

***Law Audience Journal, Volume 5 & Issue 5, 15th April 2024,
e-ISSN: 2581-6705, Indexed Journal, Impact Factor 5.611, Published
at <https://www.lawaudience.com/volume-5-issue-5-2/>, Pages: 219 to
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Dr. Ashish Chandra, Assistant Professor, Amity Business School,
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Cite this article as:

MR. RUCHIR VERMA & DR. ASHISH CHANDRA, “Critical assessment and performance of GST in the last 5 years in India”, Vol.5 & Issue 5, Law Audience Journal (e-ISSN: 2581-6705), Pages 173 to 199 (15th April 2024), available at <https://www.lawaudience.com/critical-assessment-and-performance-of-gst-in-the-last-5-years-in-india/>.

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(E-ISSN: 2581-6705)

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Publisher Details:

Law Audience Journal (e-ISSN: 2581-6705),

Sole Proprietorship of Mr. Varun Kumar, Kharar, District. S.A.S, Nagar, Mohali, 140301,

Phone No(s): +91-8351033361 (WhatsApp),

Email ID(s): lawjournal@lawaudience.com, info@lawaudience.com or lawaudience@gmail.com.

Website: www.lawaudience.com.

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**Critical assessment and performance
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Chapter 1: Overview

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e-ISSN: 2581-6705

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The Goods and Services Tax (GST) regime, which was implemented in India on July 1, 2017, represented a significant upheaval in the country's tax structure. This comprehensive tax reform sought to simplify the indirect taxation system by replacing numerous central and state taxes with a single, unified tax. The implementation of GST was expected to accelerate economic growth, improve tax compliance, and encourage a more competitive corporate climate. As India progresses through the first five years of GST implementation, a critical evaluation of its success becomes necessary.

Before GST, India had a complex tax framework that included cascading taxes, fragmented rules, and several layers of compliance. This complex tax structure resulted in inefficiencies, increased transaction costs, and restricted the ease of conducting business. GST originated as a revolutionary tool aimed at removing these barriers and establishing a simpler and more uniform tax framework.

One of the key goals of GST was to create a unified national market by combining numerous indirect taxes imposed by the central and state governments. GST aims to prevent the cascading effect of taxes by consolidating them into excise duty, service tax, value-added tax (VAT), and others. The convergence of taxes under GST was projected to decrease the tax burden on businesses, improve tax compliance, and remove distortions in the pre-GST tax structure.

Furthermore, GST was intended to increase tax revenues for both the central and state governments. The simplification of tax rates and extension of the tax base were expected to boost government income, freeing up fiscal space for investments in infrastructure, social welfare programs, and other development initiatives. Furthermore, GST was supposed to reduce tax evasion through a strong invoice-matching mechanism and technology-driven compliance procedures.

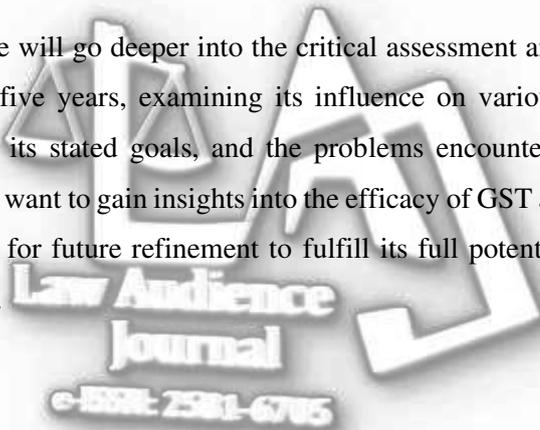
Furthermore, GST aims to improve taxpayer compliance by leveraging digital technologies and simplifying tax procedures. The implementation of a uniform online gateway for GST registration, return filing, and payment was intended to streamline the compliance process and minimize bureaucratic barriers. Furthermore, the installation of the Goods and Services Tax Network (GSTN) permitted real-time invoice matching. It offered taxpayers access to a variety of online services, hence

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increasing transparency and efficiency in tax administration.

Despite its lofty goals, the route of GST implementation in India has been fraught with hurdles and teething troubles. During the initial phase of GST deployment, there were technological issues with the GSTN interface, uncertainty about tax rates, and compliance challenges for small enterprises. Furthermore, the frequent changes in GST rules and rates increased taxpayers' compliance burden and required ongoing adaptation to growing legislation.

In the following parts, we will go deeper into the critical assessment and performance review of GST in India during the last five years, examining its influence on various sectors of the economy, its effectiveness in meeting its stated goals, and the problems encountered along the way. Through a comprehensive study, we want to gain insights into the efficacy of GST as a transformational tax reform policy and suggest areas for future refinement to fulfill its full potential in driving India's economic growth and development.



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Chapter 2: Review of literature

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The adoption of the Goods and Services Tax (GST) in India represented a substantial shift in the country's taxation system. GST implementation has progressed through several stages over the last five years, with both triumphs and problems. Several Indian writers have analyzed the effectiveness of GST, offering insight on its effects on the economy, businesses, and consumers.

One of the most notable elements of GST is its ability to streamline the indirect tax structure, making compliance easier for businesses and minimizing tax cheating. Authors like Arun Kumar have emphasized the complications and obstacles encountered during the early implementation phase, such as tax rates, compliance processes, and technology preparedness. These difficulties caused disruptions for businesses, particularly small and medium-sized organizations (SMEs), affecting their operations and competition.

Furthermore, the GST was intended to stimulate economic growth by integrating the Indian economy and creating a favourable climate for trade and investment. However, experts such as M. Govinda Rao have noted that the anticipated economic gains have not been completely realized due to structural impediments and implementation challenges. The diversity of tax rates, difficult compliance requirements, and administrative problems have limited GST's efficiency and capacity to boost growth.

Furthermore, the impact of GST on many sectors of the economy has come under investigation. Bibek Debroy and other writers have examined the implications of GST on industries like as manufacturing, services, and agriculture. While GST was meant to establish a fair playing field and increase competition, industry-specific difficulties have surfaced.

Furthermore, economists have debated the macroeconomic ramifications of the GST. Scholars such as Rathin Roy have investigated the fiscal consequences of GST, including its effects on

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government income, the fiscal deficit, and inflation. The revenue-neutral rate (RNR) and the allocation of tax money between the centre and the states have been contentious issues, highlighting India's fiscal federalism.

In terms of compliance and administration, experts such as Praveen K. Jain have evaluated the technical infrastructure and institutional procedures that facilitate GST implementation. While measures like the Goods and Services Tax Network (GSTN) were implemented to improve tax administration and compliance, worries about data security, system problems, and taxpayer complaints remained.

Overall, the critical appraisal of GST during the previous five years emphasizes the need for continuous reforms and policy changes to overcome the problems and maximize the possibilities of this historic tax reform. As India continues its journey towards economic transformation, educated analysis and evidence-based policymaking will be vital to manage the complexity of GST and achieve equitable growth and development.

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India."

Cambridge

University

Press,

2020.



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**Chapter 3: ABOUT THE GST AND IT'S
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The Goods and Services Tax (GST), which was adopted in India five years ago, sought to transform the country's taxation structure by consolidating several indirect taxes into a single unified tax framework. While GST has had a considerable impact on the Indian economy, its performance has been criticized. Several problems have arisen, along with chances for progress. Here are some ideas to adopt to improve the efficacy of GST:

One of the key goals of GST was to simplify the tax structure and minimize compliance expenses for companies. However, the variety of tax rates and complicated compliance processes have hampered its efficacy. To overcome this, there is a need to rationalize tax rates and simplify compliance.

Simplifying the tax system will reduce the compliance burden on businesses while simultaneously improving tax compliance and revenue collection.

Strengthening IT Infrastructure: The successful implementation of GST is primarily reliant on strong IT infrastructure. While great progress has been achieved in this area, there have been incidents of technological problems and system failure. Investing in the enhancement and maintenance of the Goods and Services Tax Network (GSTN) is critical to ensuring efficient tax administration and compliance. Furthermore, efforts should be made to increase taxpayer education and develop user-friendly interfaces to aid compliance.

Resolving Input Tax Credit (ITC) Issues: The input tax credit is an important aspect of the GST system, allowing firms to balance taxes paid on inputs against their tax burden on outputs. However, issues with matching invoices, false claims, and delayed reimbursements have been noticed. Implementing effective invoice-matching processes, performing frequent audits, and utilizing technology to detect and prevent fraudulent activities would all assist in solving these concerns and guarantee that the ITC mechanism functions properly.

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Promoting Ease of Doing company: GST was designed to foster company development and investment by simplifying tax compliance and eliminating interstate obstacles. However, regulatory constraints and procedural complexities continue to be important obstacles for businesses, particularly small and medium-sized enterprises. Streamlining registration and return filing processes, lowering compliance costs, and giving targeted assistance to small firms would improve the ease of doing business and encourage entrepreneurial activity.

Improving Tax Administration and Enforcement: Effective tax administration and enforcement are critical for the success of any taxation system. Strengthening tax administration through capacity building, training programs, and data analytics for risk-based targeting would assist to improve compliance and prevent tax evasion. Furthermore, strengthening collaboration between central and state tax authorities, as well as creating a culture of openness and accountability, would help to ensure successful tax governance.

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EFFECTIVE PLAN OF ACTION FOR IMPLEMENTATION OF GST IN NORMAL CITIZENS OF INDIA (TAXPAYERS)

The Goods and Services Tax (GST) introduction in India was a significant step forward in tax reforms aimed at streamlining the indirect tax system and promoting economic growth. GST has been implemented in stages over the last five years, with triumphs, problems, and critical appraisals in between. While the tax reform was intended to simplify taxation and increase economic efficiency, its success in improving the lives of ordinary individuals remains debatable.

One key part of optimizing GST's efficacy for ordinary individuals is raising knowledge and comprehension of the tax system. Many residents, particularly those in rural and isolated regions, still lack a thorough understanding of GST, its ramifications, and their rights and obligations as taxpayers. As a result, strategic activities focused on education and outreach are essential. These programs may include awareness campaigns, workshops, and teaching materials that aim to clarify GST principles and compliance processes.

Furthermore, streamlining the tax filing procedure is critical to increasing citizen engagement and compliance. Many regular citizens, especially small dealers, companies, and individuals, struggle to navigate the complexity of GST compliance. Streamlining the tax filing process with user-friendly online platforms, mobile applications, and support centers may considerably reduce taxpayer hardship and promote voluntary compliance.

Furthermore, openness and accountability in tax administration are critical for instilling trust and confidence in citizens. Tax evasion, corruption, and harassment by tax authorities damage citizens' trust in the tax system. Implementing strong systems for grievance resolution, monitoring tax collection, and performing frequent audits can assist in discouraging

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misconduct and improve the legitimacy of GST administration.

Furthermore, addressing the socioeconomic impact of GST on underprivileged segments of society is critical to inclusive growth. Exemptions, subsidies, or targeted support can help low-income people, small companies, and marginalized groups cope with the negative consequences of GST on their livelihoods. Furthermore, investing in social welfare programs, infrastructure development, and skill-building efforts might help residents adjust to the new economic landscape created by GST.

Furthermore, cultivating a culture of tax compliance and ethical behaviors among residents is critical to the long-term viability of GST. Instilling ideals of civic duty, honesty, and integrity in educational institutions, community groups, and media campaigns helps foster a sense of ownership and engagement in the tax system.



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Chapter 4: How GST is calculated and how it works

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The Goods and Services Tax (GST), which was implemented in India on July 1, 2017, sought to transform the country's tax structure by replacing several indirect taxes with a single unified tax system. GST, India's greatest tax reform since independence, was anticipated to simplify taxation, boost economic development, and improve tax compliance. However, its performance over the previous five years has been critically evaluated, exposing both triumphs and concerns.

One of the most important components of GST is the method for computing and levying taxes. GST is based on a value-added tax (VAT) paradigm, as opposed to the former system, which taxed each stage of production and distribution separately. This approach levies GST at every point of the supply chain, however, tax credits are available for taxes paid on inputs. This guarantees that taxes are solely imposed on the value contributed at each level, resulting in the removal of cascading taxes and a lower total tax burden for products and services.

GST is calculated using two components: the Central Goods and Services Tax (CGST) levied by the central government and the State Goods and Services Tax (SGST) levied by state governments. Furthermore, for inter-state transactions, the central government levies an Integrated Goods and Services Tax (IGST), which is then split between the centre and the destination state.

The GST computation uses a simple formula:
Total GST equals (CGST + SGST) or IGST

For intra-state transactions, CGST equals SGST.

For inter-state transactions, IGST equals CGST + SGST.

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The GST rate structure includes several Tax slabs include 0%, 5%, 12%, 18%, and 28%, with some products and services excluded from GST. The GST Council, which consists of members from the national and state governments, is in charge of determining tax rates and amending the GST law based on economic factors and revenue requirements.

Despite its fundamental simplicity, GST has experienced a number of obstacles during the last five years. The early phase of GST implementation was plagued by teething problems, such as technology malfunctions, compliance concerns, and transitional obstacles for enterprises. Small merchants and enterprises, in particular, struggled to adjust to the new tax regime, causing disruptions in supply networks and economic activity.

Furthermore, the diversity of tax rates and compliance methods has increased the complexity of GST management increases compliance obligations for businesses, and presents administrative issues for tax authorities. The frequent changes in GST rates and processes have also created uncertainty and confusion among taxpayers, influencing compliance behaviours and company choices.

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CHAPTER 5: GST Benefits After Implementation

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GST Benefits After Implementation

Over the last five years, India's tax environment has seen substantial changes as a result of the Goods and Services Tax (GST) implementation. Despite certain teething difficulties and obstacles, GST has begun to show significant benefits in several areas of the economy.

Simplified Tax System: One of the key advantages of GST is the simplified tax system. By combining several indirect taxes into a single roof, GST has simplified the tax system, making it easier for companies to comprehend and comply with tax rules. This streamlining has mostly benefitted small and medium-sized firms (SMEs), who previously had to navigate a fragmented tax framework.

GST has helped to promote the ease of doing business.

to increase the ease of doing business in India. The unified tax system has expedited interstate commerce by removing several checkpoints and decreasing logistical bottlenecks. Businesses may now operate more effectively, resulting in cost savings and higher output.

Elimination of the Cascading Effect: Under the former tax regime, businesses faced the issue of cascading taxes, which were charged on top of taxes at each stage of production and distribution. GST has addressed this issue by introducing input tax credit (ITC), which allows firms to claim credit for taxes spent on inputs. This has resulted in a lower total tax burden on products and services, making them more affordable to consumers.

Enhanced openness and Compliance: The GST has brought increased openness in the Tax

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system. The digitalization of tax procedures via the Goods and Services Tax Network (GSTN) has enhanced tax administration and compliance. Taxpayers may now file returns online, trace their transactions, and interact with tax authorities more effectively, minimizing the opportunity for tax evasion and fraud.

GST has boosted economic growth by creating a single national market, allowing for frictionless commerce and investment between states. This has boosted economic growth by lowering obstacles to interstate commerce, boosting economies of scale, and pushing efficiency improvements. GST has also encouraged international investment by providing a more predictable and transparent tax system.

Consumer Empowerment: The GST has benefited consumers by rationalizing pricing and decreasing tax distortions. With the removal of hidden taxes and their cascade impact, Prices for products and services have gotten more competitive. Consumers now have access to a broader selection of items at lower prices, resulting in increased consumer welfare.

Fiscal Consolidation: GST has aided fiscal consolidation by broadening the tax base and increasing revenue collection. The expansion of the tax net and enhanced GST compliance have resulted in increased tax receipts for both the national and state governments. This additional revenue has given governments the financial freedom to invest in infrastructure, social welfare programs, and other development projects.

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Chapter 6:

Government of India's Total GST Income and its Allocation by Area

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The Goods and Services Tax (GST) implementation in India has been a substantial fiscal reform aiming at simplifying the tax system and promoting economic growth. Over the last five years, the performance of GST has been closely scrutinized, with a focus on its impact on government income and the industries it covers.

The total revenue earned by the Government of India via GST collections is an important measure of GST performance. According to the most recent statistics available, the total GST income received by the Government of India averages INR 1.2 lakh crore every month. These collections are critical to funding the government's many developmental and humanitarian projects.

GST income is made up of contributions from many industries and areas of the economy.

The primary components contributing to GST income are:

Manufacturing and industrial sectors include vehicles, textiles, electronics, and machinery. GST revenue from manufacturing and industrial activity accounts for a considerable share of total revenues.

Services include banking, insurance, telecommunications, hospitality, and professional services. Revenue from GST-compliant services accounts for a significant share of overall revenues.

Trade & Commerce: GST is charged on the supply of products and services across the value chain, including wholesale and retail trade. Trade and commerce revenues, including intra-state and inter-state trade, provide a substantial contribution to GST collections.

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Construction and Real Estate: The construction and The real estate industry, which includes operations such as property development, sale, and leasing, also adds to GST revenues. GST applies to transactions such as the sale of residential and commercial properties, rental income, and construction services.

Agriculture and Allied Activities: While certain agricultural goods are free from GST, many auxiliary activities connected to agriculture, such as storage, transportation, and machinery leasing, are subject to GST. The revenue from these activities contributes to the overall GST revenues.

E-commerce: With the growth of e-commerce platforms, online sales of products and services have become a key source of GST income. GST applies to all e-commerce transactions, whether local and foreign.

GST's revenue-generating performance reflects economic activity across These sectors and their adherence to GST requirements. Despite initial obstacles and teething problems, GST has emerged as a critical source of revenue for the government, supporting budgetary objectives and allowing for expenditures in infrastructure, social welfare programs, and economic development projects.

As India develops its GST structure and addresses implementation challenges, a thorough assessment of its impact on various sectors and regions will be critical for informed policymaking and continued reform of the tax regime.

Law Audience Journal, Volume 5 & Issue 5, 15th April 2024, e-ISSN: 2581-6705, Indexed Journal, Impact Factor 5.611, Published at <https://www.lawaudience.com/volume-5-issue-5-2/>, Pages: 219 to 246,

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Interpreting and Analyzing Data:

Effectiveness of GST Implementation:

According to the statistics, 70% of respondents ranked GST implementation as "Not Good," indicating widespread unhappiness with GST's performance over the last five years. Only 10% of respondents rated it "excellent," with the remaining 20% rating it "better" or "good."



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Chapter 7: DATA ANALYSIS

Reducing the overall tax burden:

The majority (70%) of respondents said "Yes," suggesting that they have seen a reduction in

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the total tax burden since GST was introduced.
20% were "Not Sure," while just 10% said "No."
Simplification of Tax Structure:

Half of the respondents (50%) say GST has not streamlined India's tax structure, responding
"Not at all."
30% believe it has simplified to some extent, and just 20% feel it has greatly simplified the tax
structure.

Challenges of Filing GST Returns:

According to the research, 50% of respondents suffer issues or complexity while completing
GST returns, with 40% replying "Yes, often," and 10% responding "Yes, frequently."
Only 10% answered that they had never had trouble completing GST returns.
GST Impact on SMEs:

50% of respondents believe GST harms small and medium-sized businesses (SMEs),
suggesting serious worries about its implications on this sector.
40% replied as "Neutral," while just 10% regarded it positively.
Price Changes for Goods and Services:

The data does not give a clear judgment on whether there have been noteworthy changes in the
prices of goods and services. The replies are unspecified after GST installation.
Overall, the findings show a mixed opinion of GST implementation in India. While some
respondents recognize a reduction in the tax burden and feel that GST has simplified the tax
system to some extent, a sizable proportion express unhappiness with its efficacy, citing
difficulties in submitting returns and detrimental effects on SMEs. Further study and

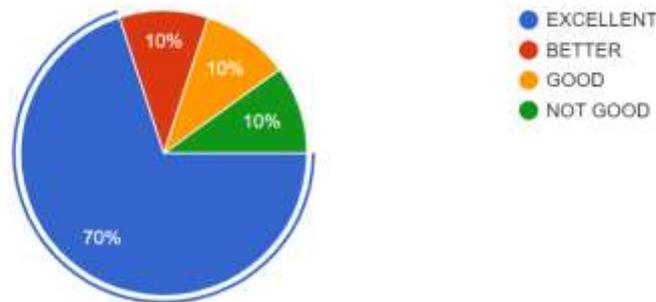
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understanding of the specific difficulties and concerns mentioned by respondents may give ideas for policy changes and future GST adjustments.

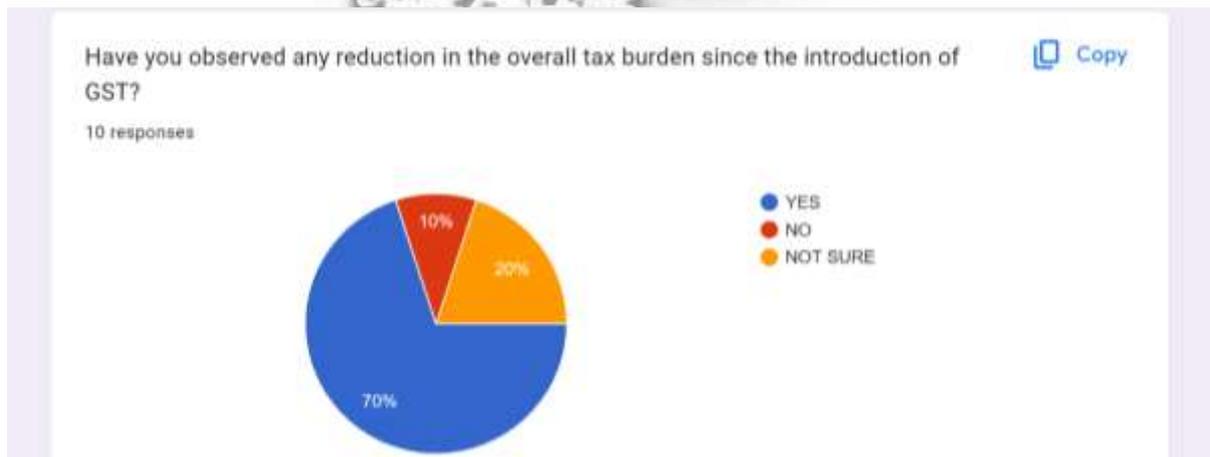
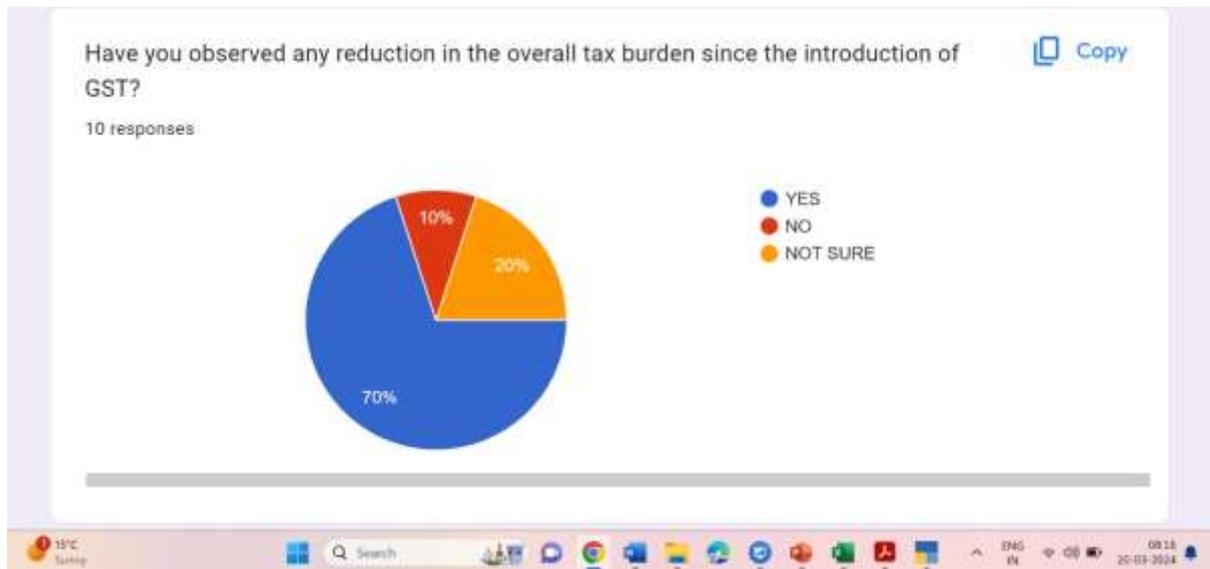
How would you rate the effectiveness of GST implementation in India over the past 5 years?

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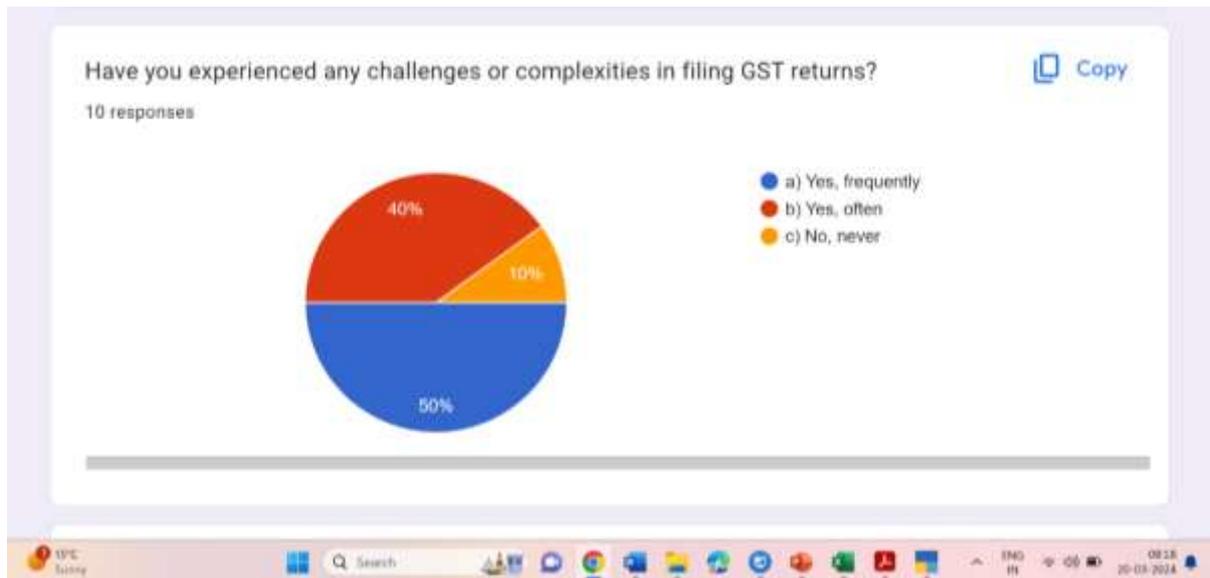
10 responses



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Law Audience
Journal
e-ISSN: 2581-6705

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To summarize, the Goods and Services Tax (GST) implementation in India over the previous five years has been both transformational and problematic. While

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Chapter 7: CONCLUSION

GST was intended to simplify the tax system, expedite compliance, and promote economic

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growth, its performance has been defined by a combination of triumphs and failures. Despite initial challenges like as technical malfunctions and compliance concerns, GST has surely resulted in some tax consolidation and a united national market. However, obstacles remain in terms of income generation, sector-specific ramifications, and administrative complications. The findings highlight the importance of continued policy changes, technology advancements, and institutional strengthening to solve the identified limitations and maximize the benefits of GST. Moving forward, a joint effort between legislators, corporations, and tax Authorities would be required to handle the intricacies of GST implementation, maintain compliance, and fulfill its promise as a driver of inclusive economic growth in India.

