



GOODS AND SERVICES TAX (GST): A NEW TAX REFORM IN INDIA

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ABSTRACT

One of the most debated topics at present is definitely Goods and Services Tax (GST). GST is levied on supply of goods or services or both at each stage of supply chain starting for manufacture or import and till the last retail level. With India being a federal set up where both the Central and State Government have independent powers of taxation. GST brings most traders in to the tax net, makes movement of commodities freer in the country and attracts foreign investors with a unified market with a single tax. With the implementation of GST, the tax GDP ratio is expected to increase to 16% from current 10%. Further with the implementation of GST on 1st July, 2018 India joins the league of over 160 countries including Germany, Italy, UK, South Korea, Japan, Canada, Australia, Russia, China, Singapore and Malaysia to address the problem of tax evasion. The introduction of GST in India is a big step in the direction of improving the country's ranking in the ease of doing business. Currently, India is placed at a low of 130th position out of 190 countries in the World Bank's Doing Business Report, 2017. Among other benefits, GST is expected to improve the ease of doing business, in tax compliance, reduce the tax burden by eliminating tax on tax, improve tax administration, mitigate tax evasion, broaden the organised segment of the economy and boost tax revenues for the exchequer. Being the single best tax reform undertaken by the Government in 70 years of Independence coining the concept of 'One - Nation, One - Market, One - Tax', GST has put forth a number of challenges and myriad problems for the overall growth and development of Indian economy.

It is in the above perspective; this paper highlights the background, history, objectives and the challenges of GST in the present tax scenario in India. The paper further explores various advantages of GST in India. Finally, the paper examines and draws out a conclusion with some pragmatic suggestions for smooth functioning of GST for achieving the overall growth and development in the Indian economy.

KEYWORDS: GST, Tax Evasion, GDP, Taxation, Single Tax, Tax Burden, One - Nation, One - Market, One - Tax.

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