



Goods and Services Tax in E-Governance in India

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ABSTRACT: The study is planned to highlight the contribution of Information Technology services system to the implementation of GST as well as to look at government or tax authority strategies in strengthening electronic software service for goods and services tax implementation, mainly to the business community. This study used a combination of information obtained from an interview with the Retailers, Wholesales, Business organisation and information available from diverse sources. GST or value added tax (VAT) has been implemented by 162 countries in the world including latest list, India. Generally, while GST concept seems similar which indirect tax revenue to the country is, the implementation is significantly different between countries. Therefore, recognising the importance of Information Technology or computer-based system is capable to smooth the GST implementation, which is something needs to be highlighted by India for future reference to prospective GST/VAT countries. A lot of effort is made by the Indian government in order to strengthen electronic services of businesses (registered person). These include rules and regulations, budget provision and financial assistance, computerized system development, and vendor participation. Thus, this paper is hoped contributes to the literature by providing information on the Indian government strategies in strengthening the Technology services of GST for businesses, finally smoothing GST implementation, which is believed to be reported infrequently in international literature.

Key Words:- GST, E-Governance, NeGP, Accounting Software, Digital India, Portal, Technology.

E-Governance in India:

The application of information technology and communication for the purpose of governance is commonly known as e-governance. Through e-governance, information can be made distributed to the public in a transparent manner.

- What is E-Governance?
- Objectives of E-Governance
- E-Governance in the Indian Context
- E-Governance in portal

What is e-Governance?

Electronic governance or e-governance is adopted by countries worldwide. In a fast-growing and demanding economy like India, e-governance has become essential. The rapid growth of digitalization has led to many governments across the globe to introduce and incorporate technology into governmental processes. Electronic governance or e-governance can be defined as the usage of Information and Communication Technology (ICT) by the government to provide and facilitate government services, exchange of information, communication transactions and integration of various stand-alone systems and services. In other words, it is the use of technology to perform government activities and achieve the objectives of governance. Through e-governance, government services are made available to citizens and businesses in a convenient, efficient and transparent manner. Examples of e-governance include Digital India initiative, National Portal of India, Prime Minister of India portal, Aadhar, filing and payment of taxes online, digital land management systems, Common Entrance Test etc.

E-governance can take place in four major types of interactions:

1. Government to Government (G2G) where information is exchanged within the government i.e. either, between the central government, state government and local governments or between different branches of the same government.
2. Government to Citizen (G2C) where the citizens have a platform through which they can interact with the government and get access to the variety of public services offered by the Government.
3. Government to Businesses (G2B) where businesses are able to interact with the government seamlessly with respect to the services of the government offered to businesses.
4. Government to Employees (G2E) where interaction between the government and its employees occurs in an efficient and speedy manner.

The objectives of e-governance can be stated as follows:

- To sustain and simplify governance for government, citizens, and businesses.

- To create government administration more evident and accountable while addressing the society's needs and expectations through efficient public services and effective interaction between the people, businesses, and government
- To decrease corruption in the government.
- To make sure rapid administration of services and information
- To decrease difficulties for business, provide instant information and make possible digital communication by e-business.
- While e-governance provides the advantages of convenience, competence and transparency, it also has problems associated with it.
- Be short of computer literacy: India is still a developing country and a huge popular of the citizens lack computer literacy which hinders the effectiveness of e-governance.
- Require of convenience to the internet or even computers in some parts of the country are a disadvantage to e-governance.
- E-governance results in a loss of human interaction. As the system becomes more mechanized, lesser interaction takes place among people.
- It gives rise to the risk of personal data theft and leakage.
- E-governance leads to a Tax administration. The service provider can easily provide excuses for not providing the service on technical grounds such as “server is down” or “internet is not working” etc.

E-Governance in the Indian Context:

E-governance in India is a recently developed concept. The launch of National Satellite-Based Computer Network (NICENET) in 1987 and subsequent launch of District Information System of the National Informatics Centre (DISNIC) programme to computerize all district offices in the country for which free hardware and software was offered to the State Governments provided the requisite impetus for e-governance. E-governance thereafter developed with the growth of technology. Today, there are a large number of e-Governance initiatives, both at the Union and State levels.

In 2006, the **National e-Governance Plan (NeGP)** was formulated by the Department of Electronics and Information Technology and Department of Administrative Reforms and Public Grievances that aims at making all government services accessible to the common man, ensure efficiency, transparency and reliability of such services at affordable costs to realise the basic needs of the common man.

The NeGP has enabled many e-governance initiatives like:

- **Digital India** was launched in 2015 to empower the country digitally. Its main components are:
 - ✓ Developing a secure and stable digital infrastructure
 - ✓ Delivering government services digitally
 - ✓ Achieving universal digital literacy

- **Aadhar** is a unique identification number issued by UIDAI that serves as proof of identity and address on the basis of biometric data. It is being used to provide many benefits to the members of the society. One can **e-sign** documents using Aadhar.
- **MyGov.in** is a national citizen engagement platform where people can share ideas on and be involved with matters of policy and governance.
- **UMANG** is a Unified Mobile Application which provides access to central and state government services including Aadhar, Digital Locker, PAN, Employee Provident Fund services etc.
- **Digital Locker** helps citizens digitally store important documents like mark sheets, PAN, Aadhar, and degree certificates. This reduces the need for physical documents and facilitates easy sharing of documents.
- **PayGov** facilitates online payments to all public and private banks.
- **Mobile Seva** aims at providing government services through mobile phones and tablets. The m-App store has over 200 live applications which can be used to access various government services.
- **Computerization of Land Records** ensures that landowner gets digital and updated copies of documents relating to their property.

In addition to the above, State level e-governance initiatives include are as follows:

- **E-Seva** (Andhra Pradesh) facilitates payment of utility bills, issuance of certificates, licenses and permits.
- **Khajane Project** (Karnataka) digitalized the treasury system of the state.
- **FRIENDS** (Kerala) is a single-window facility to pay taxes and other financial dues to the State government.
- **Lokvani Project** (Uttar Pradesh) is a single-window solution relating to the handling of grievances; land record maintenance and providing a mixture of essential services.

E-Governance Portal:

The Indian e-governance portal is <https://nceg.gov.in> on this portal; one can get comprehensive information regarding National Conference on E-governance and reports on earlier conferences. Additionally, the portal provides links to the following important pages:

1. Digital India
2. National Portal of India:- It is developed to provide right to use information and services being provided by the government
3. PM India Website: - provides information describing to the Prime Minister's Office.
4. United Nations e-governance website

GST in E-GOVERNANCE:

After a decade of debate, amendments, conference, and different opinion, India is all set for the implementation of GST Laws, which is a extraordinary move about by the government of India. The “One Nation, One Tax” is the hub cause for the GST even out. It is a simplified, yet mechanical system of taxation which always requires a professional’s assistance to let you maintain your account books in a better, efficient and streamlined way. But, letting you visit different people for assistance, travel here and there and paying high fees to professionals for every little support is not very viable and stress-free. The current ongoing scenario is all about mobile and desktop applications, web assistance, software, etc. and therefore, there are a lot of software that help you maintain your account books in accordance with GST Laws in a more simplified way.

Features to look for in a GST accounting software:

1. It should generate GST invoices and should be able to customise the look and feel according to the business.
2. Should be able to categorise the expenses into different categories.
3. The software must be able to manage inventory, inward-outward stock movements, and wastage.
4. Generate Bank Reconciliation Statement (BRS) by importing the bank transactions.
5. Keep a record of inventory purchases and purchase orders (PO).
6. Create and manage GST taxes (SGST, CGST & IGST).
7. Record Journal Voucher entries.
8. Managing database of customer and vendors.
9. Updated information about accounts payable and accounts receivables so that the user is well aware.
10. Help generate Balance Sheet, Trial balance reports, and Profit and Loss statements as for and when required.
11. Give platform for different users to use it in a business unit at the same point in time as at times there are different users in one business unit.

Good to have Features:

- Support for multi-currency transactions.
- Option to manage employees and process payroll.
- Categorize transactions according to projects.
- Access control for every team member.

List of Top 5 GST Software in India:

1) Profit Books

Profit Books is popular and widespread GST accounting software in India. Launched in 2012, Profit Books has managed to get thousands of businesses on their platform. This is the once of the early online

accounting software that was launched in India. It has matured over a time and now includes lot of GST compliant features.

Price:

Profit Books offers 3 simple pricing plans.

1. Professional Plan (Good for service based businesses): Rs. 5,999/year
2. SMB Plan (Good for resellers & traders) : Rs. 8,999/year
3. GST Company plan (Good for busy business owners who want to outsource):
Rs. 1,999/month.

Key Advantages:

- Very simple interface
- GST Invoicing with payment gateways integration
- Easy expense management
- Inventory management features
- Warehouse management
- Multi-currency support
- Multi-user support
- Payroll processing
- Facility to invite and accountant

2) TALLY ERP 9

Tally ERP 9 is popular accounting software that is used by resellers and manufacturers. It was primarily designed for accountants and hence business owners might find it very complex to use. It boasts of lot of features which makes it even more complex.

Tally works offline and doesn't require an internet connection. So, GST return filing process becomes little tedious with Tally as you have to manually import and export the data in it's tax filing utility.

Price:

1. Single User – Rs. 21,780
2. Multi-user – Rs. 65,340
3. Annual Renewal is 25%
4. **Features:**
5. Manages HR and Payroll.
6. Multiple company support.
7. Financial management.
8. Inventory management.
9. Invoicing and billing.

10. Product database.
11. Supplier and purchase order management.
12. Taxation management.

Advantages:

1. Accountant pleasant.
2. Independent of an internet connection to operate, as it is an offline software

Disadvantages:

1. Needs LAN to operate multi-user.
2. Needs Tally.net and Static IP to operate various locations.
3. Data is not real-time which results in delay.
4. Susceptible to Hard-disk crashes.
5. Chances of easy data theft.
6. Susceptible to Virus Attacks.
7. Version upgrades are charged every time.
8. No business specific features available.
9. Expensive for multi-user systems.
10. Read about comparison between Tally and Profit Books

3) ZOHO Books

Zoho is around since past few years and mainly catered to International markets. Recently they have introduced Zoho Books in the Indian market. Its cloud based accounting software and comes with easy to use features. As Zoho is relatively new in the industry, lot of India specific features are still missing. However, it's good for early stage business.

Price:

1. Rs. 2500/- per year.
2. Rs. 20,000/ per year for Finance Plus package.

3. Features:

4. Simple invoicing and billing.
5. Simple accounting.
6. Cloud based system.
7. Multi-user.
8. Multi-currency.

9. Advantages:

10. Fully Cloud based System.
11. Even if the hard disk crashes, it doesn't affect data.
12. No Anti-virus software is needed for it.
13. High control over data is present.

14. The updates are free.
15. Can be customised.
16. Low pricing.

Disadvantages:

1. Doesn't allow more than 7 users/ account.
2. Branch consolidation is not possible.
3. Lacks key features required by Indian businesses.
4. Very basic Inventory management.
5. Limited support.

4) Clear Tax

Clear Tax started as IT return filing software and Services Company and now they have come up with GST return filing software. It is more focused on the Accounting Fraternity and can be a good option for the Accountants who require a platform to prepare accounts according to GST for their clients. Clear Tax works as a useful app which can be used for filing only after extracting data from any other accounting software and ERP Systems.

Price:

- Rs. 10,000/- per year

Features:

- Online GST Course is available.
- Assists accountants to find clients.
- Preparation for GST.
- Filing of GST.
- Store data and imports/exports.

Advantages:

- It helps an accountant get listed under GST.
- Provides free e-learning solution.

Disadvantages:

- A. Not Accounting Software.
- B. No business features available.
- C. It is only a disjointed tax preparation tool.
- D. It is not a business specific tool.
- E. It can solely be used only by accountants.

5) Intuit Quick books

This again is online accounting software initially developed for International market. Quick books are trying very hard to comply with the Indian accounting standards. Currently, its suitable for service providers who basically want a good invoicing tool.

Price:

- Rs. 5,000/- per year

Features:

- Invoicing.
- Expense management.
- Basic inventory management.

Advantages:

- Web-based, can be accessed from anywhere.
- Good for micro businesses.
- Good set of financial reports.

Disadvantages:

- Does not offer GST return filing as of now.
- No business specific features available.
- Little complex for Indian businesses.
- Lacks few GST related features.

Safeguarding Taxpayer Data:

GST System including the GST portal enables the registration, return filing and payment of all taxes at one place. Thus, GST system handles the confidential and sensitive information of the taxpayers including their Personally Identifiable Information (PII), business transaction details etc. The GST system is accessible to multiple stakeholders over different network channels including Internet and MPLS. Understandably, any security breach could have a significant impact on the confidence of stakeholders as well as cause disruption to the tax systems. The threats to the GST system could be from multifarious sources -- in the form of potential data tampering attempts for commercial benefit by individuals or by organized groups, Industrial espionage and insider attacks to steal data or cyber-attacks. Keeping in view these facts, elaborate cyber security measures have been adopted during designing and implementation of the GST System.

Key Design Principles:

- A. Platform Based Approach: Designed as a platform powered by a faceless Open API architecture & Open Standards
- B. No Vendor lock-in and Replace-ability: Vendor neutrality driven by design ensuring plug ability and adherence to standards
- C. Security and Privacy: Privacy and data integrity and disseminating data to authenticated and authorized users
- D. Scalability: Scalability to be driven by application design ensuring scaling out with hardware addition in a modular fashion

- E. Availability: Load Balanced in an active-active fashion avoiding a single point of failure
- Manageability: Ensuring non-intrusive monitoring of components assuming infrastructural failure is commonplace
- F. Reliability: Ensure Data integrity and prevent unauthorized manipulation of data
- G. Data Driven Decision Making: Capture enough system analytical data to provide improvement indicators
- H. Reconstruction of truth: Tamper resistance capacity and source of truth (original data of invoices and final returns) could be used to reconstruct derived data

Key Security Principles:

- While designing the GST System, there has been significant focus on information security aspects of the system i.e. Confidentiality, Integrity, Availability and non-repudiation etc. Some of the overarching considerations in the Information Security Architecture of the system are given below:
 - Core GST System is not directly exposed to the internet
 - Multi-layered security architecture with best of the breed technologies & products
 - Role Based Access to GST system through Secured tunnel
 - Any data transfer from GST System to State system / other systems in encrypted format
 - Real-time collection & monitoring of System logs
 - Periodic Security testing and audits

Software Development:

- ❖ The software developed and various software used in GST System are scanned for security risk/malwares.
- ❖ A centralized repository of approved software is maintained and reviewed periodically
- ❖ Adoption and Adherence to Secure Coding practices ensuring security throughout SDLC (Software Development Life Cycle)
- ❖ Adoption of Industry best practices and CMMI in software development

Application security:

- ✓ The core GST system is not exposed directly to internet
- ✓ Interaction with GST system via API's and secure development in compliance with CMMI standard
- ✓ Data transfer from GST System in encrypted format using Industry known standards
- ✓ Data Encryption (at rest and during transit), use of Digital Signature
- ✓ Role Based Access Controls and Single-Sign-On (SSO) for all users
- ✓ Segregated environments for Development, Testing and Production with access controls and SOD
- ✓ Deployment of Web Application Firewalls

- ✓ Database Sharing separating very large databases into smaller, faster, more easily manageable parts ensuring greater controls against data thefts.

CONCLUSION:

Although GST has been adopted by over 100 countries in the world, the scope of GST implementation greatly varies from one country to another. However, despite these differences, almost all countries have streamlined the IT aspects; IT use and IT management in smoothing the GST operation. In the context of Malaysia, it is found that rules and regulations, budget provision and financial assistance, computerized system development and vendor participation are strategies employed by the government or the RMCD in strengthening IT sophistication of businesses. Additionally, GST has managed to collect greater tax revenue than SST, RM6 billion was collected in less than three months of its implementation (Sinar Harian, 2015). Nevertheless GST is still at its transitional stage, hence many aspects of it are needed to be studied and further improved, especially from IT/ISp.

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