



The New Era of GST in India

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Abstract: GST is categorized into four components, i.e., UTGST (Union Territory Goods and Service Tax) CGST (Central Goods and Services Tax), SGST (State Goods and Services Tax) and IGST (Integrated Goods and Services Tax), charged by the Central government and State Government. Most of the countries followed the three types GST system while some countries like Canada followed a dual GST system, i.e., where tax is imposed by both the Central and State government. In India also dual system of GST is followed, i.e., CGST and IGST. Therefore, GST is a single indirect tax which will be levied on the product or service which is sold in the market. It will eventually replace multiple taxes such as Central Excise Duty, Central Sales Tax, State Sales Tax, Service Tax, special additional duty on customs, etc. Indirect taxes of State government like State VAT, Purchase Tax, Luxury Tax, Tax on Lottery and Gambling will be replaced by SGST. This three types tax structure will thus help in transforming the country into one unified common market. More than 150 countries have implemented GST so far.

Keywords: GST, Facts and Figure

I. INTRODUCTION

Goods and Services Tax or GST was introduced by the Constitution (One hundred and First Amendments) Act, 2016 in India and implemented from 1st July 2017 as a very significant step in the field of indirect tax reforms in India. It is a comprehensive value added tax levied on manufacture, sale and consumption of goods as well as services. The idea of moving towards the GST was first mooted by the then Union Finance Minister in his Budget for 2006-07. Initially, it was proposed that GST would be introduced from 1st April, 2010. The Empowered Committee of State Finance Ministers (EC) which had formulated the design of State VAT was requested to come up with a roadmap and structure for the GST. Joint Working Groups of officials having representatives of the States as well as the Centre were set up to examine various aspects of the GST and draw up reports specifically on exemptions and thresholds, taxation of services and taxation of inter-State supplies. Based on discussions within the EC and between the EC and the Central Government, the EC released its First Discussion Paper (FDP) on GST in November, 2009. This spelled out the features of the proposed GST and has formed the basis for discussion between the Centre and the States.

II. Salient Features On Constitutions Powers

To address all these and other issues, the Constitution (122nd Amendment) Bill was introduced in the 16th Lok Sabha on 19.12.2014. The Bill provides for a levy of GST on supply of all goods or services except for Alcohol for human consumption. The tax shall be levied as Dual GST separately but concurrently by the Union (central tax - CGST) and the States (including Union Territories with legislatures) (State tax - SGST) / Union territories without legislatures (Union territory tax - UTGST). The Parliament would have exclusive power to levy GST (integrated tax - IGST) on inter-State trade or commerce (including imports) in goods or services. The Central Government will have the power to levy excise duty in addition to the GST on tobacco and tobacco products. The tax on supply of five specified petroleum products namely crude, high speed diesel, petrol, ATF and natural gas would be levied from a later date on their commendation of GST Council.

A Goods and Services Tax Council (GSTC) was constituted comprising the Union Finance Minister, the Minister of State (Revenue) and the State Finance Ministers to recommend on the GST rate, exemption and thresholds, taxes to be subsumed and other features. This mechanism would ensure some degree of harmonization on different aspects of GST between the Centre and the States as well as across States. One half of the total number of members of GSTC would form quorum in meetings of GSTC. Decision in GSTC would be taken by a majority of not less than three-fourth of weighted votes cast. Centre and minimum of 20 States would be required for majority because Centre would have one-third weightage of the total votes cast and all the States taken together would have two-third of weightage of the total votes cast.



The Constitution Amendment Bill was passed by the Lok Sabha in May, 2015. The Bill was referred to the Select Committee of Rajya Sabha on 12.05.2015. The Select Committee submitted its Report on the Bill on 22.07.2015. The Bill with certain amendments was finally passed in the Rajya Sabha and thereafter by Lok Sabha in August, 2016. Further the bill was ratified by required number of States and received assent of the President on 8th September, 2016 and has since been enacted as Constitution (101st Amendment) Act, 2016 w.e.f. 16th September, 2016.

Facts and figures as on March 31, 2018

Table -1				
Registration and Migration Tax Payers as on March 31, 2018				
Sr. No.	Details		Sub Figures	Net Figures
[A]	Transited (Migrated) Tax Payers			
	(i)	Fully Migrated Tax Payers	64,06,486	
	(ii)	Partly Migrated Tax Payer	6,36,189	
	Total Transited (Migrated Tax Payers)			70,42,675
[B]	New Application for Registration			
	(i)	No. of Application Approved	41,16,360	
	(ii)	No. of Application rejected	5,55,826	
	(iii)	No. of Application which are still in progress	54,888	
	Total No. of New Application for Registration			47,27,074
[C]	No. of Taxpayer who opted for Composition Scheme			17,86,735
Source: http://www.cbec.gov.in				

Table -2				
No. of Return filed by Tax Payers as on March 31, 2018				
Month	Name of Return			
	Return No 3 (B)	GSTR – 1	GSTR – 2	GSTR – 4 (Quarterly)
July 2017	63,62,511	59,71,488	25,72,552	
August 2017	68,06,964	22,14,857		
September 2017	70,50,408	59,71,488		9,04,815
October 2017	67,01,752	22,16,652		
November 2017	66,80,408	22,01,503		
December 2017	66,37,923	55,65,273		12,77,517
January 2018	65,27,602	18,44,980		
February 2018	61,65,324	6,63,351		
Source: http://www.cbec.gov.in				

III. GST collection facts and figures

The goods and services tax collection would grow at a rate of 14 percent to 16 percent for FY18-19, IANS said citing SBI Eco wrap report. The report described the GST collection targets estimated for the ongoing fiscal and the next fiscal as ‘overtly aggressive’. There portal so says that at a growth rate of 14 percent to 16 percent, the GST collection growth would be closer to the decadal growth rate in indirect taxes of under 14 percent. The Rs 7.4 lakh crore of the estimated collection target is 67 percent higher than the revised estimates for FY17-18, IANS quoted citing the report titled, ‘The Arithmetic of GST Collections.’ The GST for FY19 for the 9 months’ estimates can be pegged at 15.8 percent, the report said. The revised GST regime was implemented from July last year; the GST receipts will be for only 9 months during the ongoing fiscal.



The gross IGST collections stand at nearly Rs 4.01 lakh crore in FY18. Of the total IGST collections, 60 percent has been transferred to the states and the remaining Rs 1.61 lakh crore are shown in revised estimates for FY18, the report said. The gross tax revenue is pegged to grow by 16.7 percent in the FY18-19 to Rs 19.1 lakh crore, the report added. The estimated amount will be supported by 10.2 percent growth in corporation tax and 20.4 percent surge in personal income tax.

Meanwhile, the GST collections for the month of January plunged marginally to Rs 86,318 crore against Rs 86,703 crore in the last month against expectations of lower revenue. There were speculations that lower than expected GST revenue for January may force the government to quicken the implementation of anti-evasion measures. The government has announced a few days back that it's the right time now to introduce anti-evasion measures such as invoice-matching and e-way bill that is scheduled to be rolled out from the month of April. There were also speculations that slowdown in GST collections may lead to stricter vigil of residual transitional credits and a stagnated speed in refunding the tax to the exporters

References

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