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Role of Goods And Services Tax (GST) Council : A Perspective

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Abstract

This article enlightens the role of Goods and Services Tax (GST) Council for the efficient management of GST in India. Attempt was made to understand the policy effectiveness of GST Council and effects made towards new indirect tax structure. It enables the reader to analysis the performance GST Council. The GST Council estimates economic environment and formulate the policy. The article also covers the features of GST system in India. GST Council is the statutory body which plan, estimates the challenges in the implementation of the GST and suggests the ways to overcome it. GST Council has the powers to modify, reconcile law relating to the better implementation of the GST. Article 279A (4) specifies that the GST Council will make recommendations to the Central and the States government on the issues related to GST. GST Council has powers to change in tax rates, place of supply of goods and services and limits of turnover. It is attempted to analyses efforts of GST Council as a key decision making body. GST Council empowered to determination of GST regulations and rules. GST Council acts to make GST as a simple and suitable tax structure in India which assists faster economic development.

Key Words: Goods and Services Tax (GST), GST Council, GSTCirculars and Notifications

1. Introduction

Goods and Services Tax (GST) is an indirect tax which concerned to the supply of goods and services. It is the amalgamation of the different indirect tax laws that previously existed in Indian tax structure. The main object of the enforcement of GST in India is to rebuild one nation one tax for goods and services. The GST Act implemented from 1st July, 2017. The implementation of this act is a historical movement. Various countries passed GST Act to familiar with word accepted taxation system. It assist to boost world trade and economic beneficent to the country. GST helped to develop one unified common market in India. The enforcement of GST results on the cost of goods and services rendered. Indian goods and services are becoming more competitive in international level. GST is levied on value addition of goods and services. GST levied at every point of sale of goods and services. India is a tax driven economy. Tax is levied on income from salaries, income from house property, income from business and profession and income from other sources. In GST regime tax is imposed on goods and services under a single head. In 2017, Parliament and the President assent four Bills concerned to the GST which includes Central GST Bill, Integrated GST Bill, Union Territory GST Bill and GST (Compensation to States) Bill. Before implementation of GST Act there are different tax laws of Union and States regarding to sale of goods and services in India. GST insure similar tax regime to the rest of the countries. GST Council is a changing mechanism in GST tax. The aim of the GST is to reduce tax burden on the society and increase the number tax payers in India. It assists to prevent black money in the Indian economy. The revenue generated from the GST is shared between Union and States.

2. Review of Literature

Goutam Bhattacharya (2017)^[1] concluded in his research paper that consumption and productions of goods and services is undoubtedly increasing and because of multiplicity of taxes in current tax regime administrative nature. Although this sector enjoys different exemptions and concessions as it is important on national front. With the implication of GST the multiplicity of taxes will be removed and it would increase the tax base with continuation of exemptions and concessions for national interest and growth.

Anand Nayyar & Inderpal Singh (2018)^[2] they sum up that GST will give India a clear and transparent taxation system, but it is also surrounded by various challenges. There is need for more analytical based research for successful implementation.

Suresh Kumar Dhameja & et.al (2016)^[3] they reported that the Goods and Services Tax will indeed be a further significant improvement towards a comprehensive indirect tax reforms in the country. Integration of goods and services taxation would give India a world class tax system and improve tax collections. It would end distortions of differential treatments of manufacturing and service sector.

B.Mitra Priya (2017)^[4] studied that GST has the potential to boost GDP, broaden tax base and attract foreign investment and pave way to promote-Make in India ultimately creating ample of job opportunities. Hence GST is a significant game changer for India's economic growth.

Atul Bansal, (2017)^[5] explained that GST is the most logical steps towards the comprehensive indirect tax reform in our country since independence. GST is likely to improve tax collections and Boost India's economic development by breaking tax barriers between States and integrating India through a uniform tax rate. GST will be a revolutionary step in the field of indirect taxation reform in India.

3. Methodology

3.1 Objectives of the Study

1. To find out the role of Goods and Services Tax (GST) Council for the management of GST in India.
2. Identify the challenges in the implementation of GST in India.
3. To suggest the remedies for efficient management of GST.
4. To provide additional information for further research on GST.

3.2 Hypothesis

i. Alternate Hypothesis

Goods and Services Tax (GST) Council had taken positive decisions for better administration of GST in India.

ii. Null Hypothesis

Goods and Services Tax (GST) Council had not taken positive decisions for better administration of GST in India.

3.3 Research Design

3.3.1 Scope of the Study

This paper concerned to role of the GST Council in management of the GST rules. It is attempted to understand the functions of GST Council regarding to modify, reconcile any law or regulation of GST in India. After implementation of GST what are the challenges faced by the GST Council and what remedies and rules are made by the GST Council for efficient management of GST act were studied. What are the environmental factors such as financial, industrial policy, social, political and creation of employment opportunities effects on the policy formulation of GST Council were studied. The present study assists to understand the indirect taxation system in India. The Good and Services Tax Council efforts relating to rate revisions restructure of GST and simplification of GST return system.

3.3.2 Limitations of the Study

The present study is concerned to the role of Goods and Services Tax (GST) Council of India. Attempt was made to understand the how the GST Council decisions are changing according to the economic environment. This paper is in descriptive nature.

3.3.3 Source of Data

For the study of Goods and Services Tax (GST) Council of India following sources of collection of information were used.

3.3.3.1 Primary Data

The following techniques were used for the collection of primary data.

i) Discussions : Discussions were made with the GST payers. It is attempted to understand the problems of online filing, knowledge about GST structure, framework of tax dispute, the mechanism of input credit under GST and difficulties faced in GST transactions.

ii) Personal Visits: Personal visits were arranged for the observations and investigations of GST transactions with traders, customers and tax consultants.

3.3.3.2 Secondary Data

Secondary data were collected through the following sources which are most useful to the researcher to collect secondary data.

- i. Government publications.
- ii. Published reports and survey concerned to GST.
- iii. Published sources collected from journals, books, periodicals and newspapers.
- iv. Web sites related to GST.

3.3.4 Expected contribution of the study

- i. The study enlightens the role of the Goods and Services Tax (GST) Council of India.
- ii. The study assists for the policy formulation for the efficient administration of GST in India.

4. Discussions

GST is one of the biggest tax reforms in India. The main aim of GST is one tax, one market in one nation. The role of Goods and Services Tax (GST) Council is remarkable in the formulation of GST policy. Goods and Services Tax (GST) Council is a key decision making body which is formulated according to the constitution of India. It acts as a path developer for indirect taxes in India. GST assists for the unified tax regime in India. From 1st April, 2019 new GST rates were applied for sale of goods. If a business has a turnover exceeds Rs. 40 lakhs per year are required to register for GST. For the North- Eastern States the GST registration limit is Rs. 20 lakhs. The changes were proposed in the 32nd GST Council Meeting held on 10th January 2019. Service provider's turnover exceeds 20 lakhs per year and special Category States Rs. 10 lakhs is compulsory for registration of GST. Trader who would like to get input tax credit should require to registration for GST voluntary. The GST Council shoulder the responsibility to determination of tax rates, fixation of date of forms to be filled by GST payers and rules and provisions concerned to the GST for maintaining simple and effective tax structure in India. According to the Article of the Constitution of India GST Council consists The Union Finance Minister as a Chairperson, the Union Minister of State will be in charge of Revenue of Finance as a member and The Minister in charge of finance of each State government act as members. The Secretary Revenue department of the Central government is appointed as the Ex-officio Secretary to the GST Council. Article 279A (4) empowered the GST Council to recommend Central and States government regarding GST issues. Total gross GST revenue collected in the month of July, 2019 was Rs. 1,02,083 crore and in the month of December, 2019 it was Rs. 1,03,492 crore. Last GST Council meeting was held on 18 December 2019 and total thirty eight GST Council meetings were held. The 38th meeting of the GST Council, input tax credit will not exceed 10 per cent of the eligible credit available in respect of invoices or debit notes uploaded by the suppliers. In 37th GST Council Meeting 23 agenda items are kept for the discussion. 36th GST Council meeting major decision concerned to reduction of tax rate from 12% to 5% for electronic vehicles. 35th GST Council meeting decision taken to introduce Aadhaar enabled GST registration and e-invoicing to start from January 2020. 34th GST Council centered on the applicability of tax rates for under construction housing projects and 5% tax rate apply for residential property. GST strengthen to regulate the unorganized sector and increase the tax base. A registered person, unregistered person or transporter can generate away bill for the movement of goods value exceeds Rs. 50000 and helps to prevent corruption. Application of data analytics and artificial intelligence to analyses the transactions by the GST administration helps to prevent tax evasion. Proper awareness programme of GST helped to positive response from the businessman. The role of GST Council in the administration of GST is remarkable.

5. Conclusion

The role of GST Council assists for the development of simple tax structure. After implementation GST revenue of the government is increasing and manufacturers and sellers are charging competitive price of goods and services. GST helps to boost the export. Inter- states of movements of goods transactions are increasing. It is a simple way to ease of doing business. Goods and Services Tax (GST) Council had taken positive policy decisions for better administration of GST in India which results to increase the revenue of the government. After implementation of GST multiple layers of taxation system is abolished. The success of the GST depends on various economic environmental factors. It is essential to eliminate the GST leakages.

Appropriate steps are required to prevent corruption in the fixing of prices and fake invoices. It is essential to strengthen quick and justified grievance redress system established at Union and State level. GST model must be familiar to all stakeholders. It is essential to develop efficient GST portal. Proper training programme to the GST administrative staff is essential. The tax rate of GST is required to reduce for the encouraging ethical transactions of goods and services. It is expected to introduce one GST tax rate for all types of goods and services in India for good and simple GST structure.

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