



### DIGITISING GST COMPLIANCES- ISSUES AND IMPLICATIONS IN INDIAN ECONOMY

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#### Abstract

*GST-Goods and services tax, the name itself is saying that it is a tax levied on goods and services. It is a value added tax levied by the government on goods and services which are consumed by the consumers and are sold by the sellers. Goods and services tax is paid by the consumers in addition to the price of the product. Sellers will collect the amount after selling the goods and services i.e. the amount includes price of the product and GST. So GST is collected by the business and thereafter it is remitted to the government. Levying of tax on goods and services will generate revenue to the government in effect. Goods and services tax is the tax levied at the state level and national level i.e. GST is the tax levied by the state government and Integrated GST is the tax levied by the central government.*

*The main objective of the levying GST is to reduce tax on tax i.e. double taxation. GST is consumer based tax as GST is paid ultimately by the consumer i.e. end user of the product. The main agenda of implementing GST is to have single tax structure right from manufacturing stage to the stage of delivering to the final consumer of the product. Implementation of GST has reduced the cascading effect of the previous structure. GST has replaced the many indirect taxes in India. The Goods and services Tax Act was passed in the parliament on 29<sup>th</sup> march 2017 and it came into effect on 1<sup>st</sup> July 2017.*

*Digitising GST Compliances has certainly made it easier for many businesses to operate and it provides required data to GST Authorities to make reconciliation and documentation process easy and transparent. After the implementation of GST there are many issues have been taken place. Even though there are many issues with the implementation of GST, there are benefits of GST. This Study aims to see both the sides of a coin i.e. issues and implications of the GST.*

**Key words:** *GST, Levied, Central Government, Revenue, Consumers, Sellers. Digitisation of GST*

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#### Introduction:

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Government have introduced and implemented GST in order to achieve the main objective i.e. single tax structure in India. With implementation of GST common people are facing the problems in their daily lives; many of the people have started adjusting with the GST based tax system. Some of the people are still facing the problem regarding GST in their life. As it is consumer based tax system, the consumer has to pay the tax and seller has to collect the amount of price and GST and the amount is collected by the seller i.e. business and it is forwarded to the government. Here the problem arises with billing of the products which are sold; all

the retailers or sellers may not have the knowledge regarding the GST billing. So here retailers are facing the problem in the learning the process of preparing the invoices to the customers.

There are many issues which are facing by the common people i.e. mostly by the retailers and the shopkeepers. Various issues are being faced by the retailers and shop keepers are as follows:

- Preparing invoices.
- Filing returns.
- Impact of Variety of Taxes.
- Different Rates at different locations
- Other issues with small traders

These are the problems effecting not only the common people but also effect the whole Indian economy. Now let us discuss about the issues which are facing by the public.

### **Issues of GST in Indian Economy Which Are Facing by the Business**

**Preparing invoices:** Retailers and shop keepers are the people facing the problems at the time of creating the invoice for selling the product. He has to charge both price plus GST by issuing invoice. Before issuing the invoice, he has to create the invoice. There are different tax rates for different products so the retailer may confuse at the time of creating the invoice. This is big problem from the point of view of retailer.

**Filing returns:** Filing of returns may become difficult as they the people do not have appropriate knowledge about filing of GST returns. Now the retailer has to file tax return once in a month and once in a year. If does not have proper knowledge about this, one has to meet CA for filing the returns which would become a big head ache to the retailers.

**Impact of Variety of taxes:** There are different



rates of taxes for different products. This may effect the small retailers. For example: A sweet shop vendor is selling the sweets and they are mixture of various inputs i.e. raw material. There are different prices for different inputs so ultimately the prices of the sweets will be different. In this case the vendor may face the confusion in deciding the prices and sell them to the consumers.

**Different rates at various locations:** There is an argument that ‘if there are different tax rates in various locations then is it possible to achieve the objective of single tax structure.’

**Other issues with small traders:** There are many small traders who are unable to afford the cost of computers and appoint the accountants and therefore they are unable to issue invoice bill with GST. They are unable to write the MRP on the product and they do paper work. There are some small businesses which are exempted from GST but there is no proof for such exemption.

Government has introduced and implemented the GST but there are some difficulties faced by the common people in India after the implementation of GST so the Government has to find the route to the above issues. Along with these issues there are many questions in the minds of the consumer that will the prices of the products will reduce or increase with the implementation of the GST? Will it be beneficial to the common people or not?

After the implementation of GST there is a single tax payment by every individual in the supply chain equally. No individual has a chance to avoid the payment of tax. So here every individual is liable to pay the tax. People have to analyze about this then their analysis will provide the answers to their questions. Implementation of GST leads to no

manipulating of taxes. GST has wider scope, GST is levied one each stage from the stage of manufacturing to the stage of dispatching the product to the customer. People should understand the fact that it may effect the individually but it benefits the public in large i.e. the prices of the products will be lower otherwise there will be an inflation in the prices.

Government always priorities the satisfaction of the public, if there is no satisfaction of the public then the policy may not become succeed in the way how government has planned. So people should think in broader sense then they will get answer. Therefore people have to think in a broader sense and they have to cooperate with the government by obtaining the knowledge about the creating the invoice and filing the tax returns etc.

“The tree always gives fruits to others i.e. it sacrifices itself to others similarly the government always satisfies with the satisfaction of the public”.

### Implications of Digitising GST Compliances:

The first implication which I have observed is:

- Uniform tax structure.
- Revenue to the government
- Avoiding the tax evasion.
- Fund flow

**Uniform Tax Structure:** There is a presence of uniform tax structure with the implementation of GST. The main objective of the GST is to implement single tax structure from the supply chain starts from the manufacturer and ends with the end user i.e. consumer. It gives the relaxation to some of the indirect taxes. If this would have been implemented then there would be no differences in levying the taxes. It also helps to increase more per capita income.



**Revenue to the government:** GST is the consumer based tax. We know it is paid by the consumer to the business and it is again remitted to the government. GST has been implemented by the government for the welfare of the country and its public. Even though it gave relaxation to some of the indirect taxes, it generates revenue to the government.

**Avoiding the tax evasion:** Implementation of GST, leads to the uniform tax structure, it generates tax to the government and it also avoids tax evasion as most of the people used to avoid the tax before the implementation of GST but after the implementation of GST there no probability of tax evasions by the individuals.

**Fund flow:** Government needs fund to promote various subsidies for the purpose of the welfare of the public. So through GST government will procure the funds and it will use those funds for the welfare of the public. It will rotate the money i.e. it uses that funds in various kinds of welfare activities.

**Conclusion:** In order to ease tax paying and filling process digitisation of GST Compliances will help businesses. In last few years , registration ,filling various returns ,claiming refunds , submission of

annual audit report have been Digitised to make it simple and easy for both tax payers as well as authorities. Introduction of e- way bills and e-invoices are key figures of Digitised GST Compliances. GST is an ideal that is implemented in the country which also helps to increase the GDP of the country. The primary function behind this GST is to develop Indian economy. Practice of GST leads to development of the Indian economy. Here in order to develop the country's economy everyone should contribute themselves and cooperate themselves for the development of the country's economy.

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### Cite This Article:

*T. Sudhakar, (2023). Digitising GST Compliances-Issues and Implications in Indian Economy, Electronic International Interdisciplinary Research Journal, XII, Issue – I(a), Jan-Feb, 2023, 46-49*