

GST

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Introduction

Goods and services tax is a indirect tax levied on goods and services.

Gst is a single tax on the supply of goods and services.

Gst improve overall economic growth of the nation.

Gst is a comprehensive indirect tax levy on manufacture, sales and consumption of goods as well as service at the national level.

Gst is an indirect tax which was introduced in India on 1st July 2017 & was applicable throughout India which replaced multiple cascading taxes levied by the central and state governments.

It was introduced as the constitution 101 amendment act 2017.

Definition

GST is a value added tax levied on most goods and services sold for domestic consumption. The GST is paid by consumers, but it is remitted to the government by the businesses selling the goods and services.

Advantages

1. Simplify/single market

It is structured to simplify the indirect system by removing multiple taxes. It creates India as a single market.

2. Same rates

It taxes goods and services at the same rates so many disputes are eliminated on tax matter.

3. Uniform accounting

The procedural cost is reduced due to uniform accounting namely CGST, SGST, IGST have to be maintained for all type of taxes.

4.Reduce corruption

It is aimed at reducing corruption and sales without receipts,

5,Reduce compliance

GST reduces the need for small companies to comply with excise service tax and VAT,

6.To increase GDP

It points towards a positive impact on India's GDP. It expected to increase by at least 80% with in the next couple of years,

7. Removes cascading effect

Under the current GST regime, the final tax is to be paid by the consumer over purchase of goods and services.

8. Ease of doing business

With online GST processes from registration to return filing, indirect tax compliance has been reduced.

9. Regulates unorganized sector under GST

With transport GST mechanism, unorganized sectors can be efficiently regulated.

Disadvantages

I. Dual control

There will be dual control on every business by central and state government.

2. Difficult

All credit will be available from online connectivities with GST network. Hence, small businesses may find it difficult to this system.

3. Autonomy

States may lose autonomy to change their tax rates.

4.Lose big revenue

Manufacturing states would lose big revenue.

5.VAT & Service tax

VAT & Service tax on some products may be come higher than the current level.

6.Expensive

Businesses are required to update their existing accounting software to gst software,

7.No GST charged on petroleum products

The GST council excludes petrol and petroleum products under its administration. These products attracts other taxes such as central excise duty and VAT levied by states.

8. Training of TAX officers

Inadequate training is provided to the government officers for practical usage of GST software and system.



Thank You!