OF GST OF INDIA**

### **Formation**

The reform of India's indirect tax regime was started in 1986 by Vishwanath Pratap Singh, Finance Minister in Rajiv Gandhi's government, with the introduction of the Modified Value Added Tax (MODVAT). Subsequently, Prime Minister P V Narasimha Rao and his Finance Minister Manmohan Singh, initiated early discussions on a Value Added Tax (VAT) at the state level. A single common "Goods and Services Tax (GST)" was proposed and given a go-ahead in 1999 during a meeting between the Prime Minister Atal Bihari Vajpayee and his economic advisory panel, which included three former RBI governors IG Patel, Bimal Jalan and C Rangarajan. Vajpayee set up a committee headed by the Finance Minister of West Bengal, Asim Dasgupta to design a GST model.

The Asim Dasgupta committee which was also tasked with putting in place the back-end technology and logistics (later came to be known as the GST Network, or GSTN, in 2015). It later came out for rolling out a uniform taxation regime in the country. In 2002, the Vajpayee government formed a task force under Vijay Kelkar to recommend tax reforms. In 2005, the Kelkar committee recommended rolling out GST as suggested by the 12th Finance Commission.

After the defeat of the BJP-led NDA government in the 2004 Lok Sabha election and the election of a Congress-led UPA government, the new Finance Minister P Chidambaram in February 2006 continued work on the same and proposed a GST rollout by 1 April 2010. However, in 2011, with the Trinamool Congress routing CPI(M) out of power in West Bengal, Asim Dasgupta resigned as the head of the GST committee. Dasgupta admitted in an interview that 80% of the task had been done.

The UPA introduced the 115th Constitution Amendment Bill on 22 March 2011 in the Lok Sabha to bring about the GST. It ran into opposition from the Bharatiya Janata Party and other parties and was referred to a Standing Committee headed by the BJP's former Finance Minister Yashwant Sinha. The committee submitted its report in August 2013, but in October 2013 Gujarat Chief Minister Narendra Modi raised objections that led to the bill's indefinite postponement. The Minister for Rural Development Jairam Ramesh attributed the GST Bill's failure to the "single handed opposition of Narendra Modi".

In the 2014 Lok Sabha election, the Bharatiya Janata Party (BJP)-led NDA government was elected into power. With the consequential dissolution of the 15th Lok Sabha, the GST Bill – approved by the standing committee for reintroduction – lapsed. Seven months after the formation of the then Modi government, the new Finance Minister Arun Jaitley introduced the GST Bill in the Lok Sabha, where the BJP had a majority. In February 2015, Jaitley set another deadline of 1 April 2017 to implement GST. In May 2016, the Lok Sabha passed the Constitution Amendment Bill, paving way for GST. However, the Opposition, led by the Congress, demanded that the GST Bill be again sent back for review to the Select Committee of the Rajya Sabha due to disagreements on several statements in the Bill relating to taxation. Finally, in August 2016, the Amendment Bill was passed. Over the next 15 to 20 days, 18 states ratified the Constitution amendment Bill and the President Pranab Mukherjee gave his assent to it.

A 21-member selected committee was formed to look into the proposed GST laws. After GST Council approved the Central Goods and Services Tax Bill 2017 (The CGST Bill), the Integrated Goods and Services Tax Bill 2017 (The IGST Bill), the Union Territory Goods and Services Tax

Bill 2017 (The UTGST Bill), the Goods and Services Tax (Compensation to the States) Bill 2017 (The Compensation Bill), these Bills were passed by the Lok Sabha on 29 March 2017. The Rajya Sabha passed these Bills on 6 April 2017 and were then enacted as Acts on 12 April 2017. Thereafter, State Legislatures of different States have passed respective State Goods and Services Tax Bills. After the enactment of various GST laws, Goods and Services Tax was launched all over India with effect from 1 July 2017. The Jammu and Kashmir state legislature passed its GST act on 7 July 2017, thereby ensuring that the entire nation is brought under a unified indirect taxation system. There was to be no GST on the sale and purchase of securities. That continues to be governed by Securities Transaction TAX.

### **Implementation**

The GST was launched at midnight on 1 July 2017 by the President of India, and the Government of India. The launch was marked by a historic midnight (30 June – 1 July) session of both the houses of parliament convened at the Central Hall of the Parliament. Though the session was attended by high-profile guests from the business and the entertainment industry including Ratan Tata, it was boycotted by the opposition due to the predicted problems that it was bound to lead for the middle and lower class Indians. The tax was strongly opposed by the opposing Indian National Congress. It is one of the few midnight sessions that have been held by the parliament - the others being the declaration of India's independence on 15 August 1947, and the silver and golden jubilees of that occasion. After its launch, the GST rates have been modified multiple times, the latest being on 22 December 2018, where a panel of federal and state finance ministers decided to revise GST rates on 28 goods and 53 services.

Members of the Congress boycotted the GST launch altogether. They were joined by members of the Trinamool Congress, Communist Parties of India and the DMK. The parties reported that they found virtually no difference between the GST and the existing taxation system, claiming that the government was trying to merely rebrand the current taxation system. They also argued that the GST would increase existing rates on common daily goods while reducing rates on luxury items, and affect many Indians adversely, especially the middle, lower middle and poorer income groups.



### **WHY WAS GST REQUIRED?**

The GST is the biggest and most important tax reform in India. The inclusion of various indirect taxes into the GST reduces manufacturing and production costs and also aids in the country's economic growth.

The rates and regulations for VAT varied by state. Also, it's been noticed that states frequently seek to lower these rates to entice investors. This resulted in loss of revenue for both the Central government as well as other State governments.

GST, on the other hand, implements standard tax regulations throughout all states, covering a wide range of businesses. According to a preset and pre-approved formula, the taxes are distributed between the Central and State governments in this case. Furthermore, because there is no additional state-levied tax, it is much easier to sell services and goods uniformly across the country.

## **FEATURES OF GST**

### **1. SINGLE INDIRECT TAX**

GST has been introduced as a single, unified tax reform. It has eliminated many existing indirect centre and state taxes like Central Value Added Tax, Special Additional Duty of Customs, Service Tax, and VAT and converted them into a single tax. The elimination of these indirect taxes has not only made tax compliance easier for businesses but has also helped in making many of the goods and services more affordable for the consumers.

### **2. INPUT TAX CREDIT SYSTEM**

One of the most prominent **GST features in India** is the input tax credit. If a manufacturer or service provider has already paid input tax on a purchase, the same can be deducted from their total output tax liability. The input and output invoices need to match to take advantage of the tax credit. This helps in removing the cascading tax effect or the traditional 'tax-on-tax' regime. Moreover, it also helps in reducing tax evasion.

### **3. GST COMPOSITION SCHEME**

SMEs with an annual turnover of up to Rs. 1 crore or Rs. 75 lakhs in specified states can also voluntarily opt for the composition scheme. With this scheme, the businesses can pay a fixed GST rate of 1% on their turnover. However, such businesses can then not use the input tax credit benefit. A business needs to select between whether they want to use the composition scheme or the input tax credit feature.

### **4. FOUR-TIER TAX STRUCTURE**

GST has a 4-tier tax structure of 5%, 12%, 18%, and 28%. All the goods and services can only be taxed as per this tax structure. Many of the essential commodities such as food items do not have any GST.

## **KEY FEATURES OF GST**

**Dual Goods and Service Tax**

**Destination-Based Consumption**

**Computation of GST on the basis of invoice credit method**

**Payment of GST**

**Goods and Services Tax Network (GSTN)**

## **GST on Imports**

## **Maintenance of Records**

## **Administration of GST**

## **Goods and Service Tax Council**

- **Dual Goods and Service Tax:** CGST and SGST
- **Destination-Based Consumption Tax:** GST will be a destination-based tax. This implies that all SGST collected will ordinarily accrue to the State where the consumer of the goods or services sold resides.
- **Computation of GST on the basis of invoice credit method:** The liability under the GST will be invoice credit method i.e. Input Tax Credit will be allowed on the basis of invoice issued by the suppliers.
- **Payment of GST:** The CGST and SGST are to be paid to the accounts of the central and states respectively.
- **Goods and Services Tax Network (GSTN):** A not-for-profit, Non Government Company called Goods and Services Tax Network (GSTN), jointly set up by the Central and State Governments will provide shared IT infrastructure and services to the Central and State Governments, tax payers and other stakeholders.
- **GST on Imports:** Centre will levy IGST on inter-State supply of goods and services. Import of goods will be subject to basic customs duty and IGST.
- **Maintenance of Records:** A taxpayer or exporter would have to maintain separate details in books of account for availment, utilization or refund of Input Tax Credit of CGST, SGST and IGST.
- **Administration of GST:** Administration of GST will be the responsibility of the GST Council, which will be the apex policy making body of the GST. Members of GST Council comprised of the Central and State ministers in charge of the finance portfolio.
- **Goods and Service Tax Council:** The GST Council will be a joint forum of the Centre and the States. The Council will make recommendations to the Union and the States on important issues like tax rates, exemption list, threshold limits.

## **TYPES OF GST**

The GST types in India, namely, CGST, SGST, UTGST and IGST, have specific taxation rates. These rates are fixed by the Government of India and will be applicable as decided by the government.

### **How Many Types of GST Are There?**

**There are three types of GST:**

- **CGST** (Central Goods and Services Tax)
- **SGST** (State Goods and Services Tax)
- **UTGST** (Union Territory Goods and Services Tax)
- **IGST** (Integrated Goods and Services tax)

### **What is SGST?**

The State Goods and Services Tax is one of the GST types which the government of a particular state imposes. The state government taxes goods and services within the state (intrastate, for example Mysore), and the state government is the sole beneficiary of the collected revenue.

The SGST replaces various state-level taxes such as lottery tax, luxury tax, VAT, purchase tax and sales tax.

However, if the transaction of the goods is interstate (outside the state), then both SGST and CGST are applied. But, if the goods and services are transactions within the state, only SGST is imposed.

The rate of GST is equally divided among the two types of GSTs. For instance, when the traders sell their commodities within their state, they must pay SGST and CGST. The revenue earned from SGST belongs to the state government and revenue from CGST to the central government.

The SGST of various goods and services depends on the government notification published from time to time .

**SGST Rates**

<b>Commodities</b>	<b>SGST</b>
Common Groceries such as Tea, Salt, Spices, Sugar, Etc.	2.5%
Processed foods Electronic goods	6%
Capital Goods, toiletries, etc.	9%
Premium luxury commodities	14%

**What is CGST?**

The Central goods and Services tax applies to the intrastate (within the state) supply of goods and services. The central government taxes it. The CGST Act governs this type of GST. Here, the revenue generated from the CGST is collected along with the SGST and is divided between the central and state government.

For instance, when a trader makes a transaction within the state, the goods are taxed with SGST and CGST. The GST rate is divided equally between SGST and CGST, while the revenue collected under the CGST belongs to the central government.

**CGST Rates**

<b>Commodities</b>	<b>CGST</b>
Common Groceries such as Tea, Salt, Spices, Sugar, Etc.	2.5%
Processed foods Electronic goods	6%
Capital Goods, toiletries, etc.	9%
Premium luxury commodities	14%

**What is IGST?**

The Integrated Goods and Services tax is a type of GST, where the tax applies on the interstate supply of goods and services. This GST type is also imposed on the goods and services that are imported as well as exported. The IGST Act governs it, and the central government is responsible for the collection of IGST.

The collected IGST is equally divided into central and state government portions. The State portion of the IGST is provided to the state where the goods and services are received. The remaining IGST received goes to the central government.

For instance, when the trader makes a supply between two states, the type of tax in this case would be IGST.

**IGST Rates**

<b>Commodities</b>	<b>IGST</b>
Common Groceries such as Tea, Salt, Spices, Sugar, Etc.	5%
Processed foods Electronic goods	12%
Capital Goods, toiletries, etc.	18%
Premium luxury commodities	28%

**What is UGST?**

The Union Territory Goods and Services Tax is a type of GST imposed on the goods and services in the union territories. This is similar to the SGST but applies only to the union territories.

The UGST is applicable in Dadra, Nagar Haveli, Chandigarh, Andaman and Nicobar along with Pondicherry and Delhi. Here the revenue collected by the government belongs to the Union territory government. As the UGST is a replacement for the SGST, they are collected along with the CGST.

## **OBJECTIVES OF GST**

The major objectives of GST are

- **The elimination of other taxes** - The introduction of the GST Act led to the replacement of other indirect taxes. The major taxes are grouped into the GST.
- **Increases compatibility** - The tax compliance is easier for MSME or small-scale businesses. In addition, the presence of a single tax makes the process of filing a return easier.
- **Increases transparency** - The GST reduces the chances of corruption and increases transparency. For example, in businesses there are reduced chances of a false input tax credit.
- **Reduction of price** - The GST bill imposes taxes exclusively on the net value-added part, eliminating the previous tax-on-tax system and reducing the cost of commodities.
- **Boost the country's revenue** - A large tax-to-GDP ratio indicates increased government revenues, indicating a healthy economy. In addition, a broader tax base and greater tax compliance can lead to an increased government income from GST operations.
- **High efficiency and productivity** - The GST in India intends to eliminate logistical restrictions and the time-consuming filing process for the input tax credit. Furthermore, by eliminating the entry tax, the productivity levels of businesses are predicted to rise.

## **GST COUNCIL**

**GST Council** is the governing body of GST having 33 members, out of which 2 members are of centre and 31 members are from 28 state and 3 Union territories with legislation. The council contains the following members (a) Union Finance Minister (as chairperson) (b) Union Minister of States in charge of revenue or finance (as member) (c) the ministers of states in charge of finance or taxation or other ministers as nominated by each states government (as member). GST Council is an apex member committee to modify, reconcile or to procure any law or regulation based on the context of goods and services tax in India. The council is headed by the union finance minister Nirmala Sitharaman assisted with the finance minister of all the states of India. The GST council is responsible for any revision or enactment of rule or any rate changes of the goods and services in India.

## **GOODS AND SERVICES TAX NETWORKS (GSTN)**

The GSTN software is developed by Infosys Technologies and the Information Technology network that provides the computing resources is maintained by the NIC. "Goods and Services Tax Network" (GSTN) is a nonprofit organisation formed for creating a sophisticated network, accessible to stakeholders, government and taxpayers to access information from a single source

(portal). The portal is accessible to the Tax authorities for tracking down every transaction, while taxpayers have the ability to connect for their tax returns.

The GSTN's authorised capital is ₹10 crore (US\$1.3 million) in which initially the Central Government held 24.5 percent of shares while the state government held 24.5 percent. The remaining 51 percent were held by non-Government financial institutions, HDFC and HDFC Bank hold 20%, ICICI Bank holds 10%, NSE Strategic Investment holds 10% and LIC Housing Finance holds 11% .<sup>[41][42]</sup>

However, later it was made a wholly owned government company having equal shares of state and central government.

## **IMPACT OF GST ON VARIOUS SECTORS**

### **IT**

Currently IT sector is paying 14 percent of tax to the authority and subjected to 18 to 20 percent after the imposition of GST. Also an important point to notice here, that the long disputed issue of canned software taxation will also come to end as their will no difference arise between goods and services after the GST. Overall impact could be suggested here is neutral or slightly negative.

### **Telecom**

In the current stage, the Telecom sector is paying 14 percent of tax to the government body, but the scenario takes the shift after the imposition of GST. The rate arises to 18 percent and the companies expect to pass the burden on the post-paid customers. There is also a lower input tax credit in this sector's capex cost. Overall, it seems that this regime will be negative to the industry and the sector will also be in state where they can't pass the entire tax burden to the customers especially their prepaid segment.

### **Automobiles**

Currently, automobile sector pays around 30 to 47 percent tax to the Government which is now expected to range between 20-22 per cent, after the implementation of GST. And the overall cost cutting can be expected for the end user by around 10 per cent. Transportation time should also be reduced as the check points and octroi is cleared hands before. Overall GST will bring a smile into the automobile sector.

### **Cement**

In the current scenario, cement sector is presenting 27 to 32 per cent of their share to the tax authority. After the rolling out of GST, this will improve the sector growth in various terms, like transportation by 20-25 per cent and in the warehouse scheme as the rationalization would be easy in terms of state wise fragmentation and also in the transportation cost as reduced transit time.



## **Pharmacy**

Here, the impact could be neutral as the sector only shares 6 per cent of his share to the tax authority. The sector also avails the incentives in tax benefits of location wise. There are various concessional benefits and exemptions held for this sector and will extend till the expiry of the period. The implications of GST would also try to reduce the logistics cost and would also try to see in to the matter of inverted duty structure.

## **Banking and Financial Institutions**

The sector is paying 14 percent right now, but not on the interest part of transaction. After the GST implied, the tax horizon can expand up to 18 to 20 percent on the fee based transactions. Overall input expense of operations will likely to increase and also hike in the transactions of financial in nature such as loan processing fees, debit/credit charges, insurance premiums etc.

## **IMPACT OF GST ON INDIAN ECONOMY**

Reduce tax burden on producers and foster growth through more production. This double taxation prevents manufacturers from producing to their optimum capacity and retards growth. GST would take care of this problem by providing tax credit to the manufacturer,

- Various tax barriers such as check posts and toll plazas lead to a lot of wastage for perishable items being transported, a loss that translated into major costs through higher need of buffer stocks and warehousing costs as well. A single taxation system could eliminate this roadblock for them.
- A single taxation on producers would also translate into a lower final selling price for the consumer.
- Also, there will be more transparency in the system as the customers would know exactly how much taxes they are being charged and on what base.
- GST would add to government revenues by widening the tax base.
- GST provides credits for the taxes paid by producers earlier in the goods/services chain. This would encourage these producers to buy raw material from different registered dealers and would bring in more and more vendors and suppliers under the purview of taxation.
- GST also removes the custom duties applicable on exports. Our competitiveness in foreign markets would increase on account of lower cost of transaction.
- The proposed GST regime, which will subsume most central and state-level taxes, is expected to have a single unified list of concessions/exemptions as against the current mammoth exemptions and concessions available across goods and services.

The introduction of Goods and Services Tax would be a very noteworthy step in the field of indirect tax reforms in India. By amalgamating a large number of Central and State taxes into a single tax, it would alleviate cascading or double taxation in a major way and pave the way for a common national market.

## **ADVANTAGES AND DISADVANTAGES OF GST**

### **ADVANTAGES OF GST**

The advantages of GST in India are as follows:

- **Creation of Common National Market:**

GST aims to create an integrated tax structure with a common market and remove the economic barriers, paving the way for an integrated economy is the features of GST and even advantages and disadvantages of input tax credit.

- **Boost to Make In India Initiative**

GST gives a major boost to the Make In India initiative of the government of India by making goods and services produced in India competitive in domestic as well as international markets is the benefits of GST.

- **Removal of Cascading Effect and Multilayer taxation**

In a layman's language, the cascading effect means charging Tax on Tax. GST is an indirect tax that has brought most of the indirect taxes under one single umbrella. It provides credit in the form of an Input Tax credit(ITC) on tax previously paid to ensure that there is no overlapping of taxes. GST is levied only on the value-added of the goods or services, thus giving a halt to the multilayer taxation structure.

- **Reduction of Litigation**

GST aids in the minimizing of litigation costs under different taxation systems as it establishes clarity towards the taxation assessment and liability. Through documented and revised structure GST provides a seamless flow of credit amongst business units.

- **Composition scheme for Small and Medium businesses**

Under GST, small businesses that have a turnover of up to 1.5 Crore INR can bring down their compliance and tax burden by choosing the composition scheme over the regular structure of GST. They can charge GST at flat rates of 1%, 5%, and 6%.

- **Simple and easy online access**

The whole procedure of GST ( from registration to furnishing of GST returns) is available online and is easily accessible. It has become quite helpful for new businesses especially, as they just have to register on a single portal for all their needs.

- **Enhanced Efficiency in Logistics**

With the implementation of GST, the restrictions on inter-state movement of goods have reduced considerably. Before GST, logistics companies had to maintain multiple

warehouses in different parts of the country at multiple locations to avoid state-level entry taxes charged on interstate movements.

- **Regulation of the Unregulated Sectors**

In the pre-GST times, certain specific businesses in India like the textile and the construction sectors were highly unregulated and had loopholes for tax evasion. However, with the implementation of GST, these sectors have been regulated by reducing the burden of tax compliance and simplifying the taxation structure.

- **Automated procedures with great use of IT**

There are simplified and automated procedures for various processes such as registration, return, tax payment, etc and all interaction is through a common GSTN portal.

- **Benefits to Agriculture and Industry**

GST has given more relief to industry, trade, and agriculture through more comprehensive and wider coverage of input tax set-off and service tax set-off subsuming several Central and State taxes in GST.

## **DISADVANTAGES OF GST**

- **Updation of IT Software**

Under the GST regime, businesses either need to update their current accounting or ERP software or purchase GST software to prop up their businesses. This leads to an increase in IT expenses to the businesses in terms of procuring the GST software and training the staff for using the software efficiently. However, Masters India, one of the leading GST Suvidha Providers(GSP) has developed customized GST software and APIs to ease the compliance procedures for different business users.

- **Increased operational expenses**

As we have already discussed that GST has changed the way tax is assessed, business owners require the opinion of the tax experts to remain GST-compliant. However, this has increased the operational expense of the entity as they are required to bear the extra cost of employing tax specialists or hiring consultants.

- **The increased tax burden on Small and Medium Enterprises (SME's)**

Small and Medium businesses, particularly in the manufacturing sector have confronted various challenges under GST. Before the GST regime, business units having turnover up to INR 1.5 crore were required to pay the Customs Duty. But under GST any taxpayer whose turnover surpasses INR 40 lakhs needs to pay the tax. Nonetheless, SMEs with a turnover of up to 1.5 Crore INR can choose the composition scheme and pay tax on turnover instead of GST and enjoy lesser compliance. However, the problem is that businesses who opt for a composition scheme will then not have the facility to claim any input tax credit (ITC). To smoothen the implementation process of GST, the government is trying its best to make several changes through various meetings of the GST Council. The government of India is consistently updating the GST procedures by introducing new and simplified GST Returns and e-Invoicing.

**GST RATES IN INDIA**

The GST rate slabs are decided by the GST Council. The GST Council revises the rate slab of goods and services periodically. The GST rates are usually high for luxury supplies and low for essential needs. In India GST rate for various goods and services is divided into four slabs: they are 5% GST, 12% GST, 18% GST, & 28% GST.

The GST rates for various products have been revised several times by the GST council since the inception of the Goods and Services Tax (GST). The latest rate revision was brought into effect in the 41<sup>st</sup> GST Council Meeting which was held on Aug 27, 2020. Before that, there have been many GST Council Meetings in which certain rate revisions were introduced.

**GST RATES ON COVID-RELATED ESSENTIALS**

Covid-related essentials	Present GST rate	Revised GST rate
Pulse oximeters	12%	5%
Hand sanitisers	18%	5%
Equipment to check body temperature	18%	5%
Furnaces for cremation and their installation	18%	5%
Ambulances	28%	12%

**GST RATES ON COVID MEDICINES AND TASTING KITS**

Covid-related medicines and testing kits	Present GST rate	Revised GST rate
Testing kits	12%	5%
Specified inflammatory diagnostic kits	12%	5%

**GST RATES ON OXYGEN AND OXYGEN-RELATED MEDICAL DEVICES**

Oxygen and oxygen-related medical devices	Present GST rate	Revised GST rate
Medical grade oxygen	12%	5%
Oxygen concentrator or generator	12%	5%
Ventilators	12%	5%
Mak, canula, or helmet	12%	5%
BiPAP machine	12%	5%
High flow nasal canula device	12%	5%

**GST RATES ON COVID-RELATED DRUGS**

Covid-related drugs	Present GST rate	Revised GST rate
Tocilizumab	5%	NIL
Amphotericin B	5%	NIL
Heparin and other anti-coagulants	12%	5%
Remdesevir	12%	5%
Any other drugs recommended by ministry of health	NA	5%

### **REVISION OF GST RATES ANNOUNCED IN THE 43RD GST COUNCIL MEETING**

- GST on the export of relief goods to be exempted and will stay in effect until 31 August 2021.
- GST on import of medicine for black fungus, that is Amphotericin B is also placed under the exemption list.
- Any Covid-related relief item if imported even with the intention of donating to the government or any relief organization will be exempted from IGST till 31 August 2021.
- Amnesty Scheme was announced by the finance minister to reduce late fee returns. Small taxpayers can file returns under this scheme.
- A group of ministers will be formed who will submit a report by 8 June 2021 to determine whether the rates are to be increased or decreased.

### **REVISION OF GST RATES ANNOUNCED IN THE 42ND GST COUNCIL MEETING**

#### **Highlights of the meeting held on 5 october 2020**

- Small taxpayers with turnover of less than Rs.5 crore can now file quarterly GSTR-3B and GSTR-1 where the due date for GSTR-1 will be the 13th day of the month succeeding the quarter. This new rule came into effect on 1 January 2021. Due to the implementation of this rule, the number of returns has reduced to 8 from 24.
- The quarterly taxpayers have the option of paying 35% of the net tax liability of the previous quarter, using an auto-generated challan for the first two months of the quarter.
- For the auto-generation of GSTR-3B, a roadmap is prepared, where the details of the supplier's GSTR-1 will help in auto-populating the ITC. GSTR-1 will help in auto-populating the tax liability as well. Hence, it is important to mandatorily file GSTR-1 before filing GSTR-3B. This rule came into effect on 1 April 2021.
- Taxpayers will pay their GST through a simple challan.
- Taxpayers with a turnover of Rs.5 crore and above will have to mention a 6-digit HSN code. A 4-digit HSN code is to be mentioned by taxpayers with a turnover of less than Rs.5 crore. This rule came into effect on 1 April 2021.
- Bank accounts which have their PAN linked with Aadhaar will be able to receive refunds.

- ISRO, Antrix Corporation, and New Space India Limite (NSIL) will receive GST exemptions to encourage the space launching services in India.
- Sanitisers that are non-alcoholic will be continued to be taxed at 18% GST.
- The compensation cess collected till date amounts to Rs.20,000 crore. This amount was disbursed to specific states in India by 5 October 2020.
- Rs.25,000 crore towards IGST 2017-18 was distributed to specific Indian states.

#### **Highlights of the meeting held on 12 October 2020**

- The meeting ended with no unanimity on the issue of borrowing. The states may avail of the options previously provided to borrow funds.
- The compensation cess will be levied will beyond the 5-year tenure.
- The center cannot borrow in case of shortage of compensation cess fund as it will create an increase in the yield of G-sec bonds.
- A borrowing calendar has been issued where if the borrowing goes beyond the sanctioned limit, the G-Sec deals used as a benchmark for every other borrowing will increase.
- Cess collected from July 2022 will not be disbursed to states in India and will be used for the payment of principal and interest. This will help in exempting the state from the burden of repaying the borrowed amount.

#### **REVISION OF GST RATES ANNOUNCED IN THE 41ST GST COUNCIL MEETING**

The 41st GST Council meeting was chaired by the Union Finance Minister Nirmala Sitharaman and was held on 27 August 2020. The government will provide an additional 0.5% relaxation in states where the borrowing limit is under the FRBM Act. States can borrow more due to the injury that has been caused by the coronavirus outbreak. Two options have been provided to the states to meet the compensation cess shortfall.

#### **REVISION OF GST RATES ANNOUNCED IN THE 40TH GST COUNCIL MEETING**

The 40th GST Council meeting was chaired by the Union Finance Minister Nirmala Sitharaman and was held on 12 June 2020. As per the meeting, no late fee will be levied for taxpayers that come under nil tax liability. In case taxpayers file the returns between 1 July 2020 and 30 September 2020, the maximum late fee that can be charged is Rs.500. In the case of small taxpayers (aggregate turnover of up to Rs.5 crore), the rate of interest has been reduced to 9% from 18% p.a. for GST returns that are filed for February, March, and April 2020. However, the returns must be filed before 30 September 2020.

**REVISION OF GST RATES ANNOUNCED IN THE 39TH GST COUNCIL MEETING**

The following table reflects the changes in the rates applicable to the goods and services:

Goods or commodities	New rate	Old rate
Handmade matches	12%	5%
Mobile phones	18%	12%
Other handmade matches	12%	18%
Aircraft MRO services	5% along with full ITC	18%

Announced on 14 March 2020, the rates mentioned above are applicable w.e.f. 1 April 2020.

**REVISION OF GST RATES ANNOUNCED IN THE 38TH GST COUNCIL MEETING**

The following table reflects the changes in the rates applicable to the goods and services:

Goods or commodities	New rate	Old rate
Sacks of polythene and polypropylene	18%	12%
State owned lotteries	28%	12%
State authorised lotteries	28%	28%
Woven and non-woven fabrics	18%	12%

Announced on 18 December 2019, the rates mentioned above are applicable w.e.f. 1 January 2020. Rates for the lotteries are applicable w.e.f. 1 March 2020.



**REVISION OF GST RATES ANNOUNCED IN THE 37TH GST COUNCIL MEETING**

Announced on September 20th, 2019, the following table reflects the changes introduced in the rates applicable to the goods and services. These changes are applicable w.e.f. from 1 October 2019.

Goods or commodities	New rate	Old rate
Plates and cups made of tree products	Nil	5%
Caffeinated Beverages	28% + 12% cess	18%
Supplies of Railways wagons & coaches (without the refund of accumulated ITC)	12%	5%
Outdoor Catering (without the ITC)	5%	18%
Diamond Job work	1.50%	5%
Other Job work	12%	18%
Hotels with Room Tariff of Rs.7501 and above	18%	28%
Hotels with Room Tariff from Rs 1,001 to Rs 7,500	12%	18%
Woven or non-woven Polyethylene Packaging bags	12%	18%
Marine fuel	5%	18%
Almond Milk	18%	-
Slide fasteners	12%	18%
Wet grinders (consisting of stone as a grinder)	5%	12%
Dried Tamarind	Nil	5%

Goods or commodities	New rate	Old rate
Semi-precious stones- cut & polished	0.25%	3%
Specified goods for petroleum operation under Hydrocarbon Exploration Licensing Policy	5%	Applicable rate
Cess on Petrol Motor Vehicles (Capacity of 10-13 passengers)	15%	1%
Cess on Diesel Motor Vehicles (Capacity of 10-13 passengers)	15%	3%

### **REVISION OF GST RATES ANNOUNCED IN THE 36TH GST COUNCIL MEETING**

The following table reflects the changes in the rates applicable to the goods and services:

Goods or commodities	New rate	Old rate
Electric chargers	5%	18%
Electric vehicles	5%	12%

These rates were revised on July 27th, 2019 and is applicable w.e.f. August 1st, 2019.

**REVISION OF GST RATES ANNOUNCED IN THE 31ST GST COUNCIL MEETING**

The following table reflects the changes in the rates applicable to the goods and services:

<b>Goods or commodities</b>	<b>New rate</b>	<b>Old rate</b>
Vegetables which are preserved provisionally but are not suitable for immediate consumption	5%	Nil
Cooked or uncooked vegetables which are steamed, frozen or boiled (branded)	5%	Nil
Music Books	12%	Nil
Parts for manufacturing renewable energy devices falling under chapter 84, 85 or 94 of Tariff	-	5%
Natural cork	12%	5%
Fly ash blocks	12%	5%
Walking sticks	12%	5%
Marble rubble	18%	5%
Agglomerated cork	18%	12%
Cork roughly squared or debugged	18%	12%
Articles of Natural cork	18%	12%
Movie Tickets worth Rs.100 or less	18%	12%
Premium on Third party insurance on Vehicles	18%	12%

Goods or commodities	New rate	Old rate
Accessories for Handicapped Mobility Vehicles	28%	5%
Power banks	28%	18%
Movie Tickets worth more than Rs.100	28%	18%
Video game consoles, equipments used for Billiards and Snooker and other sport related items of HSN code 9504	28%	18%
Retreated & used pneumatic Rubber Tyres	28%	18%
Colour Television Sets & monitors up to “32 Inches”	28%	18%
Digital & Video Camera recorders	28%	18%
Pulleys, transmission shafts, cranks and gear boxes under HSN 8483	28%	18%
Reduction of tax rates on Air travel of pilgrims	28%	18%

### **COMMODITIES AND SERVICES GST RATES**

The GST Council has proposed a four-tier tax structure wherein rates are either nil or very low so far as essential food items are concerned. The reason for this is that these food items constitute around 50% of the consumer basket, and contributes significantly towards ensuring that widespread inflation is kept in check even after the revised tax slabs under GST have been implemented. Negative items and luxury goods, however, are expected to be taxed at a considerably higher rate to maintain revenue neutrality for state and central governments following the implementation of the new GST rates. Other precious metals are likely to see the implementation of an extra concessional GST tax slab as these metals are currently taxed at just 1% under VAT.

Following is a table of commodities and services and the GST rates applicable to them:

Commodities / Services	GST Rate
Items that are not listed in any other category, such as electrical appliances, oil, soaps, etc.	18%
All services like professional charges, fees, insurance, banking, restaurants, telecom, etc.	18%
Essential farm produced mass consumption items such as wheat, rice, food grains, etc.	NIL
Mass consumption and common use food items like mustard oil, tea, spices, etc., but not including processed foods	5%
Processed foods	12%
Cars and white goods	28%
De-merits and luxury goods and items that fall under the sin category, such as aerated drinks, tobacco, luxury cars, pan masala, etc.	28% + CESS

# **CHAPTER 2**

# **GST RETURNS**

## **GST RETURNS**

Every registered taxable person shall, for every calendar month or part thereof, furnish, in such form and in such manner as may be prescribed, a return, electronically, of inward and outward supplies of goods or services, input tax credit availed, tax payable, tax paid and other particulars as may be prescribed within 20 days after the end of such month:

Provided that a registered taxable person paying tax under the provisions of Section 8 of this Act shall furnish a return for each quarter or part thereof, electronically, in such form and in such manner as may be prescribed, within 18 days after the end of such quarter:

Every registered taxable person, who is required to furnish a return under sub section (1), shall pay to the credit of the appropriate Government the tax due as per such return not later than the last date on which he is required to furnish such return.

A return furnish under the sub-section (1) by a registered taxable person without payment of full tax due as per such return shall not be treated as a valid return for allowing input tax credit in respect of supplies made by such person. Every registered taxable person shall furnish a return for every tax period under sub section (1), whether or not any supplies of goods or services have been effected during such tax period.

Note: Subject to the provisions of Section 25 and 26, if any taxable person after furnishing a return discovers any omission or incorrect particulars therein, other than as a result of scrutiny, audit, inspection or enforcement activity by the tax authorities, shall rectify such omission in the return to be filed r the month or quarter, as the case may be, during which such omission are noticed, subject the payment of interest, where applicable and as specified in the Act:

## TYPE OF GST RETURNS

### WHAT ARE THE DIFFERENT TYPES OF GST RETURNS?

Here is a list of all the returns to be filed as prescribed under the GST Law along with the due dates.

Return Form	Description	Frequency	Due Date
GSTR-1	Details of outward supplies of taxable goods and/or services affected.	Monthly	11th* of the next month with effect from October 2018 until September 2020. *Previously, the due date was 10th of the next month.
		Quarterly (If opted under the QRMP scheme)	13th of the month succeeding the quarter. Was end of the month succeeding the quarter until December 2020)
GSTR-2 Suspended from September 2017 onwards	Details of inward supplies of taxable goods and/or services effected claiming the input tax credit.	Monthly	15th of the next month.
GSTR-3 Suspended from September 2017 onwards	Monthly return on the basis of finalisation of details of outward supplies and inward supplies along with the payment of tax.	Monthly	20th of the next month.



Return Form	Description	Frequency	Due Date
GSTR-3B	Simple return in which summary of outward supplies along with input tax credit is declared and payment of tax is affected by the taxpayer.	Monthly	20th of the next month from the month of January 2021 onwards^ Staggered^^ from the month of January 2020 onwards upto December 2020.* **Previously 20th of the next month for all taxpayers.
		Quarterly	22nd or 24th of the month next to the quarter***
GSTR-4	Return for a taxpayer registered under the composition scheme under section 10 of the CGST Act (supplier of goods) and CGST (Rate) notification no. 02/2019 dated 7th March 2020 (Supplier of services).	Annually	30th of the month succeeding a financial year.
GSTR-5	Return for a non-resident foreign taxable person.	Monthly	20th of the next month.

Return Form	Description	Frequency	Due Date
GSTR-6	Return for an input service distributor to distribute the eligible input tax credit to its branches.	Monthly	13th of the next month.
GSTR-7	Return for government authorities deducting tax at source (TDS).	Monthly	10th of the next month.
GSTR-8	Details of supplies effected through e-commerce operators and the amount of tax collected at source by them.	Monthly	10th of the next month.
GSTR-9	Annual return for a normal taxpayer.	Annually	31st December of next financial year.
GSTR-9A(Suspended)	Annual return optional for filing by a taxpayer registered under the composition levy anytime during the year.	Annually until FY 2017-18 and FY 2018-19	31st December of next financial year, only up to FY 2018-19.
GSTR-9C	Certified reconciliation statement	Annually	31st December of next financial year.

Return Form	Description	Frequency	Due Date
GSTR-10	Final return to be filed by a taxpayer whose GST registration is cancelled.	Once, when GST registration is cancelled or surrendered.	Within three months of the date of cancellation or date of cancellation order, whichever is later.
GSTR-11	Details of inward supplies to be furnished by a person having UIN and claiming a refund	Monthly	28th of the month following the month for which statement is filed.

# **CHAPTER 3**

## **RELEVANCE OF STUDY**

**GST** is aimed at reducing corruption and sales without receipts. GST reduces the need for small companies to comply with excise, service tax and VAT. GST brings accountability and regulation to unorganised sectors such as the textile industry.

### **OBJECTIVES OF THE STUDY**

The study has the following objectives:

- To know the GST Rate Structure.
- To grasp the impacts of GST in Indian Economy.
- To identify the sectors stand to lose or gain from the implementation of GST.
- To study the challenges for the implementation of GST in India.

### **NEED OF THE STUDY**

GST is aimed at reducing corruption and sales without receipts. GST reduces the need for small companies to comply with excise, service tax and VAT. GST brings accountability and regulation to unorganised sectors such as the textile industry...

### **HYPOTHESIS**

**H0-** The common people is un aware to GST in India.

**H1-** common people are aware about GST in India.

### **SCOPE OF THE STUDY**

The scope of study is extended to understand the concept of GST, its impact and implementation in India. Being an explanatory research it is based on the secondary data. The data collection is done through various sources like newspapers, articles from different journals and from different websites.

# **CHAPTER 4**

# **RESEARCH METHODOLOGY**

## **TYPE OF RESEARCH AND USED**

Research can be classified in many different ways on the basis of methodology of the research, the knowledge it creates, the user groups, the research problem it investigates, etc. Following is the methodology that we have used in research.

## **QUANTITATIVE RESEARCH**

In natural and social sciences, and sometimes in other fields, quantitative research is the systematic empirical investigation of observable phenomena via statistical, mathematical, or computational techniques. The objective of quantitative research is to develop and employ mathematical models, theories, and hypotheses pertaining to phenomena. The process of measurement is central to quantitative research because it provides the fundamental connection between empirical observation and mathematical expression of quantitative relationships.

Quantitative research is generally closely affiliated with ideas from 'the scientific method', which can include:

- The generation of models, theories and hypotheses.
- The development of instruments and methods for measurement.
- Experimental control and manipulation of variables.
- Collection of empirical data.
- Modelling and analysis of data.

## **TYPES OF DATA USED**

Primary data Type of data collection Secondary data Here, we have used both primary and secondary data while conducting research

### **What is primary data?**

Primary data is the data collected directly by the researchers from main sources through interviews, surveys, experiments, etc. primary data are usually collected from the source –where the data originally originated from and are regarded as the best kind of data in research. In this project questionnaire method for survey is used for collection of primary data.

### **What is secondary data?**

Secondary data is the data that have been already collected by and readily available from other sources. Such data are cheaper and more quickly obtainable than the primary data and also may be available when primary data cannot be obtained at all. Here, various websites, books and journals are been referred for secondary data.

# **CHAPTER 5**

## **SWOT ANALYSIS OF GST**



## WHAT IS A SWOT ANALYSIS?

As per Wikipedia SWOT analysis (alternatively SWOT matrix) is an acronym for **strengths, weaknesses, opportunities, and threats** and is a structured planning method that evaluates those four elements of an organization, project or business venture. A SWOT analysis can be carried out for a company, product, place, industry, or person.

It involves scanning of the internal and external environment is an important part of the strategic planning process. Environmental factors internal to the firm or Country usually can be classified as strengths (S) or weaknesses (W), and those external to the firm or Country can be classified as opportunities (O) or threats (T). Such an analysis of the strategic environment is referred to as a **SWOT analysis**.



## WHY IS SWOT ANALYSIS DONE?

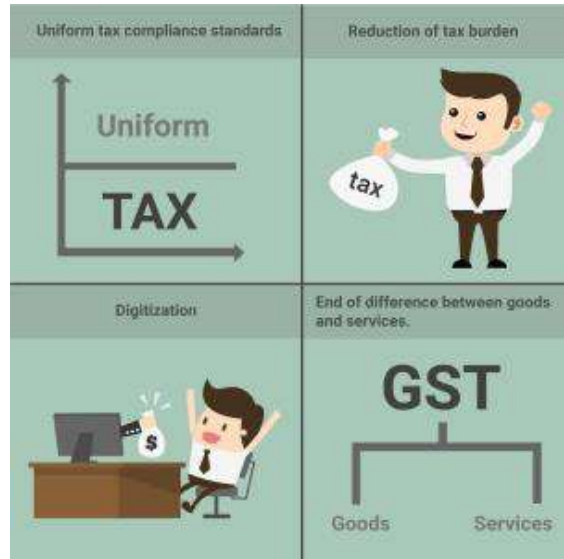
The SWOT analysis provides information that is helpful in matching the resources and capabilities to the competitive environment in which it operates. It helps in analyzing your organization's strengths and weaknesses, and the opportunities and threats that you face. It helps you focus on your strengths, minimize threats, and take the greatest possible advantage of opportunities available to you.

*Through this article I am trying to make a SWOT analysis of the introduction of GST Act in India by the Modi Government. The Goods and Service Tax Bill or GST Bill was introduced to bring reform in the indirect tax regime within India. With the implementation of GST in India, the government is hoping to create a common Indian market and thereby to reduce the cascading effect of tax on the cost of goods and services.*



## **STRENGTHS OF GOODS AND SERVICE TAX IN INDIA**

The strengths in the SWOT analysis are its resources and capabilities that can be used for developing a competitive advantage over others. Some of the Strength of GST Act are



- The GST Tax is applicable on all goods and services except some exempted products mentioned in the exemption list of the Act
- GST will subsume taxes like Central Excise Duty (1944), Central Sales Tax (1956) Service Tax (1994) and a host of state levied taxes including Value Added Tax (VAT)
- It will drop out the cascading effects of tax on production and distribution of goods and services
- Better Compliance and online submission of details would result in less paper work.
- This would eventually lead to more tax revenue GST would be dual taxation system. It would be charged intra-State by Central and State governments. It would be called CGST (Central Goods and Service Tax) and SGST (State Goods and Service Tax) thereby eliminating loss of revenue of states and Central Government

## WEAKNESSES OF GOODS AND SERVICE TAX IN INDIA

The absence of certain strengths are a weakness as per SWOT Analysis.



- The dual model of GST results in complicated billing and reconciliation.
- The system is fully technology driven, but India is a developing country where people are not habitual of technology.
- GST is a subsume of various States and Central taxes but many more are left at the **discretion of State Government.**

## OPPORTUNITIES OF GOODS AND SERVICE TAX IN INDIA

The external environmental analysis may reveal certain new opportunities for profit and growth. Some opportunities include:



- The rates of tax are set at ground level which will help States and Unions to collect more revenue. This will result in Growth of Revenue for State and Central Government
- GST will reduce average tax burden of consumers. They will be certain about their taxes which will reduce evasion of taxes.
- GST can provide the opportunity of Corruption Free Indian Revenue Services. This may help in uprooting the Black money economy and bringing all under traders and Service providers under the Tax regime.
- Low prices of manufactured products
- Increase in GDP
- Increase in export due to price competitiveness

### **THREATS OF GOODS AND SERVICE TAX IN INDIA**

Changes in the external environmental also may present threats to the system. Some of such threats include:

- The mechanism in GST is still complicated, it cannot completely eliminate black money and tax evasion
- Initial Burden on Consumers due to a temporary increase of cost of goods and services
- GSTC (Goods and Service Tax Council) will set the benchmark for resolving the dispute on recommendations of GSTC. It means GSTC will lay down the criteria for GSTC itself. It is against the principle of natural justice.
- GST is not a guarantee in itself that it would not be influenced by political parties and politicians will not use it as a win-loss game.

**CHAPTER 6**  
**DATA ANALYSIS AND**  
**INTERPRETATION**

## **DATA ANALYSIS**

The data collected various respondents have to analysis for the drawing conclusion. So in this chapter efforts have been made to analysis and interpret the collective data on “Goods and Service Tax” through questionnaire.

First of all the collected data have been presented in tabular form and there after it is analyzed with the help of percentage and pie charts.

A brief description of analysis interpretation given below:

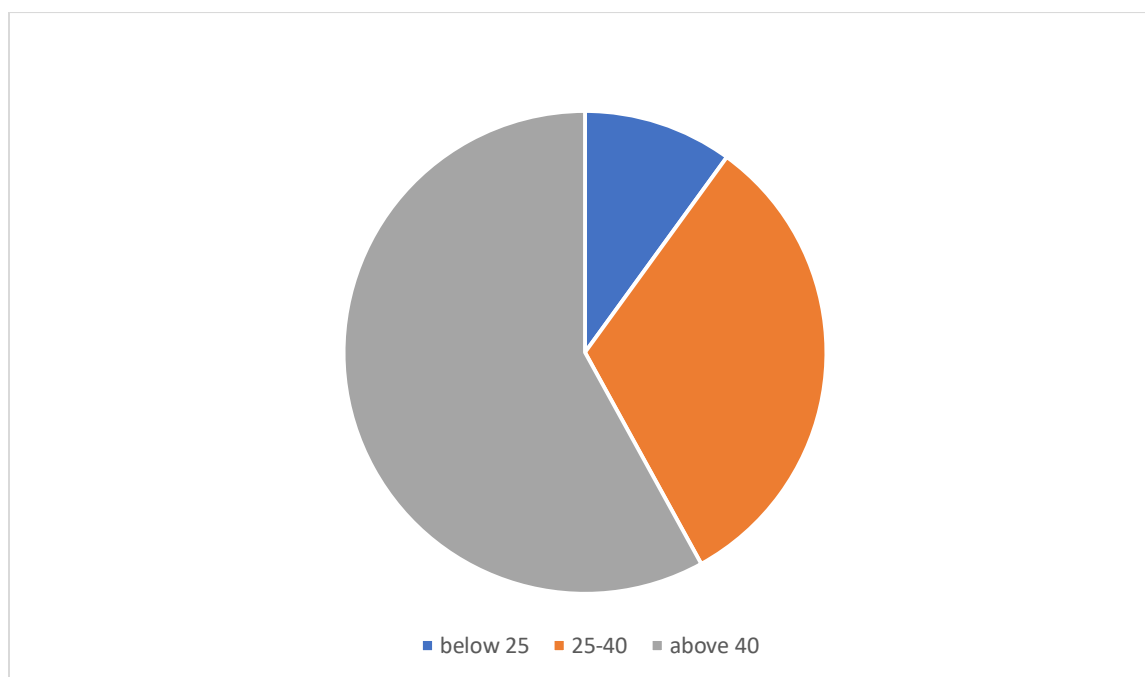
**Table no 01**

The table shows Classification of responds on the basis of age.

Age group	Responds	Percentages (%)
Below 25	5	10
25-40	16	32
Above 40	29	58
Total	50	100

**Figure no 1**

The figure shows classification of respondents on the basis of age.

**Interpretation**

From the above table and figure it is clear that majority of respondents that is 58% are above 40 years where as 32% belongs to 25-40 years are and rest of 10% are below 25 years. Thus it can be concluded that there are majority of the respondents are above 40 years.

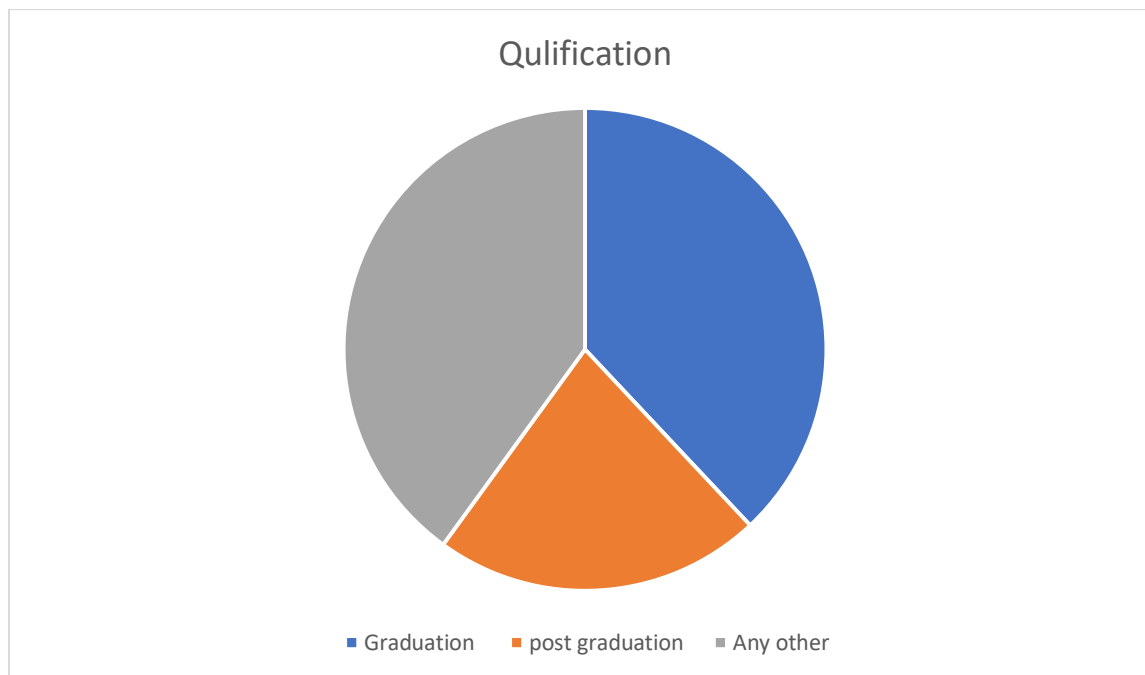
**Table no 02**

The table classification of respondents on the basis of qualification.

Qualification	Responds	Percentage (%)
Graduation	19	38
Post graduation	11	22
Any other metric, secondary and PHD also	20	40
total	50	100

**Figure no 02**

The figure shows classification of respondents on the basis of qualification.

**Interpretation**

From the above table and figure it is depicted that majority of respondents ie 40% are related to high and low background that means other areas, where as 38% are Graduation and 22% are Post Graduate. Thus it can be concluded that majority of the respondents are Concerned Graduation and other Qualification.



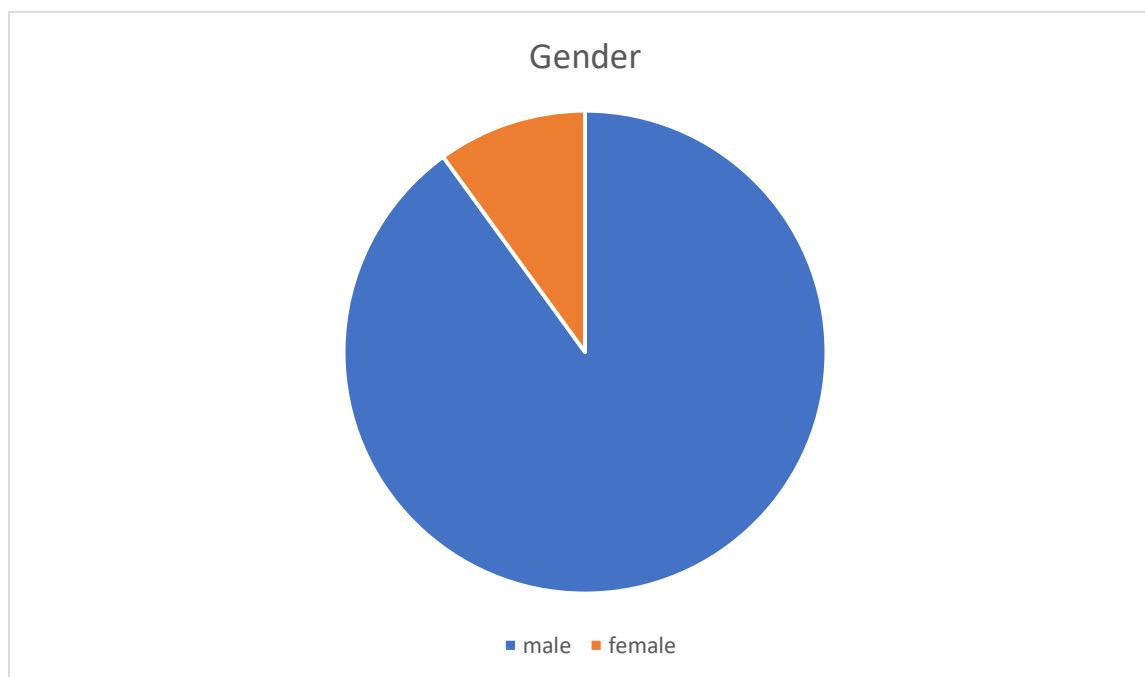
**Table no 03**

Table shows the classification respondents on the basis of gender.

<b>Gender</b>	<b>Responds</b>	<b>Percentage (%)</b>
Male	45	90
Female	5	10
Total	50	100

**Figure no 03**

The figure shows the classification respondents on the basis of gender.

**Interpretation**

From the above table and figures it is show that majority of respondents are Males 90% and Females are 10%. Thus it can be concluded Males are show in high Interest in business activities.

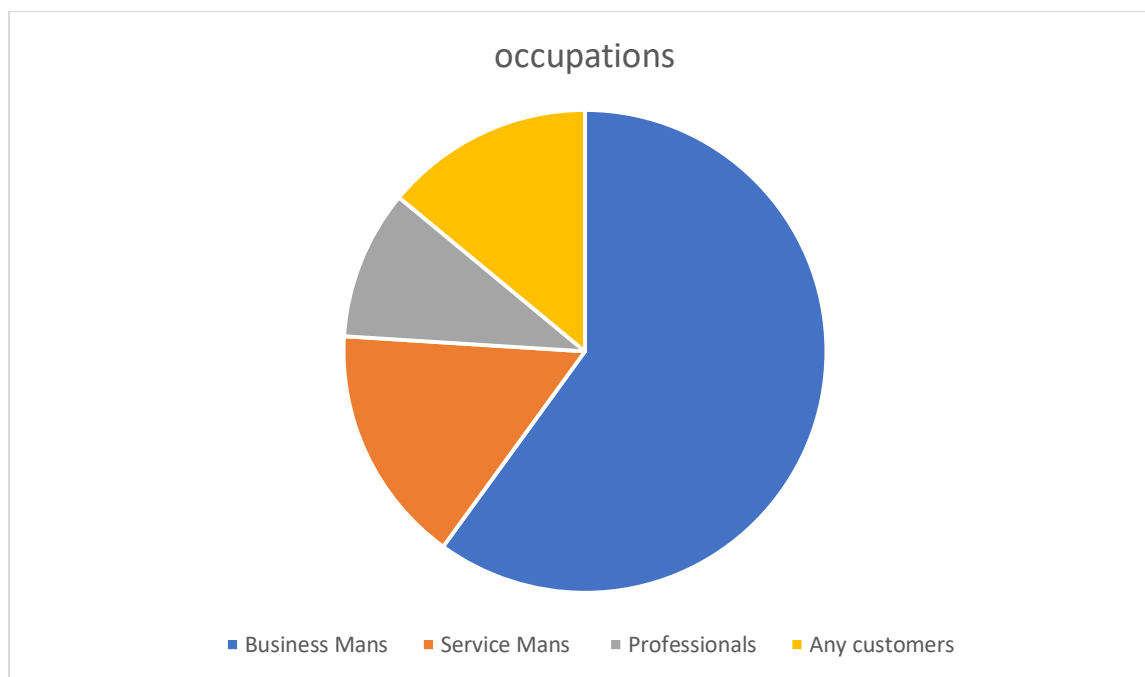
**Table no 04**

The table shows classification of respondents on the basis of occupation.

Occupations	Responds	Percentage (%)
Business Mans	30	60
Service Mans	8	16
Professionals	5	10
Any Customers	7	14
Total	50	100

**Figure no 04**

The figure shows classification of respondents on the basis of occupation.

**Interpretation**

From the above table and figure it is depicted that maximum respondents are businessman and as well as customers are 60 and 14% respectively. Where as Service man and Professionals are 16 and 10 % Respectively. That it can be concluded that majority of the respondents are doing own Business.

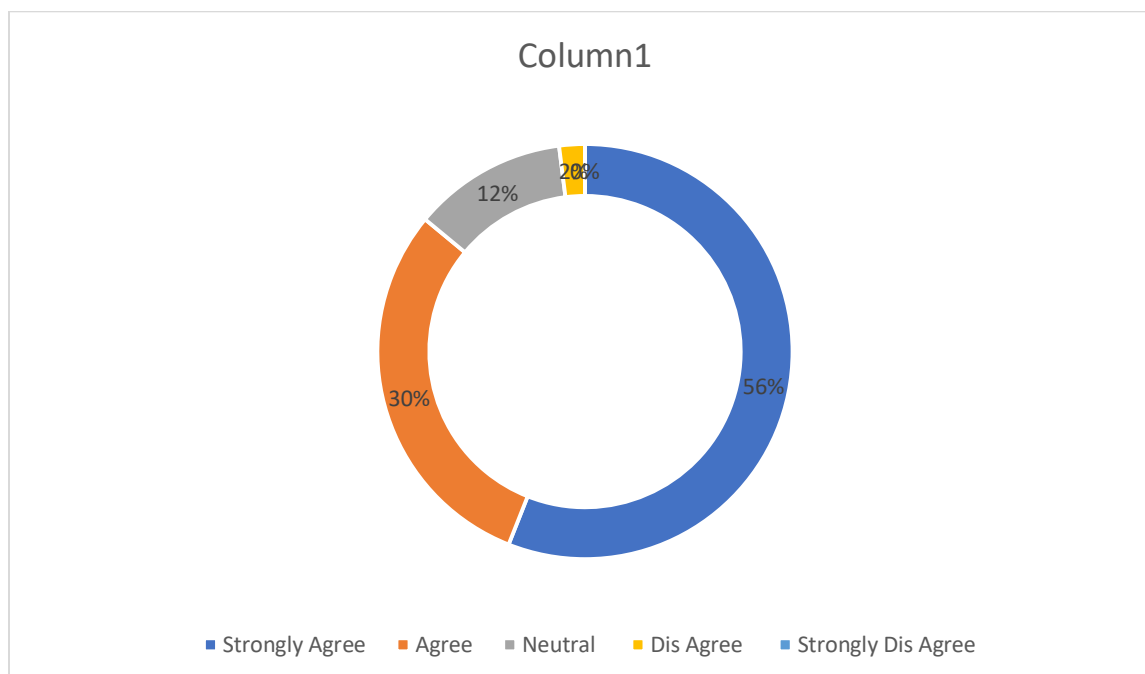
**Table no 05**

The table shows classification of respondents on the basis of their perception regarding GST is a very Good Tax reform for India.

	Responds	Percentages (%)
Strongly Agree	28	56
Agree	15	30
Neutral	6	12
DIS Agree	1	2
Strongly Dis Agree	0	0
Total	50	100

**Figure no 05**

The figure shows classification of respondents on the basis of their perception regarding GST is a very Good Tax reform for India.

**Interpretation**

Above chart depicted that majority of the respondents satisfied with the statement this taxation reform in India is very good 56% respondents are strongly agree with this statement and 30% are agree and also 12% are neutral. Hence it is concluded that majority of the respondents i.e., 56% are strongly agreed and 30% agreed with these statements.

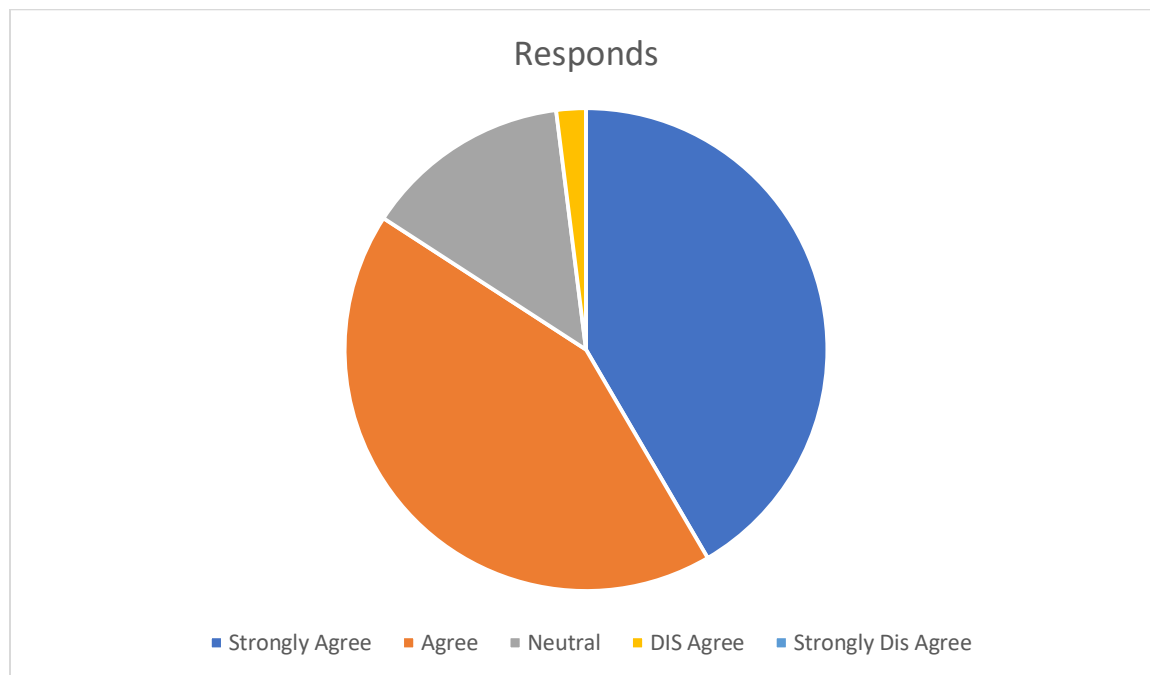
**Table no 06**

The table shows classification of respondents on the basis of perception regarding the GST implementation (GST has increased the various legal formalities.)

	<b>Responds</b>	<b>Percentage (%)</b>
Strongly Agree	21	42
Agree	21	42
Neutral	7	14
DIS Agree	1	2
Strongly Dis Agree	0	0
Total	50	100

**Figure no 06**

The figure shows classification of respondents on the basis of perception regarding the GST implementation (GST has increased the various legal formalities.)

**Interpretation**

Above Chart depicted that majority of the respondents satisfied with the statement after implementation of GST has increased various types of formalities. 42% respondents are strongly agree and also 42 % are Agreed and 14% are also neutral. So it is concluded that majority of the respondents satisfied this statement.

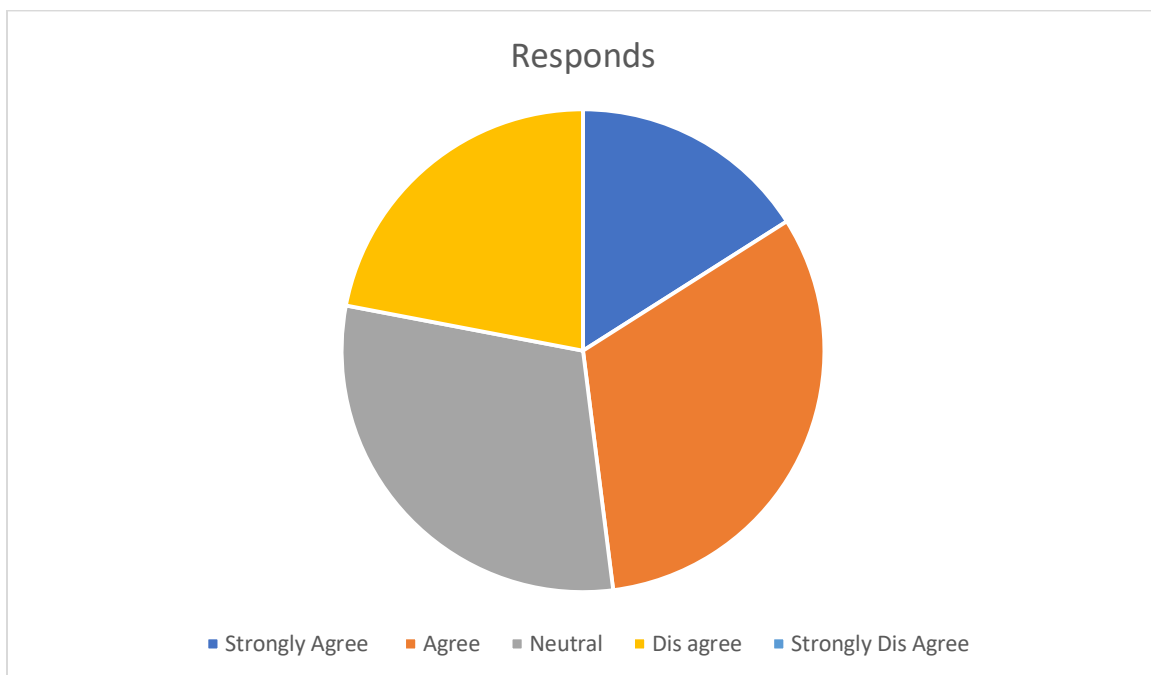
**Table no 07**

The table shows Classification of response on the basis of response of the respondents regarding the statement GST has increased Tax burden on Common Man.

	Responds	Percentage (%)
Strongly Agree	8	16
Agree	16	32
Neutral	15	30
DIS Agree	11	22
Strongly Dis Agree	0	0
Total	50	100

**Figures no 07**

The figures shows Classification of response on the basis of response of the respondents regarding the statement GST has increased Tax burden on Common Man.

**Interpretation**

Interpretation: According to above table , it is shows that majority of the respondents i.e. 32% are agree with this statement and 30% are neutral and also 22% are Dis Agree for this statement. 16% are strongly Agreed. So it is concluded that majority and cum majority peoples are said that GST has increased the burden of Common man.

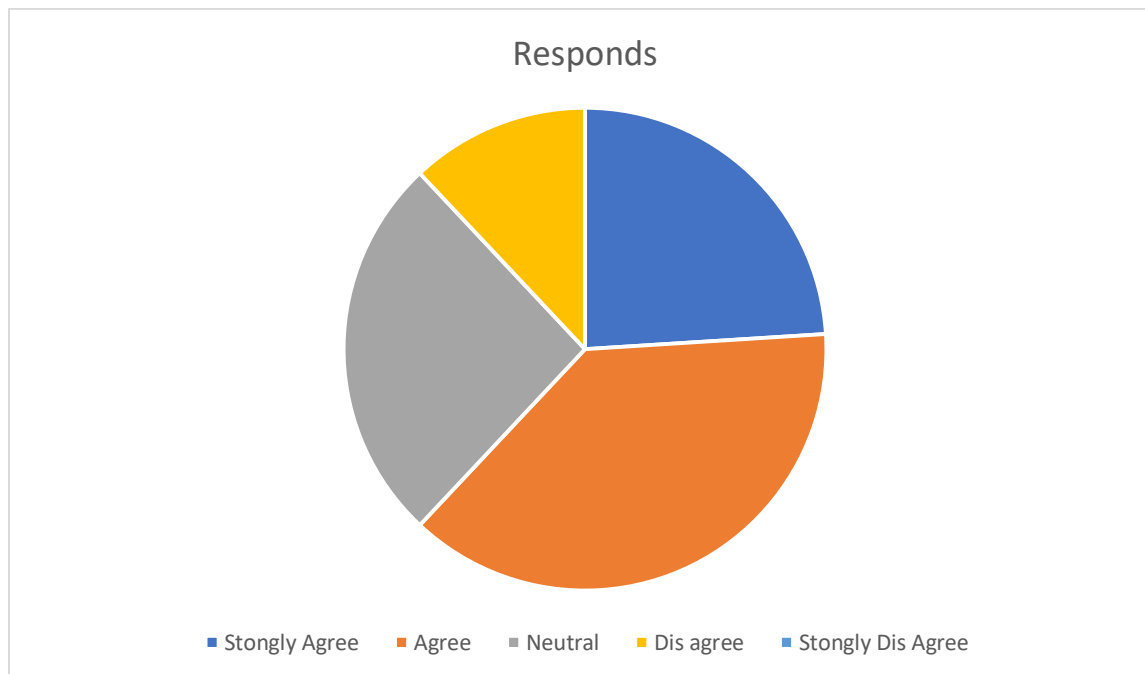
**Table no 08**

The table shows classify the respondents on the basis of their statement GST has increased the Tax burden on Businessman.

	<b>Responds</b>	<b>Percentages (%)</b>
Strongly Agree	12	24
Agree	19	38
Neutral	13	26
DIS Agree	6	12
Strongly Dis Agree	0	0
Total	50	100

**Figure no 08**

The figure shows the respondents on the basis of their statement GST has increased the Tax burden on Businessman.

**Interpretation**

From the above data table and figure show that maximum respondents are represents that GST has increased the tax burden on businessman so 38% respondents are Agree and 24% are strongly agree this statement and also 26 % are neutral but even 12% are Dis Agreed for this statement. Hence , is concluded that maximum results are positive nature for this statement.

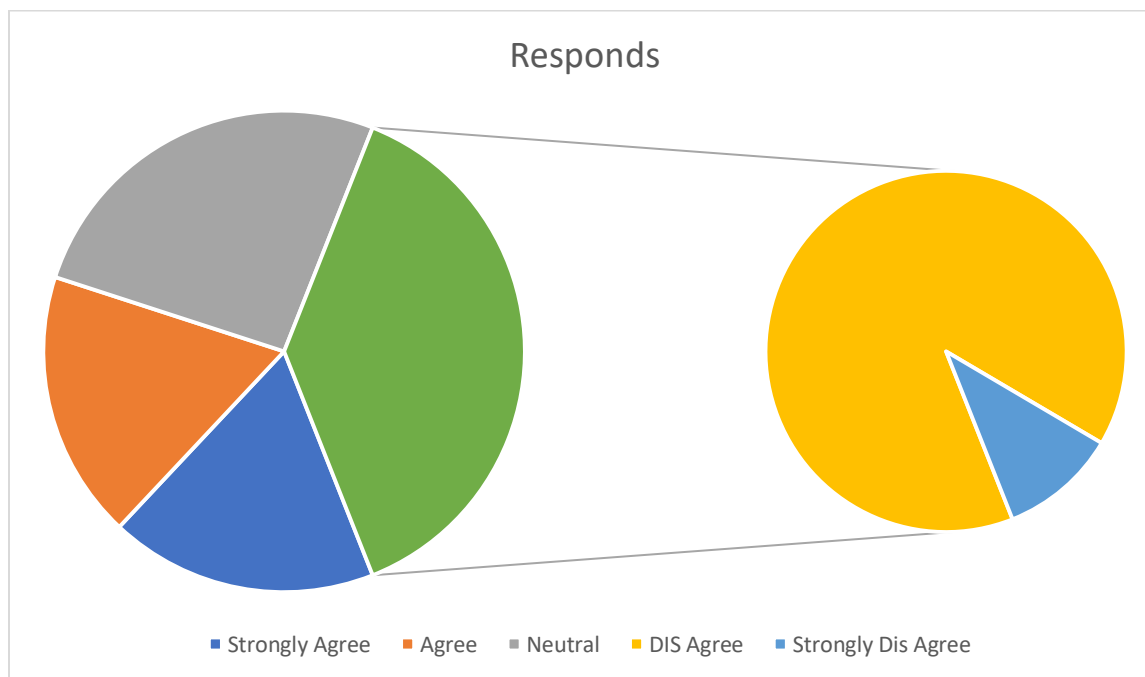
**Table no 09**

The table shows classify the respondents on the basis of their response towards the statement The newly implemented Goods and Service tax confused the customers.

	<b>Responds</b>	<b>Percentages (%)</b>
Strongly Agree	9	18
Agree	9	18
Neutral	13	26
DIS Agree	17	34
Strongly Dis Agree	2	4
Total	50	100

**Figure no 09**

The figure shows classify the respondents on the basis of their response towards the statement The newly implemented Goods and Service tax confused the customers.

**Interpretation**

Above Figure depicted that 18% respondents responds Strongly Agree and Agreed regarding statement GST confused customers. 26% are neutral regarding this and maximum respondents respond 34% and another 4% are Dis agreed with this statement, Hence it is concluded that customers has no confusion for GST implementation and overall maximum result for this analysis may negative. And less than positive also

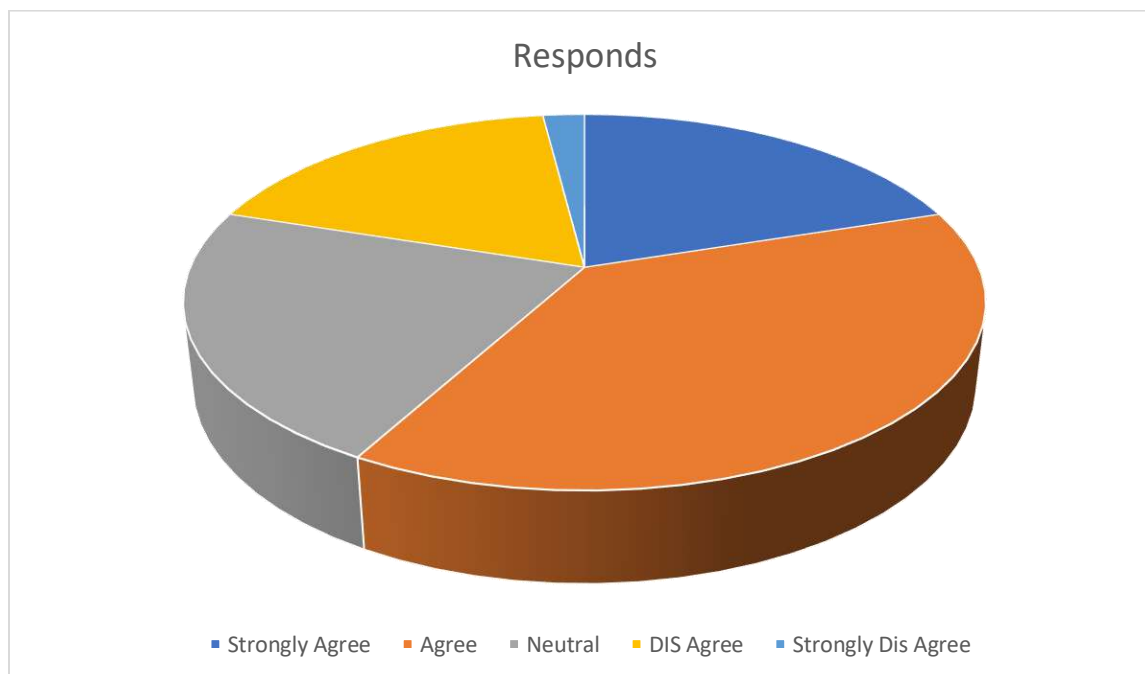
**Table no 10**

The table shows classify the respondents on the basis of their response towards the statement The GST system government to collect revenue to manage an economy.

	<b>Responds</b>	<b>Percentages (%)</b>
Strongly Agree	10	20
Agree	19	38
Neutral	11	22
DIS Agree	9	18
Strongly Dis Agree	1	2
Total	50	100

**Figure no 10**

The figure shows classify the respondents on the basis of their response towards the statement The GST system government to collect revenue to manage an economy.

**Interpretation**

From the above table and Figure represents that 38% respondents are strongly Agree and 20% respondents are Agree with the statement The GST system is away for the govt. to collect revenue to manage an economy Further 22% respondents neutral and also 18% are Dis Agree with this statement. Hence it is concluded that the results are this statement are Positive and show the positive good.



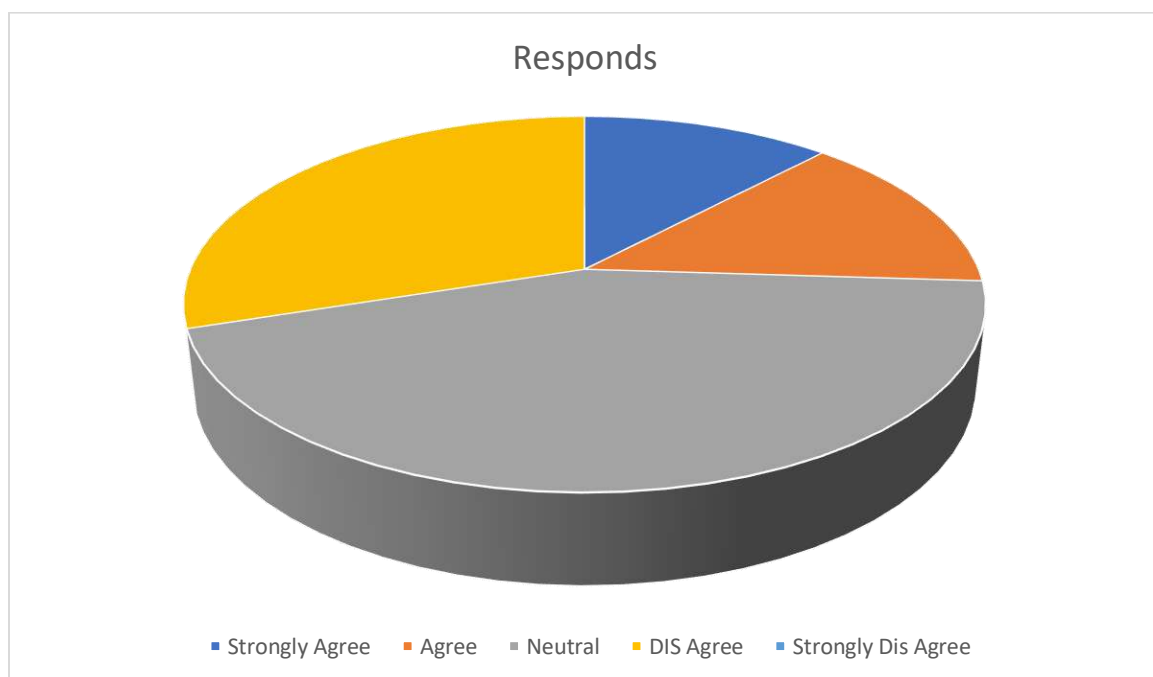
**Table no 11**

The table shows classify the respondents on the basis of their response towards the The sentence and wording in the GST guide is Lengthy and not user friendly.

	<b>Responds</b>	<b>Percentages (%)</b>
Strongly Agree	6	12
Agree	7	14
Neutral	22	44
DIS Agree	15	30
Strongly Dis Agree	0	0
Total	50	100

**Figure no 11**

The figure shows classify the respondents on the basis of their response towards the The sentence and wording in the GST guide is Lengthy and not.

**Interpretation**

According to above table shows that 44% respondents are respond to Neutral Stage and 12% and 14% are strongly agree and Agreed respectively . But the 30% respondents are respond in Dis Agree or against in this statement are The sentences and wording are GST guide is lengthy and not Luser friendly. Hence, it is concluded that the results are these statement are maximum positive.

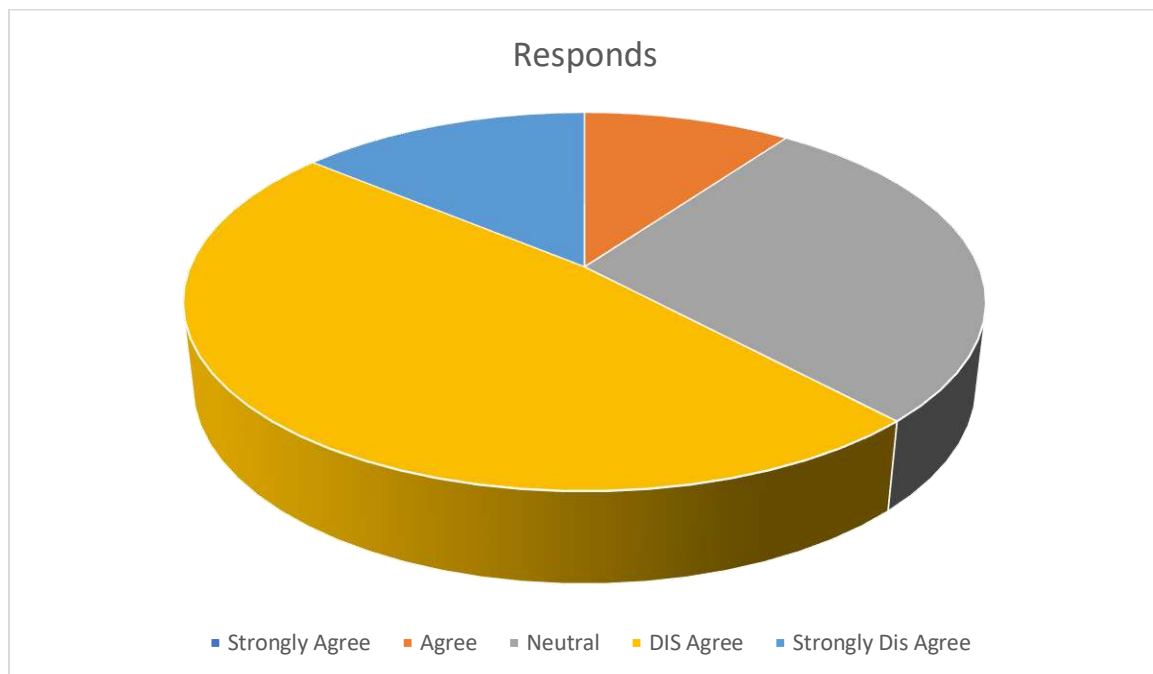
**Table no 12**

The table shows classify the respondents on the basis of their response towards the statement are GST encourage individuals to save part of their Income.

	<b>Responds</b>	<b>Percentages (%)</b>
Strongly Agree	0	0
Agree	5	10
Neutral	14	28
DIS Agree	24	48
Strongly Dis Agree	7	14
Total	50	100

**Figure no 12**

The figure shows classify the respondents on the basis of their response towards the statement are GST encourage individuals to save part of their Income.

**Interpretation**

Above figure shows that majority of the responds i.e 48% respondents Dis Agreed with this Statement and Strongly Dis Agree with the statement of GST encourage individuals to save part of their income. And 28 % respondents are neutral and 10% also Agree with this statement. Hence it is concluded that the maximum respondents are respond in Dis Agreed and result are show in very negative.

**CHAPTER 7**  
**FINDINGS, CONCLUSION AND**  
**LIMITATIONS**

## **FINDINGS OF THE STUDY**

After Analysis and Interpretation of the data these are followings findings were emerged:

- Most of the respondents are Male.
- Majority of the respondents i.e. 58 % comes under the age group above 40 years are comes under 25- 40 years.
- More than 60% respondents are related to Businessman category.
- 56% respondents are that opinion GST is very good tax reform for India and it is t point of the taxation system.
- majority of the respondents satisfied with the statement after implementation of GST has increased various types of formalities 42% respondents are strongly agree.
- Represents that 38% respondents are strongly Agree and 20% respondents are Agree with the statement The GST system is away for the govt. to collect revenue to manage an economy re this statement are Positive and show the positive good.
- That maximum respondents are represents that GST has increased the tax burden on businessman so 38% respondents are Agree and 24% are strongly agree this statement. Hence , is concluded that maximum results are positive nature for this statement.
- Concluded that customers has no confusion for GST implementation and overall maximum result for this analysis may negative. And less than positive also.
- Represents that 38% respondents are strongly Agree and 20% respondents are Agree with the statement The GST system is away for the govt. to collect revenue to manage an economy Hence it is concluded that the results are this statement are Positive and show the positive good.

## **CONCLUSION**

Study highlighted the overall overview of GST. The Government to put in more effort to ensure that Consumers have a clear understanding and develop a positive perception towards leading acceptance. Good understanding among customers is important as it can generate a positive perception towards the taxation policy Custom Department could initiate and promote an extensive publicity program mes which could help to create awareness and generate positive perception among customers in understanding the rationale and importance of GST in India.

# **CHAPTER 8**

# **SUGGESTIONS**

## **SUGGESTIONS**

- The customers suggested that there should be a smooth, transparent and simple transition provisions which is easily understandable.
- Special focus on awareness and training of all officers, professionals and assesses should be given on GST.
- Since the public are very clear about GST, any disputes on GST introduction should be protectively addressed by way of speedy redress.
- The people are not well informed on the implementation of the GST. Therefore in order ensure efficient implementation of the GST, the Government should come out with a proper guideline to the society on the procedures for the implementations of GST.
- Gradual stages may be employed for the implementation like the agricultural sector, then industrial and then the service sector.
- The relevant authorities especially the customers department must work closely with other departments like information, Inland Revenue and other enforcement authority ensure good implementation.
- Lastly, the government must ensure a good management of the income collected from the GST.

# **CHAPTER 9**

# **BIBLIOGRAPHY**



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- [www.slideshare.net](http://www.slideshare.net)
- Published articles.
- Research papers.
- Relevant papers, newspapers and magazine.

## **BOOKS**

1. GST guide for students: Making GST- Good and Simple Tax

Publisher: Neelam Book House

Author: CA Vivek KR Agarwal

2. Goods and Services Tax law book for students

Publishing date: 28 February 2021

Author: Shubham Jain

3. GST for the Layman: How it impacts your daily life

Publishing house: Bloomsbury India

Author: CA Apeksha Solanki

# **CHAPTER 10**

# **APPENDICES**

## QUESTIONNAIRE

Name : \_\_\_\_\_

Date: \_\_\_\_\_

- 1) Age?
  - a) Below 25
  - b) 25-40
  - c) Above 40
  
- 2) Qualification?
  - a) Graduation
  - b) Post graduation
  - c) Any other
  
- 3) Gender?
  - a) Male
  - b) Female
  
- 4) Occupations?
  - a) Business Mans
  - b) Service Mans
  - c) Professionals
  - d) Any Customers
  
- 5) GST is a very good tax reforms for India?
  - a) Strongly Agree
  - b) Agree
  - c) Neutral
  - d) DIS Agree
  - e) Strongly Dis Agree
  
- 6) GST has increased the various legal formalities?
  - a) Strongly Agree
  - b) Agree
  - c) Neutral
  - d) DIS Agree
  - e) Strongly Dis Agree

- 7) GST has increased the tax burden on common man?
- a) Strongly Agree
  - b) Agree
  - c) Neutral
  - d) DIS Agree
  - e) Strongly Dis Agree
- 8) GST has increased the tax burden on businessman?
- a) Strongly Agree
  - b) Agree
  - c) Neutral
  - d) DIS Agree
  - e) Strongly Dis Agree
- 9) The newly implemented Goods and Service tax confused the customers?
- a) Strongly Agree
  - b) Agree
  - c) Neutral
  - d) DIS Agree
  - e) Strongly Dis Agree
- 10) The GST system government to collect revenue to manage an economy?
- a) Strongly Agree
  - b) Agree
  - c) Neutral
  - d) DIS Agree
  - e) Strongly Dis Agree
- 11) The GST guide is Lengthy and not user friendly?
- a) Strongly Agree
  - b) Agree
  - c) Neutral
  - d) DIS Agree
  - e) Strongly Dis Agree

12) GST encourage individuals to save part of their Income?

- a) Strongly Agree
- b) Agree
- c) Neutral
- d) DIS Agree
- e) Strongly Dis Agree