

## IMPACT OF GST ON BUSINESSMEN

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### **ABSTRACT**

GST also referred as GOODS AND SERVICE TAX is a indirect tax structure for the economic development and growth of country. There were endless taxes present in earlier taxation system to remove this multiple taxes and reducing the burden of the tax payer, a simple tax has been introduced and that is known as goods and service tax. In this taxation system all the indirect taxes were subsumed under single system. In this research paper we will see that how the businessmen gets affected due to GST and will see that whether people are getting the concept of GST or not.

### **INTRODUCTION**

Goods and services tax has made the changes in whole taxation system. This tax came into effect from 1<sup>st</sup> July 2017. This law has replaced many indirect tax that previously existed in India. It is multistage tax that will be levied on every value addition. Under GST, Goods and services are taxed at following rates- 5%, 12%, 18%, 28%. It is basically an indirect tax which will make one unified market. Experts say that GST will help the economy to grow in efficient manner and improve tax collection system. It is biggest tax reform since independence. It will simplify the process and will replace all the taxes such as sales tax, service tax, VAT, Excise duty, etc. The aim of GST is to remove the hurdles and simplify taxation system in the economy. Now the question comes who all have to pay GST? Any persons providing taxable supply of goods and services and having aggregate turnover of 20 lakhs has to get registered themselves under GST. And for some special states like Manipur, Nagaland the aggregate turnover should be 10 lakhs. GST will be paid by all manufacturers and sellers. It will also be paid by service providers such

as telecom providers, consultants, chartered accountants etc. However, being an indirect tax, GST will be ultimately borne by the end consumers, just like in the current process. Now the next question is what kind of GST will be implemented in India? India will implement the Dual model of GST, i.e., both the Centre and State will collect GST. Earlier the indirect taxation system was complex due to different rates in different states, but now it is uniform through out the country. Till now 160 countries have implemented GST and amongst them France is the 1<sup>st</sup> one to implement it

## LITERATURE REVIEW

**Ehtisham Ahmed and Satya (2009)** studied, Goods and service tax reforms and intergovernmental consideration in India and found that GST introduction will provide simpler and transparent tax system with increase in output and productivity of economy in India but the benefits of GST are critically dependent on rational design of GST.

**Dr. R Vasanthagopal (2011)** studied ‘GST in India a big plan leap in the indirect taxation system’, and found that the positive impacts are dependent on a neutral and rational design of GST, balancing the conflicting interests of various stakeholders, full political commitment for a fundamental tax reform with a constitutional amendment, the method.

**Akansha Khurana and Aastha Sharma (2016)** in their research paper on GST- A positive reform for Indirect taxation system concluded that the GST will provide relief to producers and consumers by providing wide and comprehensive coverage of input tax credit set-off, service tax set off and subsuming the several taxes.

**Monika Sehrawat (2015)** in her paper on GST in India – A key tax reform concluded that GST will give India a world class tax system by giving different treatment to manufacturing and service sector.

**Hitesh K. Prajapati (2016)** in his paper on Challenges and Implementation of GST in India talked about the challenges in implementation of GST like IT sector is not boomed, threshold limit of turnover for dealers under GST is another bone of contention between the government and the Empowered Committee etc

## OBJECTIVES

1. To study GST and its implication
2. To analyse the impact of implementation GST on business
3. To recommended the strategies to reduce impact of GST on business

## IMPACT OF GST

### A. POSITIVE

1. Easy to Run a Business across all States Uniformly
2. Fewer Tax Compliances
3. No cascading of tax.
4. Transparent taxation system

### B. NEGATIVE

1. GST compliance procedure will be carried out through online portal. Small and medium businessmen will find it harder as the cost will increase and many are not aware of the latest technology.
2. Now every assessee has to file 3 returns monthly and 1 annual return which make total 37 return to be file annually. This process will lead to increase in work load
3. In GST three types of taxes are levied i.e. CGST, SGST and IGST. CGST and SGST will be a levy on intra state sale and IGST will levy in the inter-state sale. This will may sometimes create a problem which tax to be charged
4. The effective rate of Service Tax is 15% which will be increased to 18- 28% in GST. Therefore Service Industry will have to bear the higher taxes
5. Blockage of working capital.

## RESEARCH METHODOLOGY

The present research is exploratory in nature. Since GST is a new phenomenon in India, there are hardly any studies in this area. The studies try to find out the businessman thinking and

perception towards GST. The study focuses on study secondary data collected through various books, journals, government reports, publications from various websites.

## **FINDINGS**

1. Initially people are finding difficulties due to lack of complete knowledge about it.
2. 70% people are still not ready for GST
3. Till now only 34% have got themselves registered under GST portal.

## **CONCLUSION**

After implementation of GST, people are facing problem initially but in long term it will only be beneficial as it has simplified the taxation system and has unified the market. In this year GDP has declined to 5.7 which is lowest since 4 years but gradually people will come to know about the pros of GST and will be able to deal with the problem arising now due to the implementation of GST.

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