

# A STUDY OF GOODS AND SERVICE TAX (GST) LAW IN INDIA: FEATURES AND ADVANTAGES

\* Dr. Nitin Lasta

\*\* Malkiat Singh

\* Associate Professor, School of Law, Maharaja Agrasen University, Baddi, Solan, (H.P.)

\*\* Ph.D Research Scholar, School of Law, Maharaja Agrasen University, Baddi, Solan, (H.P.)

## Abstract

*In the globe, the role of taxation is playing a crucial and significant role in the economic development and public welfare policies to obtain the goal of any country of Government. The object of rule in the public has been changed by the passage of time and at present; the main object of the Government of every country is the economic development and provide the basic need to the people of the inhabitants. India is a democratic country, it is natural phenomena that the object of the Government has also changed for economic development and welfare of the public in the country. The concept of tax has not been new. It is an old as the World old. The tax is known by the different name in the different era of the World. The classification of the tax can be two type i.e. direct tax and indirect tax. Both are equally important for the economy of the country. Being a democratic country and nature of the Constitution of the country, indirect tax can be imposed by the Center and State Governments. At the time of independence, the form of tax has been changed many times and new tax has been imposed by the both Governments. The indirect tax is primarily deal with the goods and services. The tax on goods was imposed before the independence of the country and tax on services has been enacted in the year 1994 in form of Service Tax. Before the year 2017, there was mainly two tax regime one deal with the tax on goods and other deal with the tax on services. The tax on goods was enacted and regulated by the State Government and the other service tax was regulated and controlled by the Central Government. In our country, since independence, the process of reform of taxation has been initiated by the Center and State Government. The first reform was come into the force in the year 2005 by implementation of Value Added Tax and the provision of input tax credit on purchase of the goods has been introduced and in the service tax, the provision of input tax credit, rule has been framed in the year of 2002 by introducing the SENVAT Rules. With the changes in the economic system and trades, there is need of updation of indirect tax system in the country. In our country, the process of reform and unification of tax was started before two decades and after the long journey, the country has able to implement the Goods and Service Tax in a unified manner in the country and taken all updation of taxation with compare to the World. The Government of India has promised several times to implement the Goods and Service*

*Tax but the dream was come into true in the year 2017 and the Government has able to implement the Central Goods and Service Tax Act along with other Acts in form of Federal system w.e.f. 1<sup>st</sup> July, 2017. This research paper made an attempt to explain the meaning, history, features and advantages of Goods and Service Tax, which is implement by removing the all deficiencies in the previous tax system.*

**Keywords:** *Goods, Services, Goods and Service Tax, Development of Goods and Service Tax, Features and Benefits of GST.*

## **Introduction**

The Goods and Service Tax has been implemented by the Center and State Government in the whole country. Before the implementation of The Goods and Service Tax in the country, the Center Government has made the amendment in the Constitution of India in several Articles related to the enactment and meaning of the Central and State tax in the country. The Parliament of India has brought a 122<sup>nd</sup> Constitution Amendment Bill in the year 2014, which is latterly known as the Constitution Amendment (One Hundred and First Amendment) Act, 2016<sup>1</sup>. According to this amendment, the Article 366 of the Constitution has been changed and added clause (12A) “Goods and Service Tax means any tax on supply of goods or services or both except taxes on supply of alcoholic liquor for human consumption and clause (26A) or (26B) has also been inserted in this Article. The Article 246A has newly inserted by the Parliament of the country. Articles 248, 249, 250, 265 or 268, 269 have amended and new Article 269A has inserted for levy and collection of Goods and Service Tax in course of inter-State trade or commerce. Article 270 has been amended and 279A has been newly inserted in the Constitution of India. In the country, the indirect tax system has been changed in the year 2005 by replacing the General Goods Sales Tax in Value Added Tax Act and other changes have also been made. The Goods and Service Tax Act has been introduced in the year 2017 by amending the Constitution of India. In the World, goods and tax system has already been introduced by the majority of the country of the World. The first country, who was introduced the Goods and Service Tax first in the World was France in the year 1954 and after that many countries have introduced Goods and Service Tax system after the introduction of the GST in the France. With the passage of time, 164 countries in the World have adopted the Goods and Service Tax system to increase and rationalize the tax in the country. After implementation of Goods and Service Tax, all the indirect tax system in the country enacted by the Center and State Governments have been replaced by one tax one nation and one market. The other countries in the World have implemented the Goods and Service Tax i.e. Canada, Australia, Brazil, New Zealand, Hong

<sup>1</sup> The Act received the assent of the President of India on the 8<sup>th</sup> September, 2016 and published in gazette of India. Extraordinary Part-II, dated 8<sup>th</sup> September, 2016

Kong, Singapore etc. In our country, there is federal and democratic system and indirect tax has implemented in a dual manner by Center and State Government. The Canada is the country in the World, who has also adopted the same Goods and Service Tax as our country has implemented.

### **Objectives of the Study**

The objectives of the study in research paper are as under-

- a) To evaluate the development of GST in India;
- b) To understand the Constitutional Amendment relating to GST;
- c) To know about the features and advantages of GST;

### **Research Methodology**

This is a conceptual framework, research; the entire source of collection of data is secondary that includes Government website, various journals and articles, publication and other papers regarding the study of GST. Research on the topic is legal and the methodology is doctrinal.

### **Development of Goods and Service Tax Laws in India**

The development of Goods and Service Tax has been started before three decades in the country. It was a long process to give the effect of the Goods and Service Tax. The aim of Government for starting the process of Goods and Service Tax was that there should be rationalization, harmonization, and uniformity and developed the infrastructure without any hassle of inter-State and inter-National trade. The idea was first noted by the Vijay Kelkar in the Kelkar Task Force was constituted in the year 2004 and this Committee has submitted the report on the Goods and Service Tax. The Central Government has constituted in the year 2008 Empowered Committee of the State of Finance Ministers for preparing a Model Road Map for Goods and Service Tax in India, the Department of Economic Affairs, Ministry of Finance, Government of India has prepared a guidelines of GST reforms and inter-Government Consideration in the India in the year 2009 and also constituted a Empowered Committee of State Finance Minister discussion on first paper on Goods and Service Tax in India in the same year. The Central Government has set up Task Force and 13<sup>th</sup> Finance Commission to submit the report on GST. The National Council of Applied Economic Research has also been played a role moving towards the Goods and Service Tax in India and its impact on growth and International trade. In the year 2010, the Department of Revenue has given a comment of Department of Revenue on first discussion paper. In the next year, the Center Government has set up a team to

deal with the GST problem in the Chairmanship of Shri Nandan Nilekani regarding the study report on Technology Advisory Group for unique project and Government has tabled in the Parliament the Constitution (One Hundred and Fifteen Amendment) Bill, 2011. In the year 2014, the Central Government has moved the Amendment Bill (One Hundred and Twenty Second Amendment) Bill, 2014<sup>2</sup> regarding the Goods and Service Tax. In the year 2015, the Center Government has constituted Joint Committee of Empowered Committee of State Finance Minister to study the process for GST and payments. In the same year, the Joint Empowered Committee has study in detail regarding the GST registration, refund of GST. The sub-Committee of Empowered Committee of State Finance Minister has also prepared the model<sup>3</sup> of GST law. The Empowered Committee has also study the GST returns, Neutral Rate and structural of rate and prepared the revised model of GST law. At last, the bill of the amendment of the Constitution moved by the Center Government in the year 2016 through amendment (One Hundred and First Amendment) Bill, 2016. This bill was introduced in the Lok-Sabha on 27<sup>th</sup> March, 2017 and published in official gazette on 12<sup>th</sup> April, 2017 regarding Central Goods and Service Tax Act, 2017, Integrated Goods and Service Tax Act, 2017, the Goods and Service Tax (Compensation to State) Act, 2017 and Union Territory Goods and Service Tax Act, 2017. The other amendments regarding the implementation of GST in the Jammu Kashmir have been published in the official gazette on 8<sup>th</sup> July, 2017.

### Meaning of Goods and Service Tax

The meaning of Goods and Service Tax is defined as a tax on supply of goods or services or both. The Constitutional meaning of the Goods and Service Tax as per amendment made by the Parliament in Article 366<sup>4</sup> is read as the tax levied on the goods or services or both by the Government. The Goods and Services have been defined in the Central Goods and Service Tax Act, 2017. Goods means<sup>5</sup> that every kind of movable property exclude money and security but includes the actionable claim, crops, grass and things to or forming part of land, which are agreed to be served before supply and under a contract of supply.

The supply has been defined in Central Goods and Service Tax Act means<sup>6</sup> anything other than goods, money and securities but also include activity relating to the use of money or its conversion by cash or by other mode from one form, currency or denomination to another form or denomination for which a separate consideration is charged. All intangible may not be services.

<sup>2</sup> The Bill of Constitution (122<sup>nd</sup> Amendment) Bill, 2014 was introduced in Lok-Sabha, 19<sup>th</sup> December, 2014.

<sup>3</sup> The Finance Ministry has released the "Model GST Law" 14<sup>th</sup> June, 2016.

<sup>4</sup> "Goods and Service Tax means any tax on supply of goods or services or both except tax on supply of alcoholic for human consumption"

<sup>5</sup> Section 2 (52), Goods means every kind of movable property other than money and security but include actionable claim, growing crops, grass and things attached to or forming part of land, which are agreed to be served before supply or under a contract of supply.

<sup>6</sup> Section 2(102), "Service" means anything other than goods, money and securities but includes activities relating to the use of money or conversion by cash or by any other mode from one form, currency or denomination to another form, currency or denomination for which a separate consideration is charged

Therefore, the Goods and Service Tax has been defined the tax on supply of goods or services or both. The following Act of goods and services has been implemented in the country:-

Central Goods and Service Tax Act, 2017;

State/Union Territory Goods and Service Tax Act, 2017;

Integrated Goods and Service Tax Act, 2017;

The Goods and Service Tax (Compensation to State) Act, 2017.

The brief meaning of the Central Goods and Service Tax Act, 2017 is the Act, which is implemented by the Central Government and regulate the transactions, which are come under the purview of the Center Government. The transaction regarding the goods under this Act, the tax has been charged 50% as CGST and 50% as HGST.

The State/Union Territory Goods and Service Tax Act mean that this Act controls the transaction regarding the goods or services or both within the State.

The Integrated Goods and Service Tax Act, 2017 is envisages the transaction in nature of inter-State and International. The tax has been charged on the Goods and Services will be deposited in the treasury of the Central Government after the adjustment of input tax credit.

The Goods and Service Tax (Compensation to State) Act, 2017 means that the compensation to the State/Union Territory of the country in case of any decrease or deficiency in the revenue as compared to the base year for first five years.

### **Features of Goods and Service Tax**

The following are the salient features of GST:

#### **Scope of supply:**

The scope of supply means<sup>7</sup> Goods and Service Tax is applicable on the supply of goods or services or both, whereas the previous tax regime, the tax is applicable on the manufacturer of goods or on sale of goods and the provision of services separately. Goods and Service Tax is a principle of destination based consumption tax, whereas earlier tax system was principle of original based taxation;

#### **Federal system of enactment of GST law**

GST is a dual taxation with the implementation of Center and State Government simultaneously and levy of GST is common between these two Governments. The Central Goods and Service

<sup>7</sup> Section 7 (1) "Scope of Supply"

(1) For the purpose of this Act, the expression "supply" includes:-

(a) all forms of supply of goods or services or both, such as sale, transfer, barter, exchange, license, rental, lease or disposal made or agreed to be made for a consideration by a person in the course of furtherance of business;

(b) Import of services for a consideration, whether or not in the course of furtherance of business;

(c) the activities specified in Schedule-I made or agreed to be made without a consideration and;

(d) the activity to be treated as a supply of goods or supply of services as referred to in Schedule-III;

(2) Notwithstanding anything contained in sub-section (1):-

(a) Activity or transaction specified in Schedule-III or;

(b) Such activity or transaction undertaken by the Central Government, a State Government or any Local Authority in which they are engaged a public authority as may be notified by the Government on the recommendation of the Council.

Shall be treated neither a supply of goods nor a supply of services;

Tax Act is relate to the Central Government and other side, the levy of GST by the State and Union Territory is relate to the State Government.

### **Intra-State and inter-State Transactions**

The intra-State transactions covered under the SGST/UTGST Act and inter-State transactions<sup>8</sup> covered under the Integrated Goods and Service Tax Act, which are related to levy tax on the inter-State supply including the stock transfer of goods or services. This tax is collected by the Center and credit chain of this tax is not disrupted. The Integrated Goods and Service Tax is applicable on the inter-State transaction and also applicable on the import of the goods from the outside the State, which is controlled by the Import Duty Act, 1962 and this Act is also applicable on the export of the goods out of the territory of the country. Hence, this tax has been controlled by the Central Government and applicable inter-State transaction within the country and outside the country. The rate of tax under the CGST Act, HGST Act/UTGST Act and IGST Act levied on goods and services mutually agreed by the Center and State. If there is any change in the rate of tax, the recommendation of GST council is mandatory and after that the rate of tax will be changed on goods and services or both.

### **Replacement of taxes:-**

This feature is most important and significant feature of the Goods and Service Tax Act. The Goods and Service Tax Act has replaced many taxes levied by the Central Government and State Government on the goods or services or both previously from the implementation of GST. In other way, we can say that GST is a merger of the following taxes:-

- a) Central Excise Duty;
- b) Duty of Excise (Medicinal and Toilet Preparation);
- c) Additional Duty of Excise (Goods of special importance);
- d) Additional Duty of Excise (Textile and Textile product);
- e) Additional Duty of Custom (Commonly known as CVD);
- f) Special Additional Duty of Custom (SAD);
- g) Service Tax;
- h) Cesses and surcharge relates to the supply of goods and services;
- i) State VAT;
- j) Central Sales Tax;
- k) Purchase Tax;
- l) Luxury Tax;
- m)Entry Tax;
- n) Entertainment and Amusement Tax;

<sup>8</sup> Section 5(1) of IGST “Levy and Collection of tax”

Subject to the provision of sub-section (2), there shall be levied a tax called the Integrated Goods and Service Tax on all inter-State supplies of goods or services or both except on the supply of alcoholic liquor for human consumption, on the value determined under Section 15 of the Central Goods and Service Tax Act and at such rates, not exceeding 40% as may be notified by the Government on the recommendation of the Council and collected in such manner as may be prescribed and shall be paid by the taxable person

- o) Tax on Advertisement;
- p) Tax on Lotteries, betting and Gambling;
- q) State Cess Surcharge;

#### **Non-applicability of supply of goods or services:**

The Goods and Service Tax is applicable on all goods or services or both except alcohol for human consumption, crude, petrol, diesel, ATF, natural gas, tobacco and tobacco products. These products will be come under the purview of the GST after the recommendation of the GST Council and amendment made by the Center Government.

#### **Threshold limit:**

The composition scheme has also been introduced in the Goods and Service Tax at the time of the implementation of GST law, the limit for composition<sup>9</sup> has been fixed to be Rs.50 Lakhs aggregate turnover during the financial year but this limit has been revised with the recommendation of GST council Rs.75 Lakhs and Rs.1.5 Crores. At present, the composition threshold limit is Rs.1.5 Crores. A common threshold limit<sup>10</sup> has been fixed under the CGST Act for the registration of taxpayers under this Act is Rs.20 Lakhs annual turnover not exceeding in a year and Rs.10 Lakhs for the special category of the State. This threshold limit has been revised by the Center Government in case of Micro, Small and Medium Enterprises and these limits increase by the double as previous.

#### **Exemptions:**

The meaning and provision of exemptions of goods and services contemplated<sup>11</sup> Goods and Service Tax has also been specified the exemption list for Goods and Services and consider export supply at zero rated;

#### **Input Tax Credit:**

The Goods and Service Tax has a seamless input tax credit system<sup>12</sup> towards the supply of goods or services or both and specify the procedure for adjustment of input tax credit in the following manner:-

<sup>9</sup> Section 10(1) of CGST, "Composition Levy"

(1) Notwithstanding anything to the contrary contained in this Act but subject to the provision of sub-sections (3) and (4) of Section 9, a registered person whose aggregate turnover in the preceding financial year did not exceed Rs.50 Lakhs may opt to pay, in lieu of the tax payable by him and amount calculated at such rate as may be prescribed.

<sup>10</sup> Section 22 of CGST, "Person liable for registration"

(1) Every supplier shall be liable to be registered under this Act in the State or Union Territory, other than special category States, from where he makes a taxable supply of goods or services or both, if his aggregate turnover in a financial year exceeds Rs.20 Lakhs.

Provided that where such person makes taxable supply of goods or services or both from any special category States, he shall be liable to be registered, if his aggregate turnover in a financial year exceeds Rs.10 Lakhs.

<sup>11</sup> Section 11 (1) of CGST and Section 6(1) of IGST, "Power to grant exemption from tax":

(1) Where the Government is satisfied that it is necessary in public interest so to do, it may, on the recommendation of the Council by notification, exempt generally, either absolutely or subject to such condition as may be specified therein, goods or services or both of any specified description from the whole or any part of the tax leviable thereon w.e.f. of such date as may be specified in such notification.

<sup>12</sup> Section 16(1) of CGST Act "Eligibility and Condition for taking input tax credit"

(1) Every registered person shall, subject to condition and restriction, as may be prescribed, and in the manner specified in Section 49, be entitled to take credit of input tax charge on any supply of goods or services or both to

- i. Input tax credit of CGST will be adjusted against the payment of CGST and IGST;
- ii. ITC of HGST/UTGST will be adjusted against SGST/UTGST and IGST;
- iii. Input tax credit of IGST is allowed to adjust against the liability of IGST, CGST and HGST/UTGST;
- iv. ITC of CGST cannot be adjusted against HGST and UTGST and vice versa;

The account on account of GST will be settled between the Center and State Government to ensure that credit of HGST used for payment of IGST is transfer to the concerned State to the Center. Similarly, the IGST used for payment of HGST would be transferred by Center to the concerned State. Remaining part of HGST of IGST collected on B 2 C supplies would also be transferred by Center to the Destination State. The input tax credit is available for the supply of goods or services or both.

### **Compliance & Payment of Tax:**

All the compliance of Goods and Service Tax on electronically<sup>13</sup> such as filing of periodical returns, payment of tax, filing of annual returns and automatic matching of input tax credit. The various modes of payment of tax available for the registered taxpayer by Internet banking, Debit/Credit card, National Electronic Funds Transfer (NEFT)/Real Time Gross Settlement (RTGS).

### **Tax Deducted and collected:**

The provision regarding the tax deducted and collected<sup>14</sup> at source has been made for Government Departments, Local Authorities and Government Agencies, who are recipient of the supply to deduct tax at source at the rate of 2% from the payment made or credited and threshold limit is also fixed Rs.2.5 Lakhs in the financial year. The collection of tax from the E-commerce trader has also been provided under the Goods and Service Tax.

### **Refund:**

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him, which are used or intended to be used in the course of furtherance of his business and the said amount shall be credited to the electronic credit ledger of such person.

<sup>13</sup> Section 39(1) and 49(1) of CGST Act, "Furnishing of returns and Payment of tax"

39 (1) Every registered person, other than an input service distributor or a non-resident taxable person or a person paying tax under the provisions of section 10 or section 51 or section 52, shall, for every calendar month or part thereof, furnish, in such form and manner as may be prescribed a return electronically of inward and outward supply of goods or services or both, input tax credit availed, tax payable, tax paid and such other particular as may be prescribed or before the 20<sup>th</sup> day of the month succeeding such calendar month or part thereof;

49 (1) Every deposit made towards tax, interest, penalty, fee or any other amount by person by internet banking or by using credit or debit card or National electronic fund transfer or real time gross settlement or by such other mode, subject to such condition and restrictions as may be prescribed shall be credited to the electronic cash ledger of such person to be maintained in such manner as may be prescribed.

<sup>14</sup> Sections 51(1) and 52(1) of CGST, "Tax Deducted at Source and Collection of Tax at source"

(1) Notwithstanding anything to the contrary contained in this Act, the Government may, mandate

- (a) a department or establishment of the Center and State Government; or;
- (b) local authority or;
- (c) Governmental Agencies;

(d) Such person or category of person as may be notified by the Government on the recommendation of the council;

(1) Notwithstanding anything to the contrary contained in this Act, every electronic commerce operator (hereinafter in this section referred to as the operator), not being an agent, shall collected an amount at such rate not exceeding 1% as may be notified by the Government on the recommendation of the Council, of the net value of the taxable supplies made through it by other supplier, where the consideration with respect to such supply is to be collected by the operator.



The process of refund<sup>15</sup> has been started by the Government electronically or online. The seamless and speedy process is provided for refund the excess tax to the taxpayer and the taxpayers are entitled to apply for refund within two years from the annual return filed by the registered taxpayers.

#### **Assessments:**

The mechanism of assessment<sup>16</sup> such are self assessment, summary assessment, scrutiny, return assessment, provisional assessment and other type of assessments made by the Government online and the limitation period is provided for raising the demand three years and limitation period for raising demand is five years from the due date of filing annual return in case of fraud, suppression or willful misstatement. The arrears of tax is recovered from the different modes detaining and sale of goods, movable, immovable property or defaulting taxable person and the power of the officer has also restricted of inspection, search, seizure and arrest.

#### **Dispute Redressal:**

The mechanism of dispute redressal<sup>17</sup> has been set up under the Central Goods and Service Tax Act. The two authorities have been set up in the GST law one is Advance Ruling Authority and other is Anti-Profiteering Authority. In spite of these authorities, the Departmental Appellate system<sup>18</sup> has been set up. It further extends to the Appellate Tribunal and High Court and Supreme Court.

#### **Transitional provision:**

The provision of transitional<sup>19</sup> period has been provided to give the benefit of the existing taxpayer in case of conversion of registration in new Act from the old Act and provide the facility for input tax credit on the opening stock held by the taxpayers regarding the finished goods, raw material and work in progress. This input tax credit facility has also extended on the capital goods held by the taxpayer at the appointed day of the Goods and Service Tax law.

<sup>15</sup> Section 54(1) of CGST Act,

Any person claiming refund of any tax and interest, if any, paid on such tax or any other amount paid by him, may make an application before the expiry of the two years from the relevant date in such form and manner may prescribed

<sup>16</sup> Section 59 to sections 64 of CGST Act, 2017

<sup>17</sup> Section 96 of CGST Act, 2017- "Authority for Advance Ruling"

Subject to the provision of this chapter for the purpose of this Act, the authority for advance ruling constituted under the provision of the State Goods and Service Tax Act or Union Territory Goods and Service Tax Act shall be deemed to be the authority for Advance Ruling in respect of that State or Union Territory.

<sup>18</sup> Section 107(1) of CGST Act, 2017- "Appeal to the Appellate Authority"

(1) Any person aggrieved by any decision or order passed under this Act of the State Goods and Service Tax Act or Union Territory Goods and Service Tax Act by adjudicating Authority may, appeal to such Appellate Authority, as may be prescribed within three months from the date on which the said decision or order is communicated to such person.

<sup>19</sup> Section 139 of CGST Act, 2017 "Migration of existing taxpayers"

(1) On and from the appointed day, every person registered under any of the existing laws and having a valid permanent account number shall be issued a certificate of registration on provisional basis subject to such conditions and in such form and manner as may be prescribed, which unless replaced by a final certificate of registration under sub-section (2) shall liable to be cancelled, if the condition so prescribed are not complied with.

## **Advantage of Goods and Service Tax**

After the replacement of the different statute in the one statute known as Goods and Service Tax, the implementation of this Act was known as great reform in indirect taxes in the country. This taxation system has removed all the deficiencies in the previous taxation regime and this system has been upgraded up to the standard of the business within the country and internationally. The following are the advantages of Goods and Service Tax law:-

### **Unification of market & Ease of doing business:-**

The first benefit of the Goods and Service Tax law is emergence of a single common market in the whole country. After the implementation of Goods and Service Tax law, the ease of doing business has been increased as compared to previous and this law is provided a simple tax structure with a few tax rate on the supply of goods or services or both.

### **Reduce multiplicity of taxes:**

The advantage of Goods and Service Tax law is that this tax law has reduced the multiplicity of the taxes and leading towards the uniformity of the tax in the whole country. The GST law is enable to provide the harmonization in law, procedures and rate of tax on goods or services or both.

### **Reduce compliance cost:**

The GST law is facilitate and simplified the procedure of compliance of GST law such as registration, filing of returns, refunds and payment of tax etc.

### **Hassle Free movement of goods and services:**

GST law is able to provide a hassle less structure regarding the inter-State transaction within the country and outside the country and able to reduce the transportation cost of inter-State transaction.

### **Common portal (GSTN):**

The advantage of GST law is that the service is provided in common portal (GSTN) and able to reduce the different kind of formality for compliance of different tax and able to reduce the cost of compliance.

### **Remove cascading effect of Tax:**

The Goods and Service Tax law is unable to waive off the effect of cascading in a different tax regime and provide a seamless input tax credit facility on all type of transactions in case of goods or services or both. The set off input tax credit available from the starting production to consumption.

### **Decrease litigation cost:**

Goods and Service Tax is succeeded to avoid the ambiguity that arises due to the overlapping nature of goods and services by the Central Government and State Government.

**Uniform tax rates structure<sup>20</sup>:**

The uniform HGST and IGST rate will be able to reduce the incentive for tax evasion by eliminating rate arbitrage between neighboring States and that between the intra-State and inter-State transaction.

**Threshold limit<sup>21</sup>:**

Goods and Service Tax law has been provided a threshold limit at higher comparison to previous tax regime at present, this limit is Rs.20 Lakhs and Rs.10 Lakhs for the special Category State. This law has also provides a composition scheme<sup>22</sup> for the taxpayer supply of goods or services or both. The limit of composition is fixed Rs.1.5 Crores at present. This law has provided the provision of tax deducted at source for Government department and Government Authority on the transaction regarding the works contract or supply received. This Act has also provide the tax collection in case of e-commerce;

**Decrease in export and import cost:**

By the implementation of Goods and Service Tax law, the cost of export <sup>23</sup>of goods out of the territory of the country has been reduced and the process of export of goods is specifically provided under this law, which will be able to increase the export of the country. The GST law has also reduced the cost of compliance of law due to common portal and online transaction.

**Easy and speedy refund process:**

This law has made a crystal clear provision regarding the process of giving the refund<sup>24</sup> to the taxpayer and the process of refund will be so easy that automatically refund will be given to the taxpayer after the completion of the period.

**Increase of revenue:**

The Goods and Service Tax law will be able to increase the revenue of the State as well as Center Government and it will also helpful and play a vital role in the development of the country and contribute more amount for the welfare of the public.

**Concluding Observance**

From the perusal of above study regarding the introduction, historical view, meaning, features and the benefit of the GST, it seems that this law will be helpful in the future for the economic growth of the country and able to reduce the fraud and evasion of tax in the country as prescribed above, it will be beneficial to reduce the cost of transportation, compliance, export cost that will be beneficial for the taxpayer and saving the working capital of the businessman. The main objective of this law is that to maintain the uniformity, harmonization, rationality and provide a hassle free system for the taxpayer of the country. This law has overcome the

<sup>20</sup> Insert : Notification No.1 to 3/2017-Central Rate of Tax dated 1<sup>st</sup> July, 2017.

<sup>21</sup> Insert: Section 22(1) of CGST Act, 2017

<sup>22</sup> Section 10 of CGST Act, 2017

<sup>23</sup> Section 2 (5) of IGST Act, 2017 “Export of goods” with its grammatical variation and cognate expression means taking goods out of India to a place outside India.

<sup>24</sup> Section 54 of CGST Act, 2017

deficiencies and draw backs of the previous tax system and able to prove more efficient, elegant and customize for the taxpayer. This law will be helpful to increase the economy growth as well as the generation of employment in the country. It is suggested that the fixation of threshold limit in case of registration and composition should be increased at the present level, which will be helpful for the Micro, Small and Medium Enterprises. The input tax credit mechanism needs to be improved and automatic system should be start as earliest. The provision regarding the ineligible of input tax credit condition should be removed for filing of GST return and deposit of tax by the seller. There are certain other suggestions regarding to simply the Goods and Service Tax law.

