MUMBAI UNIVERSITY

A PROJECT ON IMPACT OF GOODS AND SERVICE TAX ON SERVICE INDUSTRY.

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By

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DECLARATION BY LEARNER

I the undersigned **Miss. Vaishnavi Kishor Jadhav** declare that the workembodied in this project work titled Title of the Project here by,

forms my own contribution to the research work carried out under the guidanceof **Asst. prof, DR. Kishor Chauhan** a result of my own research work and has not been previously submitted to any other University for any other Degree/ Diploma to this or any other University.

Wherever reference has been made to previous works of others, it has beenclearly indicated as such and included in the bibliography.

I hereby further declare that all information in this document has been obtainedand presented in accordance with academic rules and ethical conduct.

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Certified by

Name and signature of the Guiding Teacher

[ASST PROF. DR. KISHOR CHAUHAN]

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CERTIFICATE

This is to certify that Miss.VAISHNAVI KISHOR JADHAV has worked and duly completed her Project Work for the degree of Bachelor in Commerce (Accounting & Finance) under the Faculty of Commerce in the subject of TAXATION and her project is entitled, IMPACT OF GOODS AND SERVICE TAX ONSERVICE INDUSTRY under my supervision.

I further certify that the entire work has been done by the learner under my guidance and that no part of it has been submitted previously for any Degree or Diploma of any University.

It is her own work and facts reported by her personal findings and investigations

Seal of the College

Name and Signature of Guiding Teacher
[ASST. PROF. DR. KISHOR CHAUHAN]

Date of submission:

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CHAPTER 1 - INTRODUCTION
GOODS AND SERVICE TAX [GST]

The Goods and Services Tax (GST) is a successor to VAT use in India on the supply of goods and services. GST is a digitalized form of VAT where you can also track the goods& services. Both VAT and GST have the same taxation slabs. It is a comprehensive, multistage, destination-based tax: comprehensive becauseit has subsumed almost all the indirect taxes except a few state taxes. Multi-stagedas it is, the GST is imposed at every step in the production process but is meant to be refunded to all parties in the various stages of production other than the finalconsumer and as a destination-based tax, it is collected from point of consumption and not point of origin like previous taxes.

Goods and services are divided into five different tax slabs for collection of tax: 0%, 5%, 12%, 18% and 28%. However, petroleum products, alcoholic drinks, and electricity are not taxed under GST and instead are taxed separately by the individual state governments, as per the previous tax system. There is a special rate of 0.25% on rough, precious and semi-precious stones and 3% on gold. In addition, a cess of 22% or other rates on top of 28% GST applies on several itemslike aerated drinks, luxury Carson tobacco products. Pre-GST, the statutory tax rate for most goods was about 26.5%; post-GST, most goods are expected to be in the 18% tax range.

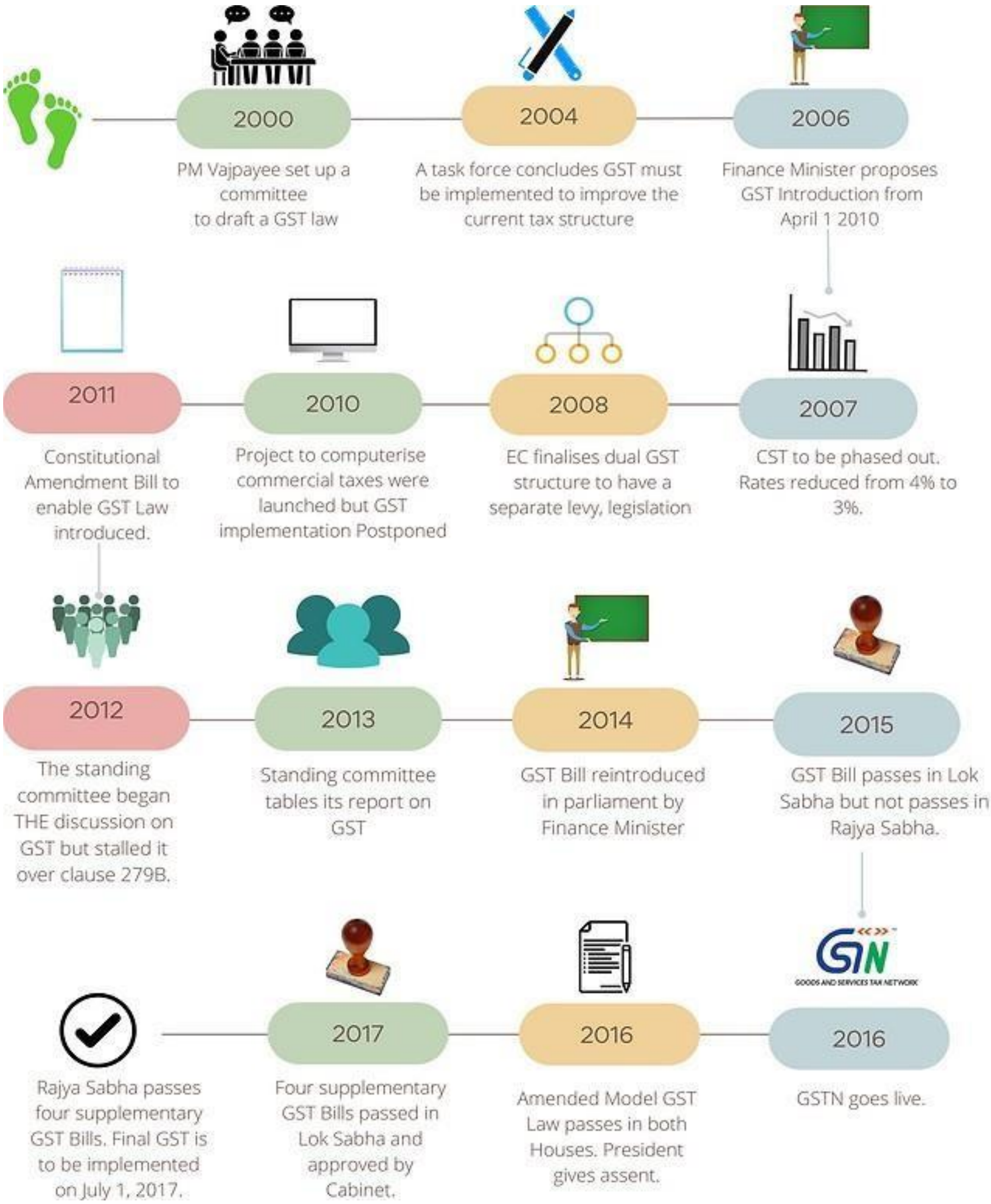
The service sector often engages in complex transactions. GST simplifies thetax structure by subsuming multiple indirect taxes, making compliance morestraight forward for service providers.

The tax came into effect from 1 July 2017 through the implementation of the One Hundred and First Amendment of the Constitution of India by the Indian government. 1stJuly is celebrated as GST Day. The GST replaced existing multiple taxes levied by the central and state governments. Also, to boost GST billing in India, the Government of India, in association with state governments, has launched an "Invoice Incentive Scheme" (Mere Bill Mere Adhikar). This will encourage the culture of customers asking for invoices and bills forall purchases. The objective of the scheme is to bring a cultural and behavioral change in the public to 'Ask for a Bill' as their right and entitlement

The tax rates, rules and regulations are governed by the GST Council which consists of the finance ministers of the central government and all the states. The GST is meant to replace a slew of indirect taxes with a federated tax and is therefore expected to reshape the country's $3.5 trillion (about $11,000 per person in the US) (about $11,000 per person in the US) economy, but its implementation has received criticism. Positive outcomes of the GST include the travel time in interstate movement, which dropped by 20%, because of disbanding of interstate check posts.

GST is the most ambitious and remarkable indirect tax reform in India's post

JOURNEY OF GST



Before 2000 : While in the world a whole new taxation reform was going on and the immediate reason for the reforms was the need to enhance revenues tomeet impending fiscal crises, India still was one of the countries having the same taxation system which was highly fragmented. There were several taxes which were charged with different names and due to the absence of any other option citizens were forced to pay those taxes. And with globalization, there was also an increase in the international competition which demanded a new tax regime.

Drafting of the GST Law : In the year 2000, the idea of incorporating GST in our Indian taxation system was suggested by the Atal Bihari Vajpayee government. Ensuing this a committee was then formed to design the Goods andServices Tax Model for the country. This committee was headed by Asim Dasgupta, the then finance minister of West Bengal and he headed this committee till the year 2011. Apart from this the representatives of the center and states were requested to make suggestions based on their experience with this GST proposal including exemptions, threshold, taxation on inter-state and intra-state supplies etc.

CST to be phased out: In the year 2007, a new bill was passed in Lok Sabha which aimed to phase out CST (Central Sales Tax) in four stages and it would be completely abolished in three years. The annihilation of CST would have paved the path for GST in the upcoming years.

Dual GST structure: In India due to its federal structure both the center and state have the power to levy tax on a single transaction. So, while making a blueprint of GST it was kept in mind to have a dual structure or levy tax with twodifferent components i.e. if a person makes a transaction, then he must pay two kinds of taxes which are CGST (Central Goods and Services Tax) and SGST (State Goods and Services Tax).

GST implementation Postponed: In the year 2010, a decision was taken to computerize the whole Commercial Tax Department (CTD) at the central as well as state level which will eventually help the citizens in availing the online services and will also ease the work of the CTD staff. But because of this, the implementation of GST got postponed by one year.

Constitutional Amendment Bill: In March 2011 the Congress government put forth the Constitutional (115th) Amendment Bill, for incorporating the relevant provisions of GST, in the parliament. which GST was postponed but due to constant protest by the opposition party, the Bill was sent for examination to the standing committee which held it in abeyance.

The Standing committee: After the GST Bill was sent for examination tothe standing committee, they began the discussion, but it was stalled over clause 279B of the Constitution. This clause empowers the central government with some additional or discretionary powers in event of any dispute or complaints arising out of the recommendation made by the GST council.

Standing Committee Report: In August 2013, the standing committee submitted its report to Parliament. The panel of the committee approved the legislation but also suggested the scope for some amendments. The committee said "What should be included in the laws and rules should not form part of the constitution of India. The present bill relating to GST, in the committee's view, has not been well drafted from this perspective and, therefore, requires amendments as suggested."

GST bill reintroduced: In May 2014, the Constitutional amendment Billlapsed with the dissolution of the 15th Lok Sabha and the same year the BJP government came into power at the center. The Constitutional (122nd) Amendment Bill, 2014 on GST was reintroduced in the parliament by the new finance minister Arun Jaitley and this time the opposition demanded that the Billshould be sent to the standing committee for the discourse.

GST Bill passes in Lok Sabha: This 122nd Constitutional amendment Bill was eventually passed in Lok Sabha but not in Rajya Sabha. As the Bill wasnot passed in Rajya Sabha, it was referred to the Joint committee of both houses of the parliament. In addition to this, the finance minister also mentioned that there was no specific reason for not passing the bill.

Supplementary GST Bills: After a long debate and cross-questioning four supplementary GST bills were passed in Lok Sabha namely:

- The Goods and Services Tax (Compensation to States) Bill, 2017
- The Union Territory Goods and Services Tax Bill, 2017
- The Integrated Goods and Services Tax Bill, 2017
- The Central Goods and Services Tax Bill, 2017

After it was passed in Lok Sabha the bill also got approved by the cabinet.

Implementation of GST: All four bills got approved in Rajya Sabha andafter that, it was sent to the Honorable President of India for his assent. After assenting this Constitutional amendment Bill becomes an Act. The Bill got the assent of the President and later it was declared that it'll become applicable from1st July 2017 to the whole country.

OBJECTIVES OF GST

1) TO ACHIEVE IDEALOGY OF ONE NATION ONE TAX
2) TO SUBSUME MOST OF INDIRECT TAXES
3) TO ELIMINATE CASCADING EFFECT
4) TO CURB TAX EVASION
5) TO INCREASE TAX PAYER BASE
6) IMPROVING LOGISTICS AND DISTRIBUTING SYSTEM
7) TO PROMOTE COMPETETIVE PRICING AND TO INCREASE CONSUMPTION

Following mentioned is the detail study of objective

1. To achieve the ideology of 'One Nation, One Tax'

India became a fully integrated economy 67 years after its political integration as a Constitutional republic when the principle of one nation one tax finally became a reality on July 1, 2017. The overarching goal of Article 301 of the Constitution was always to ensure that trade, commerce and intercourse throughout the territory of India shall be free. To realize this, India adopted the policy of GST. France was the first country in the world to implement the GST law in the year 1954. Since then, around 159 countries have adopted the GST regime in some form or other. In India, taxes levied are of two kinds: direct and indirect.

Direct taxes are those in which liability cannot be passed onto anyone else. Indirect tax is wherethe burden can be passed onto someone else. Prior the one nation, one tax regime, the indirect tax was fragmented and composed of several taxes such as VAT, Service tax etc. However, after the introduction of one nation, one tax as per the 122nd Constitutional amendment Bill, 2014 passed by both the houses of Parliament from July 1, 2017, a single unifying indirect taxis now being imposed on all goods and services. All goods and services are taxed under one four slabs- 5%, 12%, 18%, and 28% wherever they are purchased and additional 'sin tax' of 40% to be implemented on rare occasions.

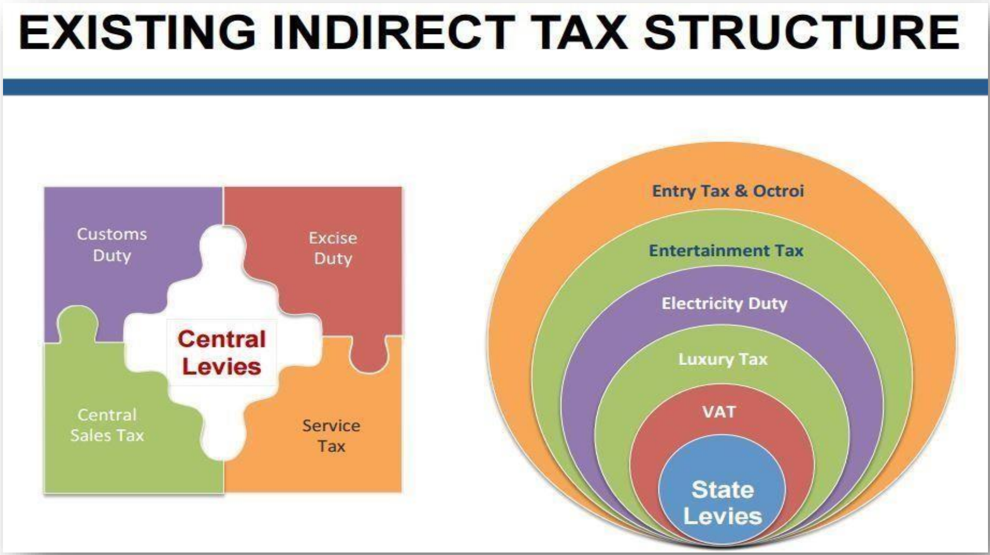
This change in tax regime also imposes the same tax on goods and services, thereby ceasing distinguishing a good from a service. GST is a multi-stage and destination-based tax that will be levied at the point of consumption. The GST regime in India can be best described as dualistic in nature with both center and state government imposing taxes in the form of CenterGST (CGST) and State GST (SGST). There is also an integrated GST on the inter-state supplyof goods and services.

The need to bring one nation, one tax arose from the very nature of indirect taxes. The burdenof tax is easily transferable to the next stage of the supply chain. A producer that pays VAT can transfer the amount paid to the retailer, who through the same process, will transfer the taxto the consumer. The consumer eventually ends up paying the price of the product and the tax liability that has been transferred to him. GST is addressing this issue.

GST has replaced multiple indirect taxes, which existed under the previous tax regime. Theadvantage of having one single tax means every state follows the same rate for a particular product or service. Tax administration is easier with the Central Government deciding the rates and policies. Common laws can be introduced, such as e-way bills for goods transportand e-invoicing for transaction reporting. Tax compliance is also better as taxpayers are notbogged down with multiple return forms and deadlines. Overall, it’s a unified system of indirect tax compliance.

- It has been of great help to the consumers as it is assumed to bring transparency of the levied tax which will be proportionate to the value added and there is a relief in overall taxburden.

2) To subsume many most of indirect taxes in India



The taxes collected by the Indian Government can be categorized into Direct and Indirect Taxes. Direct Taxes are broadly the taxes which are levied on the Income, revenue or profits earned by an individual or firm, for instance, Income tax, Surcharge, and Gift Tax. These are implemented and governed by the Central Board of Direct Taxes (CBDT).

Indirect tax is a type of tax that is passed on to another individual or entity. Indirect taxes are generally levied on a manufacturer or supplier who then passes that tax to the final consumer. Examples of indirect taxes include sales tax, entertainment tax, excise duty, etc. These are levied on the sellers of goods or the providers of service, where it is passed on to the end consumer in the form of service tax, excise duty, entertainment tax, custom duty etc. One of the common examples of an indirect tax is the excise tax imposed on alcohol.

India had several erst while indirect taxes such as service tax, Value Added Tax (VAT), CentralExcise, etc., which used to be levied at multiple supply chain stages. Some taxes were governedby the states and some by the Centre. There was no unified and centralized tax on both goods and services. Hence, GST was introduced. Under GST, all the major indirect taxes were subsumed into one. It has greatly reduced the compliance burden on taxpayers and eased tax administration for the government.

3) To Eliminate Cascading Effect

The cascading effect associated with taxation

There are several types of taxes that are levied by the government at different levels for example on production level on a sales level. So when there are several taxes collected on a single good or commodity there is a shadow of one tax on another. Whenever a tax is collected on an existing tax that particular concept can be referred to as a cascading effect of the tax. Let us imagine that there is a manufacturer and to manufacture a good he would require the raw materials so the supplier providing the manufacturer with the raw material would levy taxes onthe raw materials and such taxes are levied basically by the government of India. Now the basicconcept says that the taxes and in particular the indirect taxes are paid by the consumers and the manufacturer pays direct taxes. Now when the manufacturer is selling the final product inthe market the government lays down another tax on to the pre-existing taxes that were paid bythe manufacturer to the supplier of the raw material. Now the issue arises with the sales tax that is levied by the government on the final product .the manufacturer will raise an issue onto paying the taxes once more as the sales tax so the manufacturer’s claimed back either of the taxes or the claim of the manufacturer stated that if the government does not pays back either or the taxes ultimately all the added taxes are to be borne by the consumers so the market prices will shoot up there will be inflation in the market.

One of the primary objectives of GST was to remove the cascading effect of taxes. Previously,due to different indirect tax laws, taxpayers could not set off the tax Credits of one tax againstthe other. For example, the excise duties paid during manufacture couldn't be set off against theVAT payable during the sale. This led to a cascade ng effect of taxes. Under GST, the tax levyis only on the net value added at each stage of the supply chain. This has helped eliminate the cascading effect of taxes and contributed to the seamless flow of input tax credits across both goods and services.

4) To Curb Tax Evasion

Tax Evasion is an illegal activity in which a person or being knowingly avoids paying true taxliability. To willfully fail to pay taxes is a federal offense under the Internal Revenue Service (IRS) tax code. Tax evasion applies to both the illegal non-payment as well as the illegal underpayment of taxes. Generally, a person is not considered to be guilty of tax evasion unless the failure to pay is deemed intentional.

Causes of Tax Evasion:

- Low educational level of the population
- Lack of simplicity and accuracy of the tax legislation
- Inflation
- Tax pressure and high rates
- A significant informal economy
- Permanent regularization regimes
- Possibility of failing to comply without greater risk
- Promotional regimes (tax incentive, exemption and tax expenses)
- Lack of citizens and tax integrity.
- Inefficiency of the tax administration.
- Presence of multinational Enteprises with aggrieve tax planning
- Great weight of intangible, which makes it difficult to assign them their true value and determine their place of origin.

Tax Evasion in India:

In India there are various ways through which people evade tax are Smuggling, evasion of salesand Value Added Tax, Evasion of Income Tax, Evasion of Wealth Tax, Evasion of Customs Duty and Evasion of Excise Duty. Also, officials take bribery and help in making fabricated statements instead of reporting to tax authorities. Idealist willfully fails to file return, submit false returns, submits false certificates to get deduction, exemptions and claim low income, charging personal expenses to revenue, fails to pay dues within due date and so on to evade tax.

Effect of Tax Evasion in India:

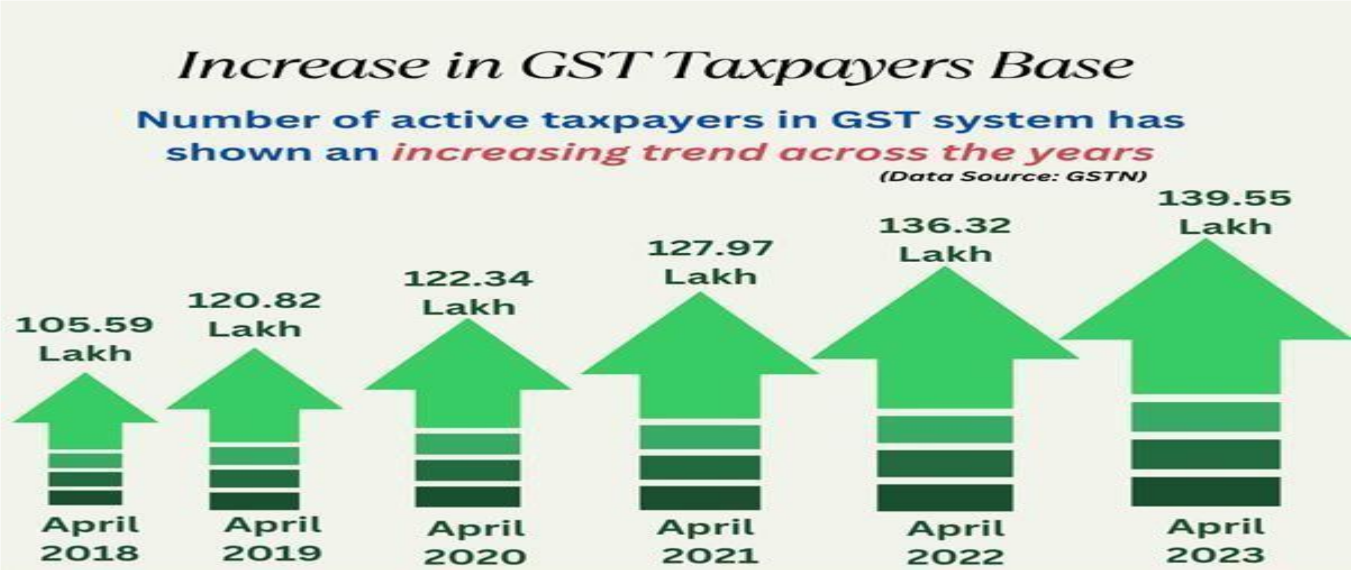
Taxes are the major source of revenue of India government. Tax evasion causes economic inequality, that is how some people are getting richer and others are getting poorer. Many reform measures and initiatives of government have to be set aside and welfare activities are getting affected. Black money causes inflation and value erosion.

Measures Taken by Indian Government to Curb Tax Evasion:

Several steps as below have been taken by Indian government to avoid tax evasion. In India, tax evasion is regarded as a crime. Prosecution and Penalties are imposed under different acts by the government. An income tax reward scheme has been introduced by the Income Tax Department which gives rewards to informers about tax evasion. Recently, India has entered into pact with US to avoid tax evasion by Americans through Indian financial organizations. Special Bearer Bond Scheme (Immunities and Exemptions Act, 1981) enables person in possession of black money to invest in special bonds. Voluntary Compliance Scheme (AmnestyScheme) was another one.

Government increased the tax slab, reduced deduction rate, and increased legal tax avoidance measures. Most recently, the Tax Administration Reform Commission was set up by the Government to make structural reform to tax matters to simplify and streamline tax procedures.Earlier India had set up several committees like Taxation Enquiry Committee, Indian Tax Reforms Committee, and Direct Taxes Enquiry Committees etc. Transfer Pricing Audit was introduced by Finance Bill to audit undisclosed transactions to curb tax evasion.

5) To Increase The Taxpayer Base



In the year 2023, the **Central Board of Direct Taxes (CBDT)**, Department of Revenue, Ministry of Finance, has taken many citizen-centric initiatives throughout the year. The CBDT has furthered initiatives through reforms by focusing on taxpayer outreach, assistance throughactive helpdesks, and has embraced faceless processes, showcasing a commitment to transparency and efficiency. The revamped national website and other digital initiatives have also contributed to an overall improved taxpayer experience.

Gross tax collections of Rs. 12.67 lakh crore marks a 17.7% YoY increase, with net collections reaching Rs. 10.64 lakh crore, reflecting a 23.4% growth. Notably, 58.34% of the budget estimates for the fiscal year have already been realized. Speedy processing and refunds are evident, with over Rs. 2.03 lakh crore refunded, and more than 3.43 crore Income Tax Returns(ITRs) processed within 7 days. The introduction of initiatives like TIN 2.0, pre-filling of ITRs, and updated returns has streamlined processes, resulting in 44.76 lakh updated returns filed.

The **Central Board of Indirect Taxes and Customs (CBIC)**, Department of Revenue, Ministry of Finance, has achieved significant milestones in enhancing the efficiency and integrity of the Goods and Services Tax (GST) system. Goods and Services Tax (GST) not only completed six successful years of implementation but also broke all records of previous collections and achieved the h nt entries. Additionally, geo-tagging of business locations, system-based suspension of registrations for non-filers, and risk-based processing of refund applications showcase CBIC's commitment to curbing malpractices To streamline the filing process, sequential filing of GSTR-1 and GSTR-3B has been mandated, promoting timely returns and smooth availability of input tax credit. Special drives against fake registrations, system-based mechanisms for intimation of mismatches, and a new functionality for unregistered persons to apply for temporary registration demonstrate CBIC's dedication to compliance. Ingest ever tax revenue collection for April 2023 at Rs 1.87 lakh crore.

Leveraging data analytics and artificial intelligence, the CBIC has strengthened the registrationprocess by implementing a risk rating system for applicants, ensuring thorough verification to prevent fraudulent

GST has helped in widening the tax base in India. Previously, each of the tax laws had a different threshold limit for registration based on turnover. As GST is a consolidated tax levied on both goods and services both, it has increased tax-registered businesses. Besides, the stricter laws surrounding input tax credits have helped bring certain unorganized sectors under the tax net.

6) To Improve Logistics And Distribution System

Logistics Management can be explained as one of the divisions of the supply chain process that checks the flow, storage and transportation of the goods and services from a particular organization to the end consumer.

A single indirect tax system reduces the need for multiple documentation for the supply of goods. GST minimizes transportation cycle times, improves supply chain and turnaround time, and leads to warehouse consolidation, among other benefits. With the e-way bill systemunder GST, the removal of interstate checkpoints is most beneficial to the sector in improving transit and destination efficiency. Ultimately, it helps in cutting down the high logistics andwarehousing costs.

7) To Promote Competitive Pricing And Increase Consumption

Introducing GST has also led to an increase in consumption and indirect tax revenues. Due tothe cascading effect of taxes under the previous regime, the prices of goods in India were higher than in global markets. Even between states, the lower VAT rates in certain states led to an imbalance of purchases in these states. Having uniform GST rates have contributed to overall competitive pricing across India and on the global front. This has hence increased consumption and led to higher revenues, which has been another important objective achieved.

Need Of GST In India

India is notorious for its complex tax system. For new businesses and startups, it becomes impossible to navigate through various direct and indirect taxes. Constant changes to taxes like Service Tax are making things even worse. But now, things are set to change with a newGoods and service tax – commonly known as GST

Why Is GST Necessary in India?

- GST is being introduce in there are majorly due to 2 reasons

1. The current indirect Tax structure is full of uncertainties due to multiple tax Rates.

2. Due to multiple rates there are multiple Forms.

BENEFITS OF GST TO SERVICE SECTOR

1. Input Tax Credit (ITC)

One of the many important benefits for service providers is the availability of Input Tax Credit. It allows businesses to offset taxes paid on inputs against their final tax liability. Here,if a service provider pays tax on input goods or services, they can deduct that amount from their final tax liability.

This means that service providers can significantly reduce their overall tax burden by only paying tax on the value they add to the final product or service.

2. Simplified Tax Structure

The service sector often engages in complex transactions. GST simplifies the tax structure by subsuming multiple indirect taxes, making compliance more straightforward for service providers.

Prior to GST, service providers had to navigate through the complexities of different taxes, each with its own set of rules and regulations. GST unifies these into a single, comprehensivetax structure, streamlining processes and reducing the bureaucratic burden on businesses.

Is GST mandatory for the service sector?

Yes, GST is mandatory for service providers whose aggregate turnover surpasses the prescribed threshold limit for that service's bracket. This threshold is recalibrated annually bythe government, and service providers exceeding it are required to register for GST.

While mandatory for those surpassing the threshold, GST registration is not just anobligation; it's also an opportunity.

Voluntarily registering for GST enables service providers to claim Input Tax Credit (ITC) onthe taxes paid on their purchases. This Input Tax Credit allows businesses to offset the tax they have paid on inputs against the tax payable on output supplies, reducing the overall tax liability

Impact of GST on the service sector

1. Standardized Tax Treatment

The service sector, being diverse, often faced varying tax treatments for different services.GST standardizes the tax treatment, providing a common ground for all service providers.This not only simplifies compliance but also ensures a fair and consistent taxation framework.

2. Boost to Digital Economy

The service industry is inherently linked to the digital economy. GST's emphasis on digitalrecord-keeping, invoicing, and filing aligns seamlessly with the nature of services. This notonly enhances efficiency but also propels the service sector further into the digital age, fostering innovation and competitiveness

1. Encouragement of Formalization

GST incentivizes service providers to formalize their operations by making compliance more accessible. This formalization not only brings previously unaccounted businesses into the taxnet but also instills a sense of transparency and accountability in the service sector.

In a nutshell, the impact of GST on trade, manufacture, and services displays a positivechange, simplification, and economic growth. It has untangled the complexity of taxes, providing a more cohesive and integrated business environment.

Whether through the elimination of barriers in inter-state trade, the facilitation of cost- effective manufacturing, or the encouragement of a transparent and digitalized service sector,GST stands as a catalyst for progress. As the GST framework evolves, its impact will continue to shape the economic landscape.

What is the GST limit for the service sector?

Determining the GST threshold for service providers is critical, as it dictates whether abusiness must register for GST. This threshold is subject to change and is annually determined by the government.

As of 2023, businesses with an annual turnover exceeding Rs. 20 Lakhs for services (and Rs.40 Lakhs for goods) are obligated to register for GST. For a turnover of less than the limit, businesses can choose to register for GST voluntarily. This is useful for services to avail benefits like Input Tax Credit and offset their input tax.

WHO WILL PAY GST FOR SERVICES?

The responsibility for paying GST on services lies squarely with the service provider. From collecting GST from customers to filing regular returns and remitting the collected tax to the government, the onus is on service providers to ensure compliance.

This self-assessment and payment model underlines the importance of accurate record- keeping and adherence to filing timelines. It also establishes a transparent system whereinservice providers play an active role in ensuring the smooth functioning of the GST framework.

GST IMPACT ON SERVICE SECTOR

GST operates on a consumption-based model, applying taxes at the place where services are used rather than where they are produced.

GST's impact on services isn't uniform; it entails different tax slabs tailored to specific service types. Essential services fall under lower tax brackets, while luxury services couldface higher taxation, reflecting the varied value and nature of different services.

How does GST work in the service sector?

GST operates as a destination-based tax; it is levied at the place where services are consumed rather than at their place of production. This approach provides a more nuanced perspective onthe taxation of services, considering the diversity within the service sector, ranging from hospitality to IT services.

1. Destination-Based Taxation

The cornerstone of GST in the service sector lies in its destination-based approach. Unlike theorigin-based taxation of the past, where taxes were applied at the point of production, GST focuses on where the services are consumed. This ensures a fair and location-specific application of taxes.

For service providers, this means that the tax burden is tied to the end consumer's location. It aligns with the modern service economy, where digital services, consulting, and other intangible services are often consumed remotely.

2. Tax Slabs for Services

Within the service sector, GST employs different tax slabs to cater to the diverse nature of services. These slabs are designed to reflect the varying values and essentials of different services, ensuring a nuanced and tailored approach to taxation. In the GST system, services arecategorized under different tax slabs.

Tax slab	Types of Services	Examples
5% GST	Transport services (railways, air transport),small restaurants, and hotel services. (turnover < Rs. 7.5 crore)	Logistics, Small eateries, Budget hotels
12 % GST	Standard rate for most services	IT services, Consulting, Non-AC Restaurants
18% GST	Financial services, telecom services, restaurant and hotel services. (turnover ≥ Rs.7.5 crore)	Banking, Telecommunications, Fine dining
28% GST	Luxury hotels, cinema tickets, and certainspecific services	5-star hotels, Movie theatres, High-end services

3. .Input Tax Credit (ITC) in Services

One of the significant workings of GST in the service sector is the provision of Input Tax Credit. It allows service providers to offset taxes paid on inputs against their final tax liability, thereby reducing the overall tax burden. In practical terms, if a service provider pays tax on input goods or services—such as office supplies or technology—they can deduct that amount from the final tax they owe on the services they provide. This not only promotes financial prudence but also encourages businesses to invest in quality inputs.

4. .Reverse Charge Mechanism (RCM)

In Reverse Charge Mechanism under GST Act 2016, the liability of collecting and depositingGST to the government falls on the buyer/ receiver of the goods and services.

In the service sector, certain services are notified by the government where Reverse Charge Mechanism is applicable (like government services, security services, insurance agent services, legal services, arbitral services, sponsorship services). The recipient of these specified services is required to pay the GST directly to the government.

It is often applied to B2B services, were large businesses avail services from smaller service providers

5. Exemptions and Composition Scheme

There are exemptions and a composition scheme provided to service providers. The composition scheme under GST is designed to simplify tax compliance for small service businesses. It is an optional scheme available to eligible taxpayers. Businesses opting for the composition scheme are required to pay a fixed percentage of their turnover as tax, instead of the regular GST rates.

This scheme is generally available for service businesses with a turnover below a certain threshold, aiming to reduce the compliance burden. Some services may be exempted, and smaller service providers may opt for a simplified composition scheme with lower tax rates and reduced compliance requirements.

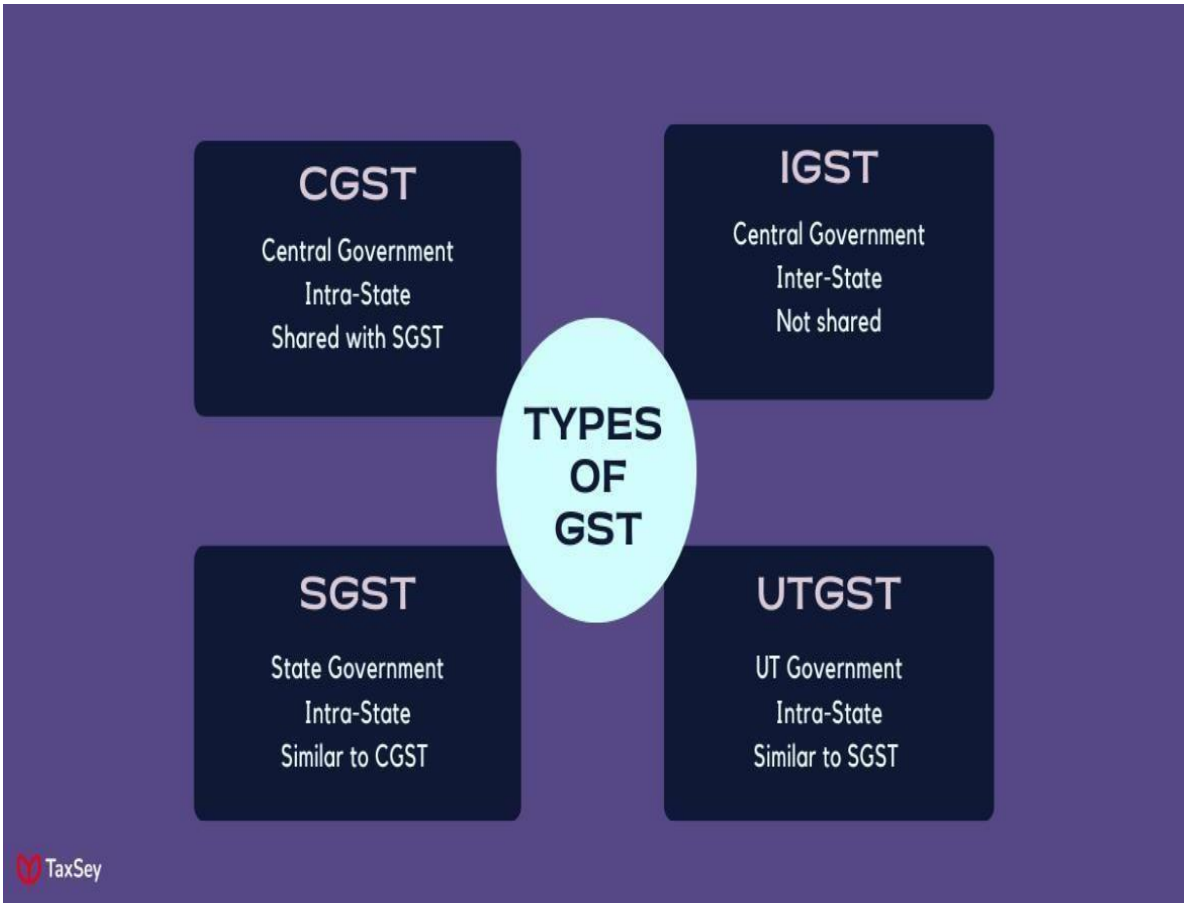
6. E-Invoicing and Compliance

The GST framework necessitates compliance through e-invoicing, electronic filing of returns, and adherence to specific timelines. This digital transition is a crucial aspect of GST in the service sector, streamlining processes and enhancing transparency.

The shift is instrumental in reducing paperwork, minimizing errors, and ensuring real-time reporting. However, embracing e-invoicing and digital compliance tools might pose challenges for service providers accustomed to traditional bookkeeping methodsm

Understanding these facets of how GST operates in the service sector provides businesses with a comprehensive roadmap for navigating the taxation landscape.

TYPES OF GST



THE GST IS CLASSIFIED INTO FOUR TYPES: -

- Integrated Goods And Service Tax (IGST)
- State Goods And Service Tax (CGST)
- Central Goods And Service Tax (CGST)
- Union Territory Goods And Service Tax (UTGST).

The Integrated Goods and Services Tax (IGST): -

The Integrated Goods and Services Tax or IGST is a tax under the GST regime that isapplied on the interstate (between 2 states) supply of goods and/or services as well as onimports and exports.

The IGST is governed by the IGST Act. Under IGST, the body responsible for collecting the taxes is the Central Government. After the collection of taxes, it is further divided amongthe respective states by the Central Government.

The State Goods and Services Tax (SGST): -

The State Goods and Services Tax or SGST is a tax under the GST regime that is applicableon intrastate (within the same state) transactions. In the case of an intrastate supply of goods and/or services, both State GST and Central GST are levied

However, the State GST or SGST is levied by the state on the goods and/or services that are purchased or sold within the state. It is governed by the SGST Act. The revenue earned throughSGST is solely claimed by the respective state government.

The Central Goods and Services Tax (CGST):

CGST refers to the Central GST tax that is imposed by the Central Government of India on transactions of goods and services that take place within a state. CGST is one of the two taxesthat is charged on every intrastate (within one state) transaction, the other one being SGST (orUTGST for Union Territories).

CGST replaces all other existing Central taxes including Service Tax, Central Excise Duty, CST, SAD etc. The rate of CGST is the same as SGST where both taxes are charged on the base price of the product.

The Union Territory Goods and Services Tax (UTGST): -

The Union Territory Goods and Services Tax or UTGST is the counterpart of State Goods and Services Tax (SGST) which is levied on the supply of goods and/or services in the UnionTerritories (UTs) of India.

The UTGST is applicable on the supply of goods and/or services in Andaman and Nicobar Islands, Chandigarh, Daman Diu, Dadra, and Nagar Haveli, and Lakshadweep. The UTGST is governed by the UTGST Act. The revenue earned from UTGST is collected by the Union Territory government. The UTGST is a replacement for the SGST in Union Territories. Thus,the UTGST will be levied in addition to the CGST in Union Territories

Types Of GST in India		Valid On	Collected By
1	CGST (*Central Goods and Services Tax*)	*Intrastate*	Central Government
2	SGST (*State Goods and Services Tax*)	*Intrastate*	State Government
3	ITGST (*Integrated Goods and Services Tax*)	*Interstate*	Central Government
4	UTGST (*Union Territory Goods and Services Tax*)	*Union Territory (UT)*	Union Territory (UT Government)

CHALLENGES FACED IN IMPLEMENTATION OF GST

The actual challenge before the finance minister is not drafting a model GST but its proper implementation and smooth transition fromthe prevailing system. The challenges which the Government must face in introducing GST are as follows:

1. **Legislative Challenge**
2. **Inclusion of Goods and Services**
3. **Rationalization of GST rate**
4. **Rationalization of threshold and exemption limits**
5. **Place of Supply**
6. **Time of Supply**
7. **Rapid increase in Assesses**

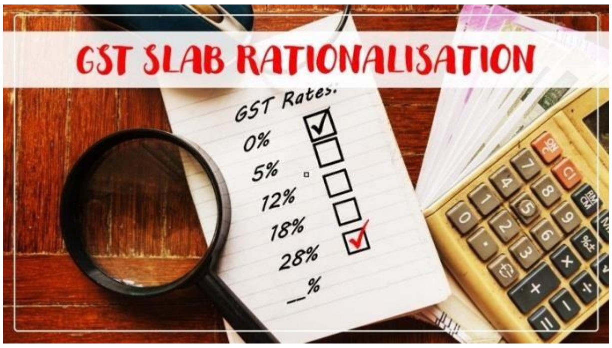
Legislative Challenge:

The Constitution provides for delineation of power to tax between the Centre and States. While the Centre is empowered to tax services and goods up to the production stage, the States have the power to tax the sale of goods. The States do not have the power to levy a tax on the supply of services while the Centre does not have power to levy tax on the sale of goods. Thus, the Constitution does not vest express power either in the Central or State Government to levy atax on the 'supply of goods and services’. Moreover, the Constitution also does not empower the States to impose tax on imports. Therefore, it is essential to have Constitutional Amendments for empowering the Centre to levy tax on saleof goods and States for levy of service tax and tax on imports and other consequential issues

Inclusion of Goods and Services:

The first major issue of implementation of GST is to the inclusion of taxes withinthe ambit of GST. The bone of contention relates to inclusion of purchase taxes on food grain, taxes on motor spirit and high-speed diesel (GSD), and octroi or entry tax in lieu thereof. The foodgrain surplus states have been levying the purchase tax, the burden of which is exported to non-residents. The states are reluctant to bring motor spirit and high-speed diesel within the ambit as presentlythe tax is levied at a floor rate of 20% and the states derive about 35% of their sales tax collections from these petroleum products.

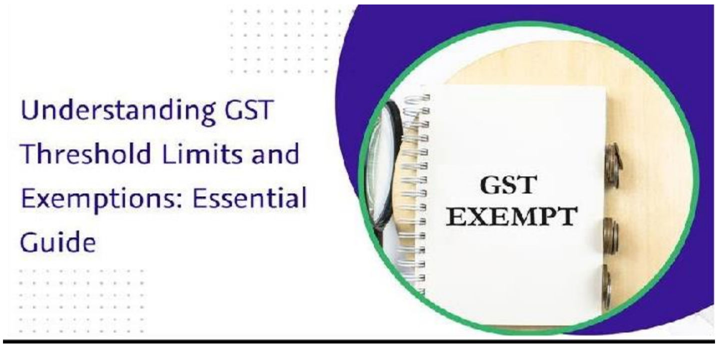
Rationalization of GST rate:



Another issue to be decided is the rates of central and state GSTs to be levied. Itis expected that the tax rates would be revenue neutral. This implies that in the short term, there would not be any revenue loss or gain, but over time the revenueproductivity is expected to increase due to better compliance of the tax and increased productivity of the economy

Rates charged across all states and the central level will be uniform along with the regulations, definitions and classifications for effective implementation of GST However, due to dispute between Central and State Government, it has beenagreed to include a floor rate with bands to allow States the freedom to have a high or low rate.

Rationalization of threshold and exemption limits:



To get the full benefits of GST, it is necessary to rationalize threshold limit andexemption limits. dispute between the Central Government and State Government regarding finalizing the threshold limit. State Governments are in view of keeping the threshold limit as low as possible to avoid revenue loss to state.

GST threshold limits for regular taxpayer registration

Businesses whose annual turnover is more than 20 lakhs (for services supply), and 40 lakhs (for goods supply) must get GST registration. They are liable for paying taxes for the taxable services and goods. Business entities with an annualturnover of 40 lakhs or less are not required to register for GST. However, theycan opt for GST registration voluntarily. It is advantageous for the business entities as they can reap the input tax credit benefits.

(Note – Special category states have different minimum annual turnover amounts for GST. The minimum threshold limit for them is 10 lakhs (for services supply) and 20 lakhs (for goods supply). The special category states are – Manipur, Arunachal Pradesh, Mizoram, Meghalaya, Tripura, Nagaland, and Sikkim.)

Disclaimer – The above-mentioned figures for GST threshold limits are standardized and updated as of 2023.

Exemptions and concessions for regular taxpayer registration

Services, goods, supplies, and businesses must ensure GST registration. Even individuals can also register for it. Given they meet all the specified conditions.But there are a few exceptions. Taxpayers and businesses can avail full GST taxexemption for the following categories –

- Taxpayers who belong to the limit specified for exemption
- Individuals engaged in other activities besides goods or services supply.
- Suppliers dealing with exempted goods and services
- Agriculturists
- Individuals supplying goods or services that belong to the non-GST category

GST exemption for small businesses and start-ups

Individuals looking forward to starting their business can reap many benefits from the latest GST regulations. Below are the major points you must know about GSTexemption for start-ups.

Businesses engaged only in goods supply having turnover of 40 lakhs or lessare exempt from GST.

Start-ups whose yearly aggregate turnover is lower than 1.5 crores can opt fora GST composition scheme. Under this scheme, the taxpayers must pay a specified rate. The rates are determined according to their annual turnover value. The rates range from 1 to 6% per annum.

- Small businesses need not deal with e-invoicing for GST. However, e- invoicing is mandatory for businesses with an annual turnover of over 10 crores.
- Businesses with an annual income of 5 crores or less can file tax quarterly.

Goods exempted under GST

Listed below are the goods that are exempted from GST in India –

- Dry and fresh vegetables such as onions, potatoes, etc.
- Parts used for hearing aid manufacturing, slates, chalks, handloom, andothers
- Leguminous vegetables
- Non-GST items such as fresh milk, egg, fish, and others
- Ginger, grapes, unroasted coffee beans, green tea leaves, melons, garlic, andmore – non-processed items
- Food items without branded containers, such as hulled cereal grains, rice,corn, wheat, and others
- Unspun jute fibers, khadi fiber, raw silk, etc.
- Components such as human blood

Note – Some non-GST goods are taxable under GST once they are processed

Services exempted under GST

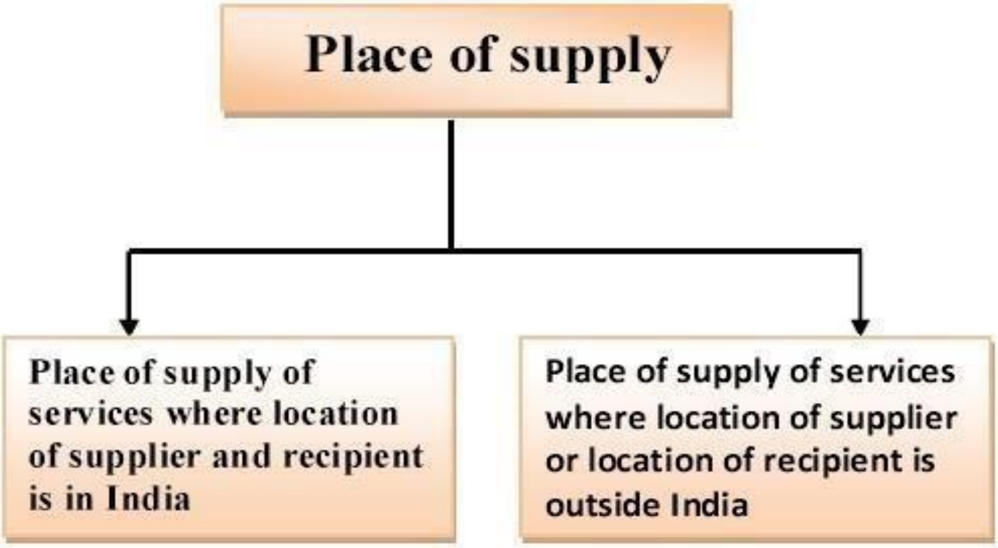
There are many services which are exempted from GST, including thefollowing –

- Public transportation services include the metro, metered cabs, auto-rickshaws, and others.
- Agricultural services such as packaging, supply, harvesting, cultivation,warehouse, and machinery leasing are exempted from GST.
- Agricultural products, transportation services
- Agricultural goods that are exported
- Supply of Laboure for farmlands
- Transportation of goods where the charges are below ₹1500.
- Government services
- Waxing, pre-conditioning, retail packing, and other similar services
- Foreign diplomatic services

- **Note** – Rearing of horses is an exception here. They are exempt from services.

Place of Supply:

One of the main challenges in introducing GST is defining the place of supply in respect of certain services and intangible properties. In the existing tax regime, place of supply is not a big issue because service is taxed by the Centreand the place of levy does not affect revenue receipts. In GST, however, the place of supply will have to be clearly defined to avoid disputes among states incase of interstate transactions.



Nature of Services	Place of supply
Services directly in relation to immovable property	location at which the immovable property is located or intended to be located
Restaurant, Catering, personal grooming, fitness, beauty treatment,cosmetic and plastic surgery	Location where the services areactually performed.
The place of supply of services in relation to training and performanceappraisal	If provided to: A registered person, shall be the location of such person; A person other than a registered person shall be the location where theservices are actually performed.
Services of admission to a cultural,artistic, sporting, scientific, educational, entertainment event oramusement park.	Place where the event is held orwhere the park is located.
Supply of services by way of transportation of goods, including bymail or courier	If provided to: a) a registered person,shall be the location of such person; (b) a person other than a registered person, shall be the location at whichsuch goods are handed over for their transportation.

Services of admission to a cultural, artistic, sporting, scientific, educational, entertainment event or amusement park.	Place where the event is held or where the park is located.
Passenger transportation service	If provided to: (a) a registered person, shall be the location of such person; (b) a person other than a registered person, shall be the place where the passenger embarks on the conveyance for a continuous journey.
Banking and other financial services, including stock broking services	Location of the recipient of services on the records of the supplier of services. If the location of recipient of services is not on the records of the supplier, the place of supply shall be the location of the supplier of services.

Time of Supply:

Time of supply will explain the point at which tax would be levied invoice date, due date or payment date. Currently, different taxes are levied by the Centre and the states at various stages. These variations will be eliminated in GST.

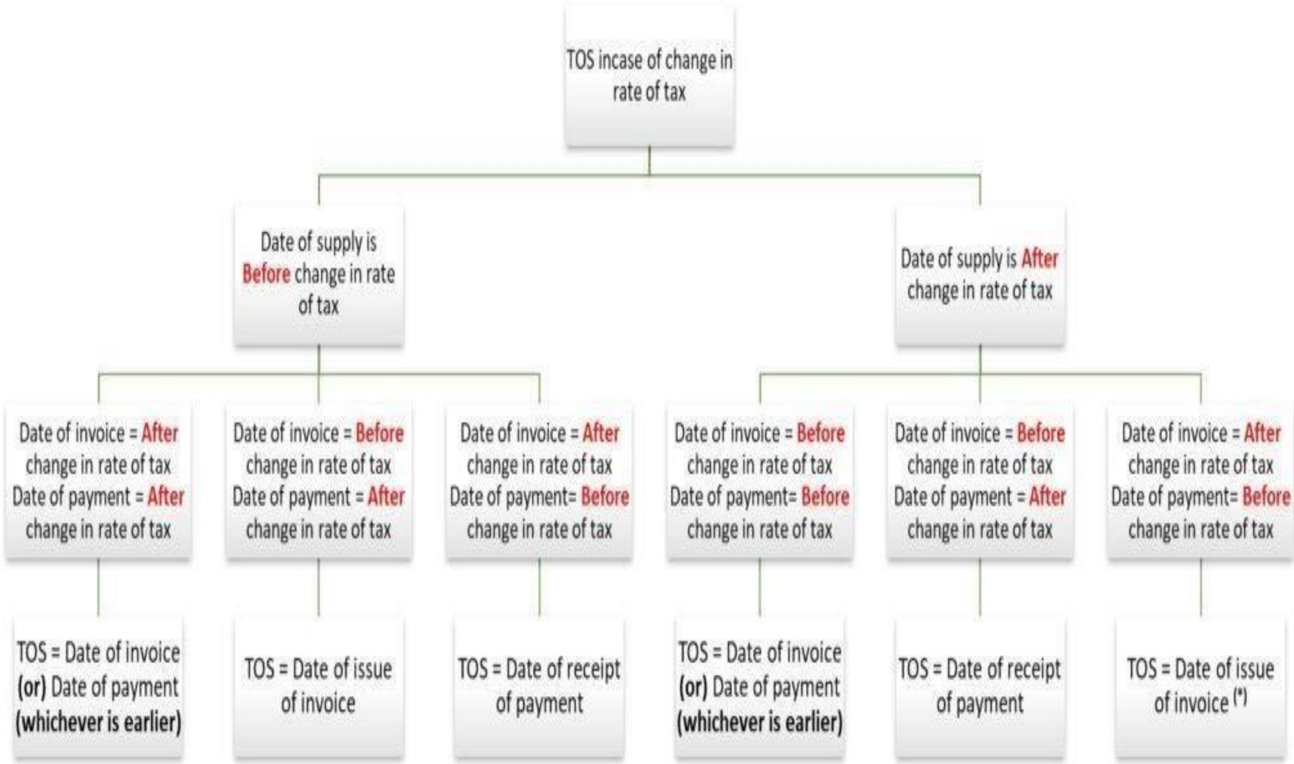
Time Of Supply Of Goods

- Due date of invoice = last day on which the supplier is required to issue invoice under Section31 of the CGST Act, 2017.
- Date of receipt of payment = Date on which the payment is entered in the books of accounts of the supplier (or) date on which payment is credited to bank account of supplier (whicheveris earlier).
- Residuary cases = cases where supply does not fall under forward charge, reverse charge, vouchers exchangeable for goods.
- Special charge addition in value of supply by way of to the shall mean interest, penalty,penalty

Time of Supply of Services

The time of supply of services is like time of supply of goods as mentioned in the chart above,except for the TOS in case of reverse charge,

TOS in case of reverse charge = Date of payment (or) 61st day from the date of supplier'sinvoice (whichever is earlier)


TOS incase of change in rate of tax
Date of supply is Before change in rate of tax
Date of supply is After change in rate of tax
Date of invoice = After change in rate of tax Date of payment = After change in rate of tax
Date of invoice = Before change in rate of tax Date of payment = After change in rate of tax
Date of invoice = After change in rate of tax Date of payment= Before change in rate of tax
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Date of invoice = After change in rate of tax Date of payment= Before change in rate of tax
TOS = Date of invoice (or) Date of payment (whichever is earlier)
TOS = Date of issue of invoice
TOS = Date of receipt of payment
TOS = Date of invoice (or) Date of payment (whichever is earlier)
TOS = Date of receipt of payment
TOS = Date of issue of invoice (*)

Rapid increase in Assesses:

The dual GST model will widen the tax net by taxing every economic supply in the distribution network. This will lead to a rapid increase in assesses. It will require some of the businesses to restructure their distribution network to reducethe additional tax burden on the consumer with a view to being price competitive. Though it will generate revenue in a neutral and transparent way, the Government will have to ensure that the ultimate consumer is not burdened with tax beyond his capacity.

Vat or sales tax is levied and collected by the state government. Different state governments charge different rates of taxes on different kinds of goods traded within their respective territorial limits under the extreme power provided to the state under the state list of the Constitution. Whereas CGST central sales tax is levied by the central government and collected by the state governments per the concurrent list of the Constitution. Same the EXCISE duty asper central excise act1944 and service tax as per finance act 1994 is levied and collected by the central government through the extreme power provided under the union list of the Constitution.

Complex Tax Structure: One of the major challenges of GST is its complex tax structure. The GST system has four tax slabs – 5%, 12%, 18%, and 28%. Additionally, there is a special rate of 0.25% on rough, precious and semi-precious stones and3% on gold. This multi-tax system has made it difficult for businesses to understand and comply with tax laws. The complexity of the tax structure has led to confusion among taxpayers, resulting in increased compliance costs and a risein litigation.

Technology Glitches: The GST system requires taxpayers to file returns online through the GST portal. However, the portal has faced several technical glitches, making it difficult for taxpayers to file returns on time. The technical issues have also resulted in the incorrect GST Return filing, leading to penalties and fines. The GST Network (GSTN), which manages the GST portal, has taken several measures to address the technical issues. However, the problem persists, and taxpayers continue to face difficulties in incorrect GST Return filing.

High Compliance Costs: GST compliance involves various activities such as **GST Registration**, GST return filing, maintaining records, and undergoing audits. These activities involve significant costs, which are borne by businesses. The compliance costs have increased significantly under GST, especially for small and medium-sized enterprises (SMEs). The high compliance costs have made it difficult for SMEs to operate and compete with larger businesses.

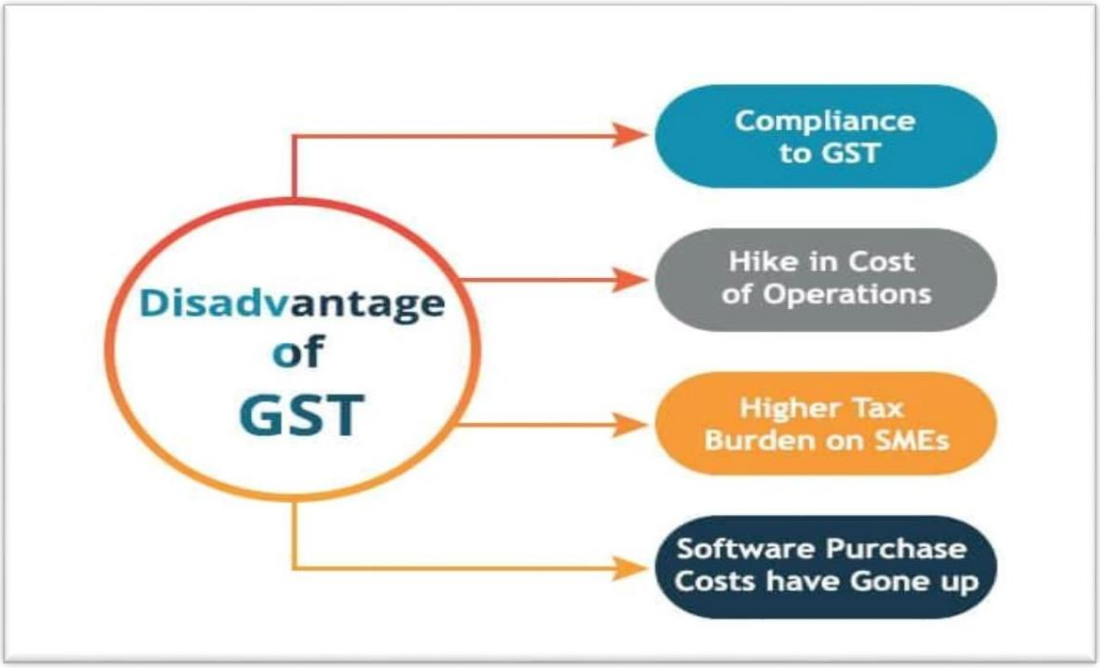
Input Tax Credit (ITC) Issues: ITC is a significant feature of GST, which allows businessesto claim credit for the tax paid on the inputs used in the production of goods or services. However, several issues have arisen with the ITC mechanism under GST. The major issue is the delay in receiving the ITC refund. The delay in the refund has resulted in a shortage of working capital for businesses, leading to the cash flow issue.

GST Rates: GST rates have been a topic of discussion since the introduction of the tax system.The high tax rates on essential goods and services have faced criticism, as they have a direct impact on the common man. The government has made several changes to the tax rates, reducing the rates on some goods and services. However, the high tax rates on certain goods and services continue to be a concern for businesses and consumers.

E-way Bill System: The E-way Bill is a document that is required for the transportation of goods worth more than Rs. 50,000. The E-way Bill system under GST has faced several issues, including technical glitches and delays in generating the bills. The delay in generating the E- way Bill has resulted in the detention of goods and increased compliance costs for businesses.

LIMITATIONS OF GST

- The GST has increased the business operational cost.
- Many SMEs are still hesitant to do online transactions and pay taxes online.
- Late GST filing can result in penalties.
- The GST Regime is strict and without filing a GST Return you cannot generate e- way bills. Thus, you cannot transport your products inter-state without enrolling under GST and filing returns on time.
- It is still difficult for businesses in remote areas to enroll under GST.
- Multiple businesses find it cumbersome to maintain online records, generate invoices, etc. However, businesses can use Insta Bill – GST Billing, e Invoice & Accounting App for smooth online procedures under GST
- It has increased the burden of compliances.



CHAPTER 2
LITERATURE REVIEW

LITERATURE REVIEW

FORMATION

The reform of India's indirect tax regime was started in 1986 by Vishwanath Pratap Singh, Finance Minister in Rajiv Gandhi’s government, with the introduction of the Modified Value Added Tax (MODVAT). Subsequently, Prime Minister P V Narasimha Raoandhis Finance Minister Manmohan Singh, initiated early discussions on a Value AddedTax(VAT) atthe state level. A single common "Goods and Services Tax (GST)" was proposed and given a go-ahead in 1999 during a meeting between the Prime Minister AtalBihari Vajpayee and his economic advisory panel, which included three former RBI governors IG Patel, Bimal Jalan and C Rangarajan. Vajpayee set up a committee headed by the Finance Ministerof West Bengal,Asim Dasguptato design a GST model.

The Asim Dasgupta committee which was also tasked with putting in place the back-end technology and logistics (later came to be known as the GST Network, or GSTN, in2015). It later came out for rolling out a uniform taxation regime in the country. In 2002, the Vajpayee government formed a task force under Vijay Kelkar to recommend tax reforms. In 2005, the Kelkar committee recommended rolling out GST as suggested by the 12th Finance Commission.

After the defeat of the BJP-led ND government in the 2004 Lok Sabha election and the election of a Congress-led UP Agovernment, the new Finance Minister ChidambaraminFebruary 2006 continued work on the same and proposed a GST rollout by 1April 2010.However, in 2011, with the Trinamool Congressrouting CPI(M) out of power in WestBengal, Asim Dasgupta resigned as the head of the GST committee. Dasgupta admittedin an interview that 80% of the task had been done.

The UPA introduced the 115th Constitution Amendment Bill on 22 March 2011

In Lok Sabha to bring about the GST. It ran into opposition from the Bhartiya Janata Partyand other parties and was referred to a Standing Committee headed by the BJP's former Finance Minister Yashwant Sinha. The committee submitted its report in August2013, but in October 2013 Gujarat Chief Minister Narendra Modiraised objections that led to the bill's indefinite postponement. The Minister for Rural Development Jairam Rameshattributed the GST Bill's failure to the "single handed opposition of Narendra Modi".

In the 2014 Lok Sabha election, the Bhartiya Janata Party (BJP)-led NDA government was elected to power. With the consequential dissolution of the 15th Lok Sabha, GST Bill approved by the standing committee for reintroduction lapsed. Seven months after the formation of the then Modi government, the new Finance Minister Arun Jaitley introduced the GST Bill in the Lok Sabha, where the BJP had a majority. IN February 2015, Jaitley setanother deadline of 1 April 2017 to implement GST

India is a federal country and both Centre and States have their own rights to collect taxes. Each state is independent in levying and collecting taxes. The taxation powers are defined clearly in the Indian Constitution. Centre collects all the direct taxes (income tax, corporate taxes etc)along with the Indirect taxeslike Service Tax, Excise duty and Customs duty. The States collect indirect taxes like VAT on goods, CST and Local Taxes.

These revenues states keep with themselves. Earlier instead of VAT, States had sales taxes on various goods. Now states have replaced sales taxes with VAT. Each state has adopted its own structure of VAT with different duties and structure.

In an earlier taxation system, people paid taxes at various levels. There was no system of getting a rebate on the taxes paid previously while paying the inputs. This is also called the cascading effect. Ideally the taxes should be based on valueaddition and the producer should pay taxes on whatever value he adds to the product. In the absence of such a system, producers ended up paying much highertaxes. Higher taxes are a barrier for business and discourage business activity.

The businesses instead spend time trying to save taxes leading to distortions anda parallel economy. Many enterprises prefer to stay out of the taxation system andavoid paying taxes. High taxes also lead to lobbying activities where producers of a certain sector ask the government to lower/waiver taxes for their sector. This also leads to multiple taxation rates for multiple products and further increases inefficiency in the system.

A Value-Added Taxation system is seen to negate this cascading effect. VAT taxes goods at each stage and on the value, addition done by the enterprise.

GST is an extended version of Value Added Tax (VAT) and aims to cover all goods and services. VAT covers mostly goods and GST covers all goods and services. GST is an attempt to get rid of weaknesses in the VAT structure. With a GST in place, all these indirect taxes should be merged into one tax. Ideally, these taxes will be collected by the Centre which will then be transferred to the States via a rule/formula. This will require changes in the constitution as the Centre can only tax goods at the production stage Andon Services. The States canonly tax the sale of goods. Hence, States cannot tax services and Centre cannot tax sales of goods. The States cannot also tax imports. All this needs to be changed with the GST and hence would require amendments in the Indian Constitution.

NEGATIVE LIST UNDER GST

SECTION 7(2)(a) read with SCHEDULE III

Service Tax Negative List specified services which is out of the ambitof service tax applicability i.e. service tax exemption without any condition. The negative list of services is specified in the Act itself in the **Section 66D of Finance Act 1994**. In all, there are seventeen heads of services that have been specified in the negative list of services.

(a), Service by Govt. or a Local Authority,

All services excluding the following services to the extent they are not coveredelsewhere:

(i) services by the Department of Posts by way of speed post, express parcel post,life insurance and agency services provided to a person other than Government;

(ii) services in relation to an aircraft or a vessel, inside or outside the precincts ofa port or an airport;

(iii) transport of goods or passengers; or

(iv) [any services], other than services covered under clauses (i) to(iii) above,provided to business entities.

b), Services by the Reserve Bank of India (RBI)

(c), Services by a Foreign Diplomatic Mission Located in India

d) Services relating to agriculture by way of –

1. agricultural operations directly related to production of any agriculturalproduce including cultivation, harvesting, threshing, plant protection ortesting;(ii) supply of farm Laboure;
2. processes carried out at an agricultural farm including tending, pruning, cutting, harvesting, drying, cleaning, trimming, sun drying, fumigating, curing, sorting, grading, cooling or bulk packaging and such like operations which do notalter essential characteristics of agricultural produce but make it only marketablefor the primary market;
3. renting or leasing ofagro machinery or vacant land with or without a structureincidental to its use;
4. loading, unloading, packing, storage or warehousing of agricultural produce;(vi) agricultural extension services;
5. services by any Agricultural Produce Marketing Committee or Board or services provided by a commission agent for the sale or purchase of agriculturalproduce.

e) Trading of goods.

g), Selling of space for advertisements in Print Media.

h), Service by way of access to a road or a bridge on payment of toll charges.

Chapter 3-
Research Methodology

RESEARCH METHODOLOGY

The study focused on comprehensive study of secondary data collected from various books, National and International journals, government reports published from various websites which focused on various aspects of Goods and Service tax.

GST, or Goods and Services Tax, is an indirect tax imposed on the supply of goods and services. It is a multi-stage, destination-oriented tax imposed on every value addition, replacing multiple indirect taxes, including VAT, excise duty, service taxes, etc.

DATA COLLECTION

TYPE OF DATA COLLECTION

I. PRIMARY DATA:

The questionnaire method was chosen for fulfilment of basic objective. Theprimary sources were GST Taxpayers in THANE city.

II. SECONDARY DATA:

B. Internet

C. magazine and Newspapers

D. notifications related to GST.

CHAPTER 6 – RECOMMENDATIONS


CA Club Updates
Recommendations of 50th GST Council Meeting: Highlights

CHANGES IN GST RATES ON SERVICES

i) Expanding Exemptions and Simplifying Processes:

The Council recommends extending the GST exemption on satellite launch services supplied by ISRO, Antrix Corporation Limited and New Space India Limited (NSIL) to similar services supplied by organizations in the private sector. This step aims to encourage start-ups and boost the space industry. Additionally, to simplify processes for Goods Transport Agencies (GTAs), it has been decided that they will not be required to file a declaration for paying GST under forward charge every year.

ii) Clarity on Taxability of Director's Services and Cinema Hall Supplies:

The Council has provided clarifications regarding the taxability of certain services. Services supplied by a director of a company to the company in their private or personal capacity, such as renting immovable property, will not be taxable under RCM. Only services supplied by a director as or in the capacity of a director of the company will be taxable under RCM in the hands of the company or body corporate.


Service Sector Growth
Growth Rate of GVA at Basic Prices
2019-20 6.3%
2020-21 -7.8%
2021-22 8.4%
2022-23 9.1%
SERVICE
SERVICES
Service

CHAPTER 5 – BIBLIOGRAPHY AND QUESTIONNAIRE

BIBLOGRAPHY

This page serves as a comprehensive list of sources utilized throughout the project, providing readers with access to the various online platforms and materials consulted during the research and development process. From scholarly articles on Scribd to informative videos on YouTube, the sources included here represent a diverse range of content that has contributed to the project's foundation and exploration of ideas. Each reference is formatted according to established citation guidelines, ensuring clarity and accessibility for readers seeking further information. Dive into the references below to explore the wealth of knowledge and insights that have shaped my Project .

FOLLOWING ARE THE REFERENCES USED IN THIS RESEARCH BASED PROJECT :

Internet source

A) WWW.digitalnewsreport.org

B) WWW.scribd.com

C) WWW.google.com

D) WWW.wikipedia.org

E) WWW.coursehero.com

BOOK REFERRED:

Indirect tax (introduction of GST)

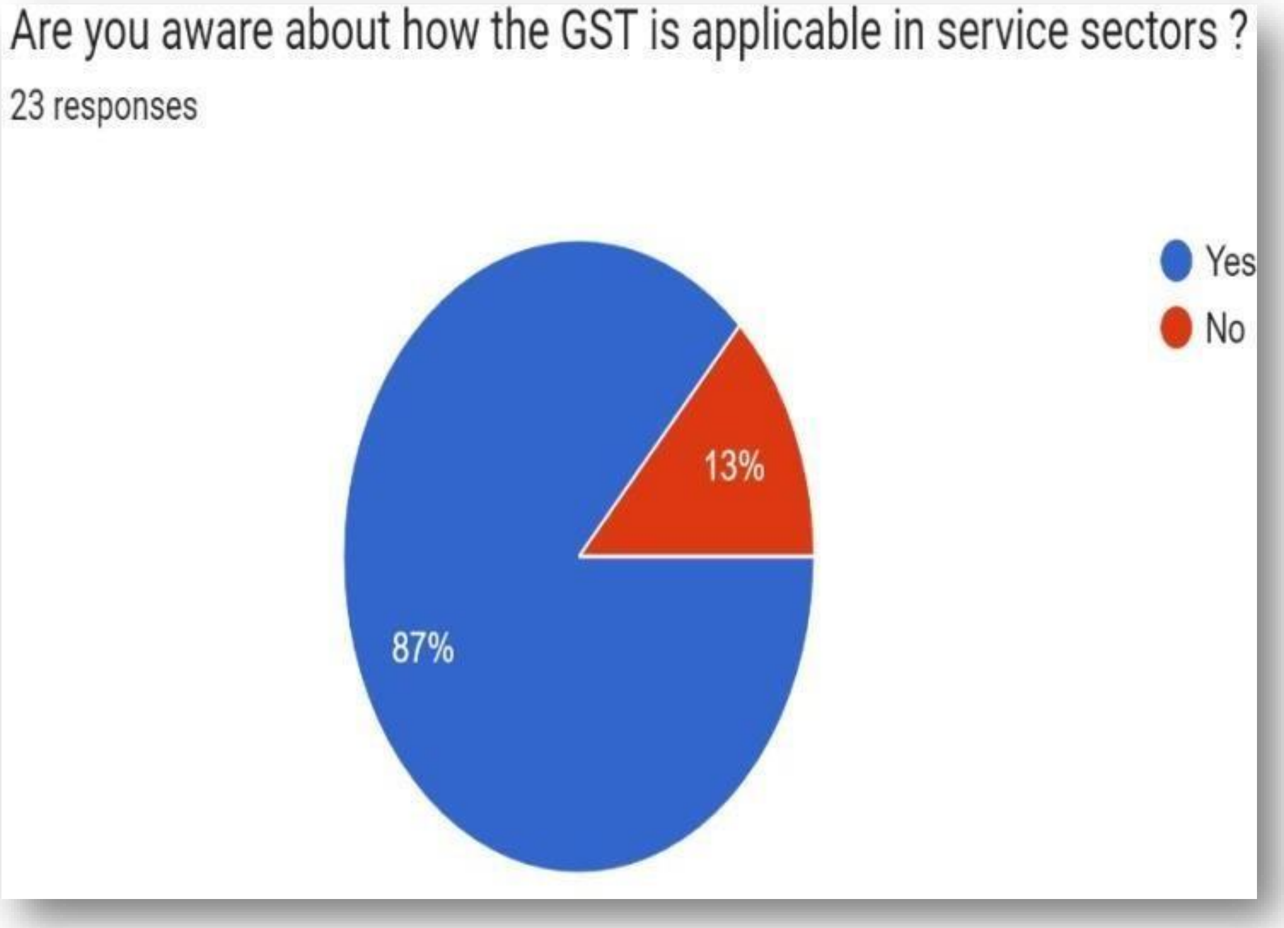
_ M. COM. (Sheth publisher)

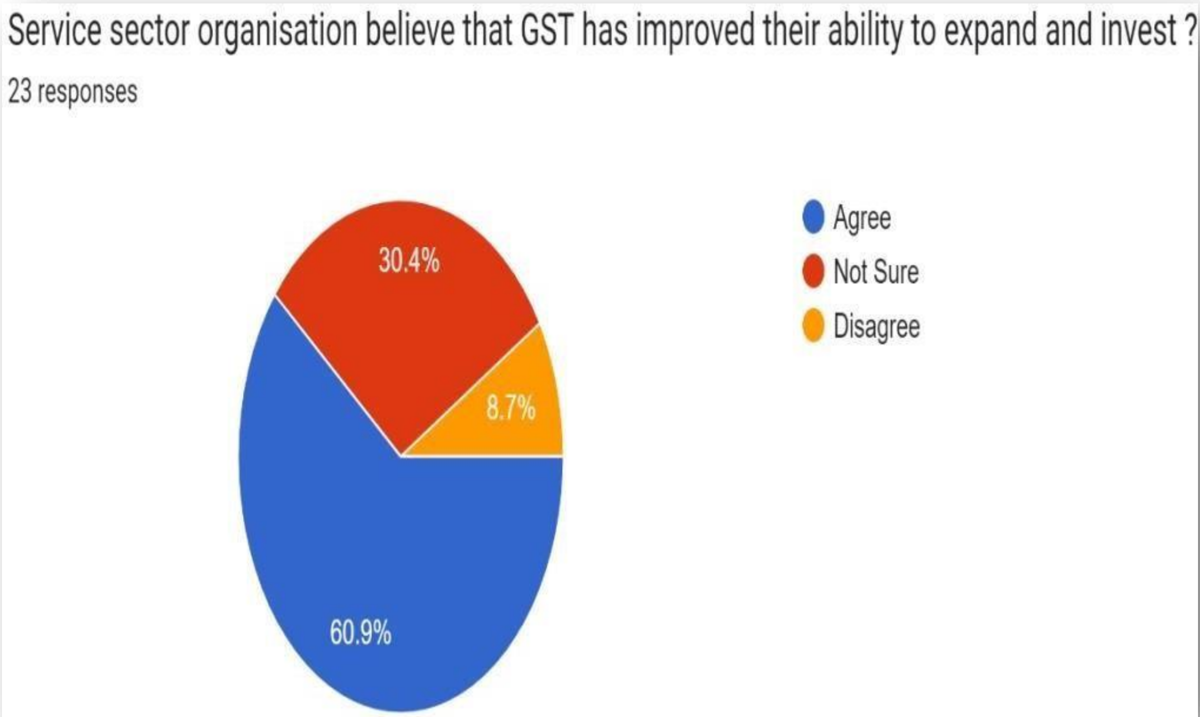
Indirect taxation sem 5

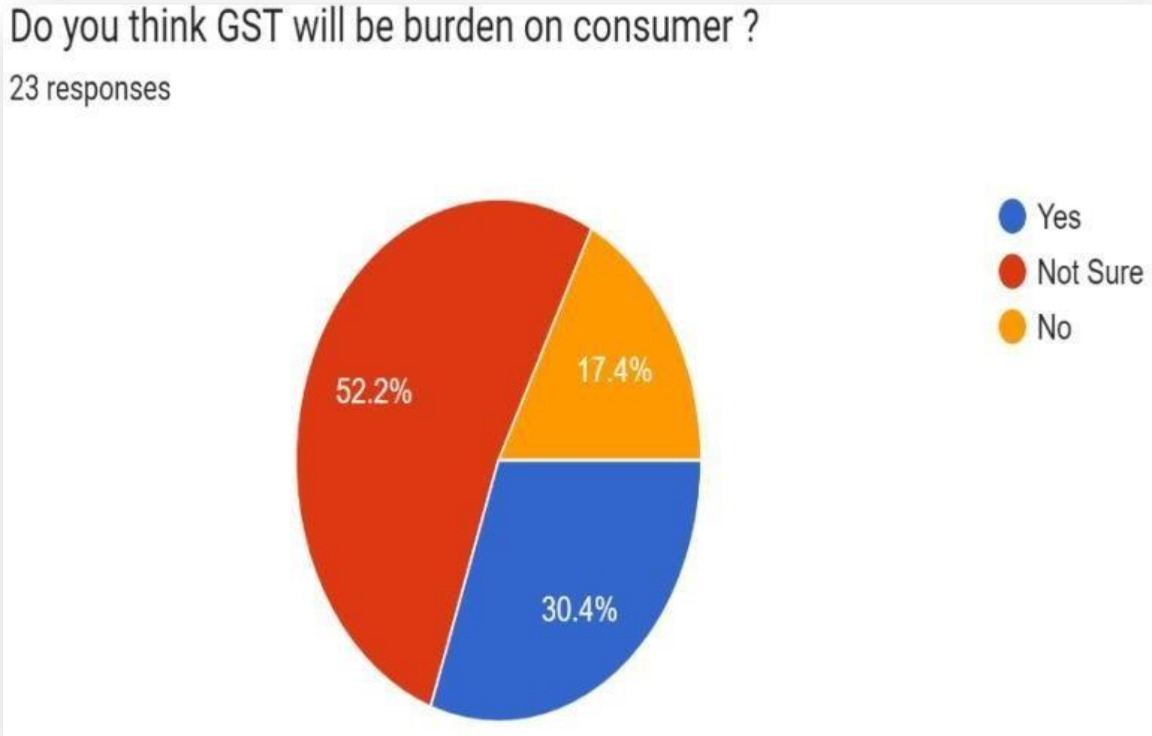
TYBAF (Manan publisher)

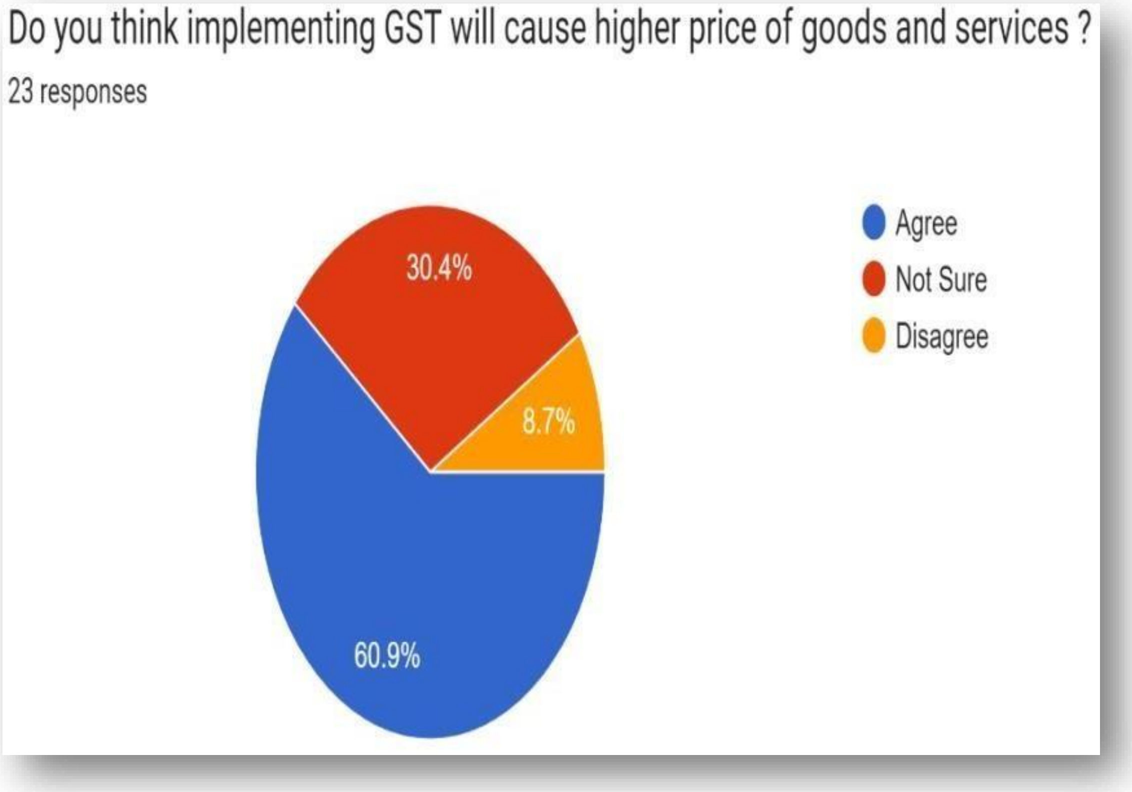
QUESTIONNAIRE

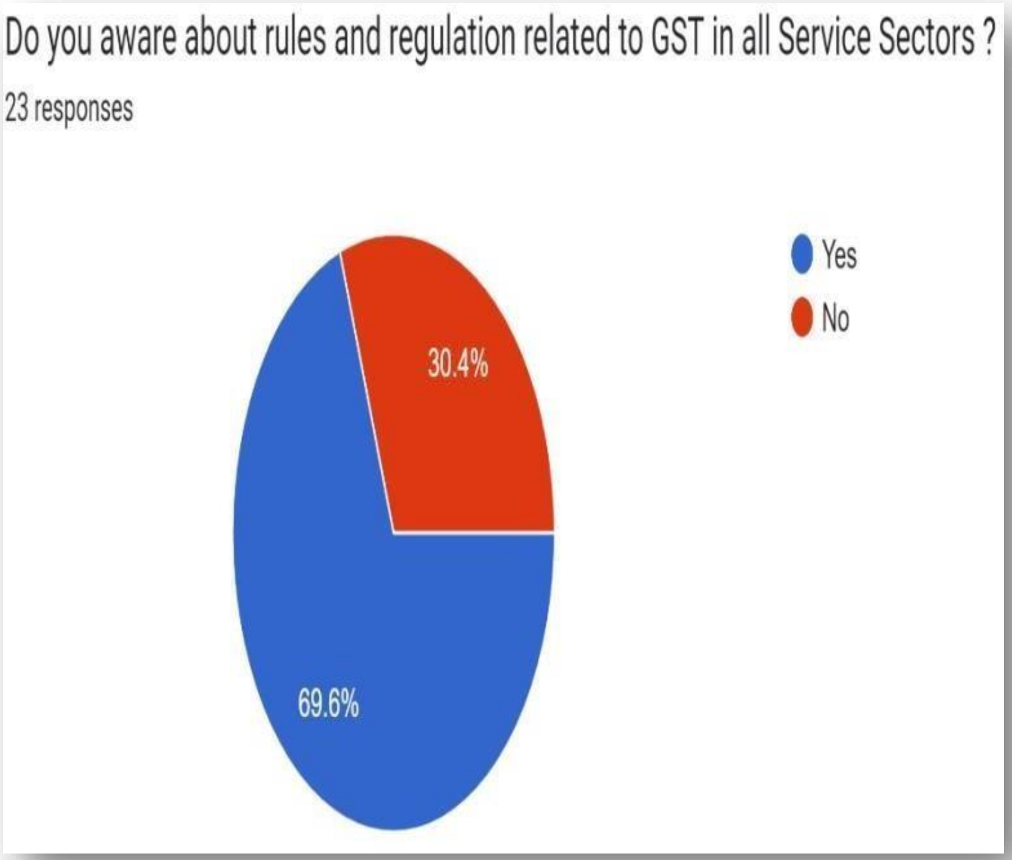
Following are the questions which the learner asked through google forms and also answers Given by the general public in thane city

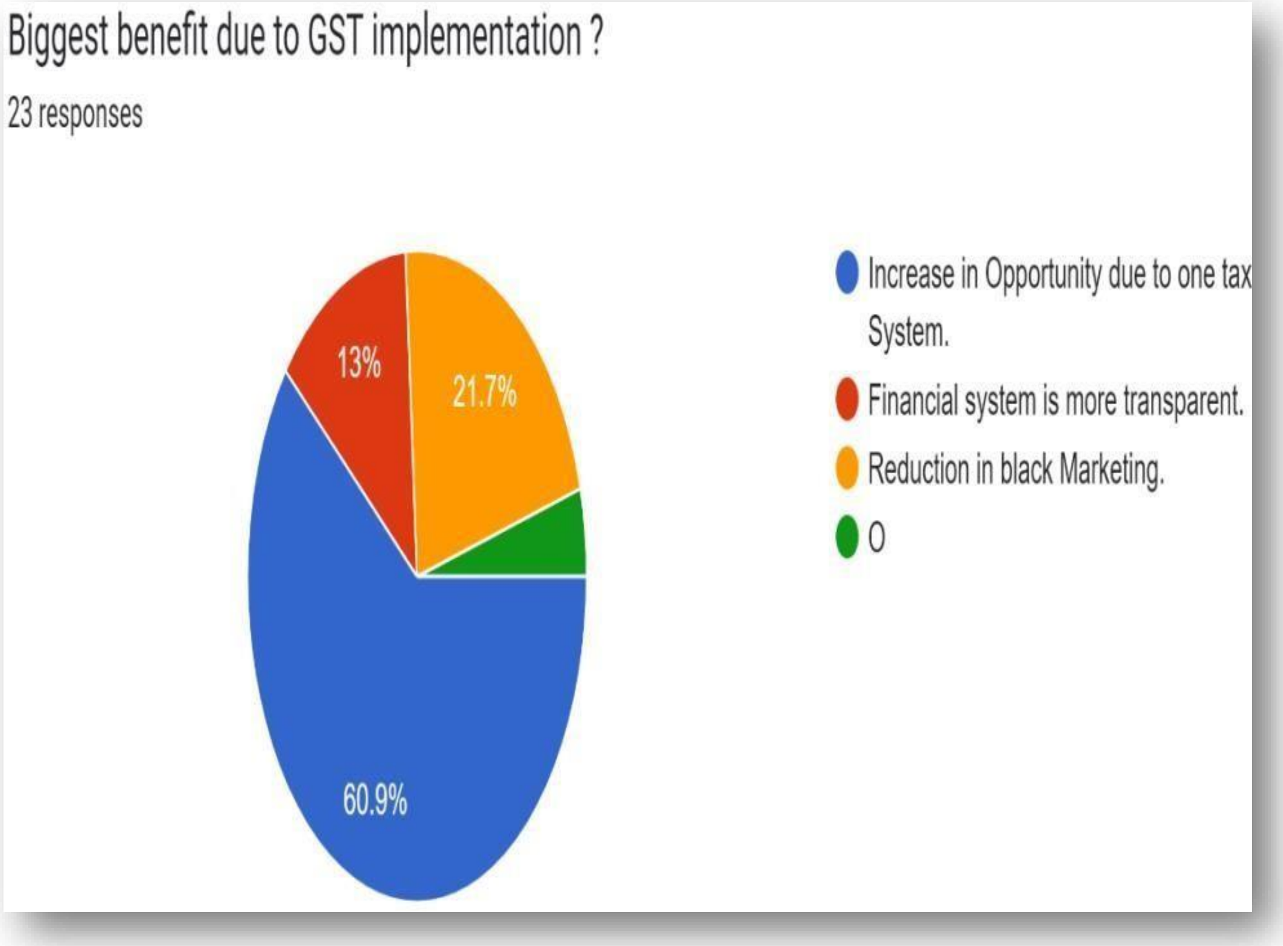


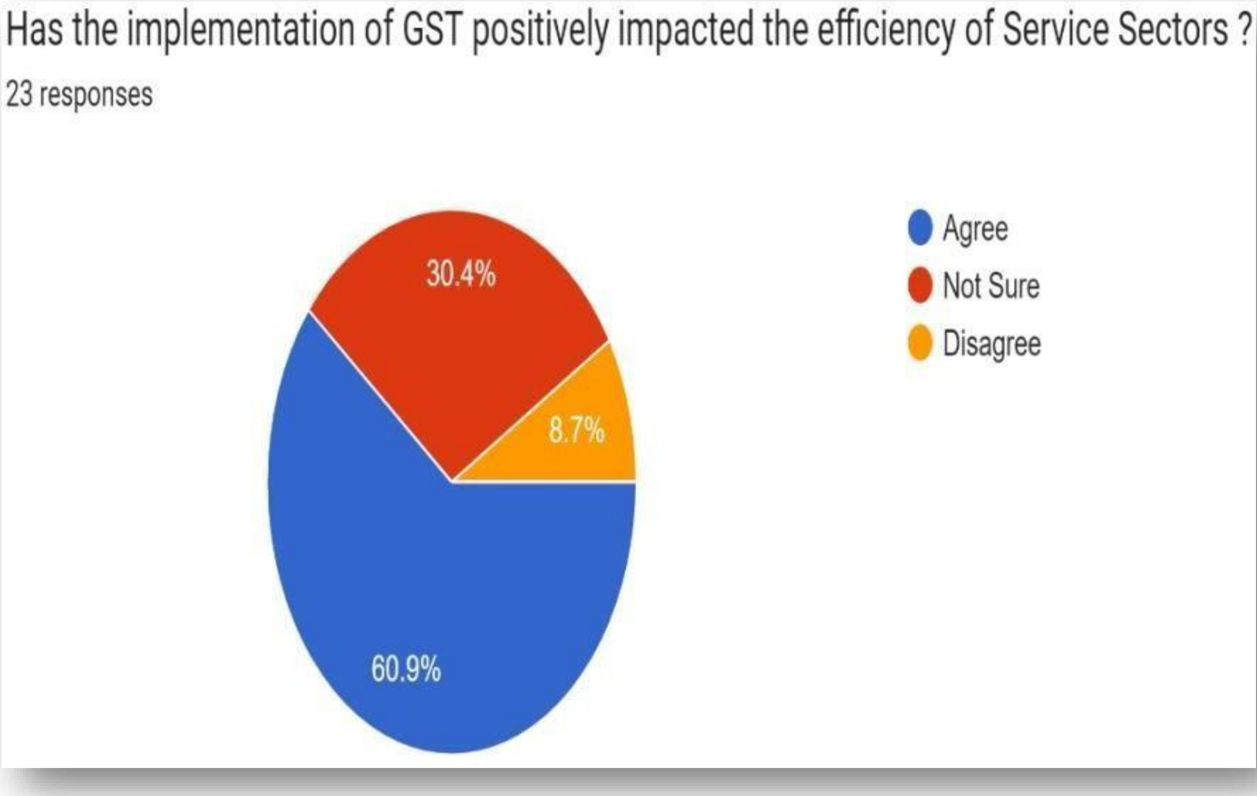

Service sector organisation believe that GST has improved their ability to expand and invest ?
23 responses
30.4%
8.7%
60.9%
Agree
Not Sure
Disagree


Do you think GST will be burden on consumer ?
23 responses
Yes
Not Sure
No
52.2%
17.4%
30.4%


Do you think implementing GST will cause higher price of goods and services ?
23 responses
30.4%
8.7%
60.9%
Agree
Not Sure
Disagree

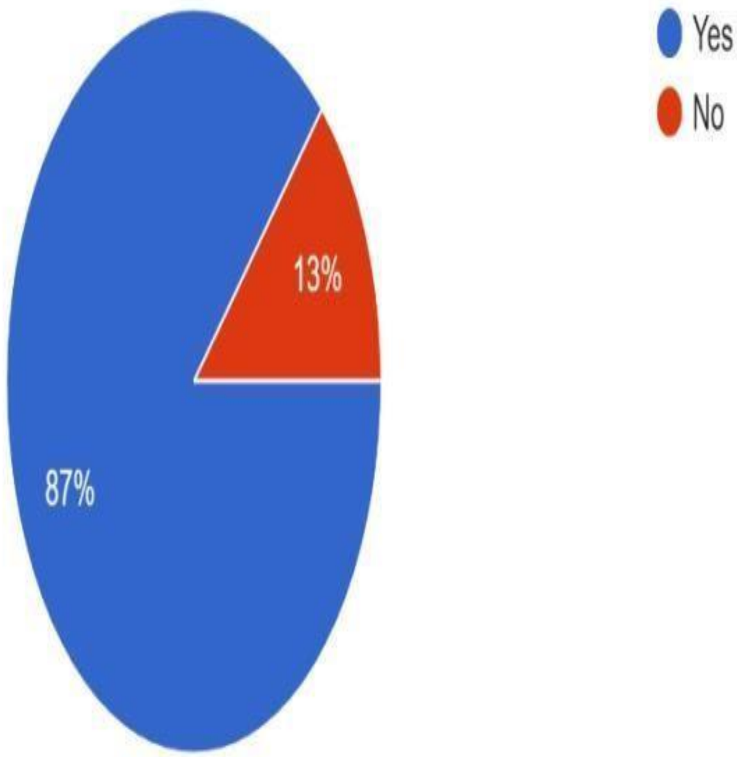

Do you aware about rules and regulation related to GST in all Service Sectors ?
23 responses
Yes
No
30.4%
69.6%


Biggest benefit due to GST implementation ?
23 responses
13%
21.7%
60.9%
Increase in Opportunity due to one tax System.
Financial system is more transparent.
Reduction in black Marketing.
0


Has the implementation of GST positively impacted the efficiency of Service Sectors ?
23 responses
30.4%
8.7%
60.9%
Agree
Not Sure
Disagree

Do you think all Business need to be registered under GST ?

23 responses



CHAPTER 6- CONCLUSION

CONCLUSION

GST objective is to levy a single national uniform tax across India on all goods and services. GST has replaced several Central and State taxes, made India more of a national integrated market, and brought more producers into the tax net. By improving efficiency, it can add substantially to growth as well as government finances. Implementing a new tax, encompassing both goods and services, by the Centre and the States in a large and complex federal system, is perhaps unprecedented in modern global tax history

In a nutshell, GST is a comprehensive indirect tax levy on manufacture, sale and consumption of goods as well as services at the national level. GST is an indirecttax for the whole of India to make it one unified common market. GST is designedto give India a world class tax system and improve tax collections. It would end the long-standing distortions of differential treatment of manufacturing sector and services sector. GST will facilitate seamless credit across the entire supply chainand across all States under a common tax base

GST plays a pivotal role in the service industry. As the GST framework continues to evolve, service providers must remain vigilant and adaptable. Navigating the complexities of GST in the service sector requires not only a thorough understanding of its mechanics, benefits, and challenges but also a proactive approach to compliance. By staying informed, embracing technology,and fostering a culture of continuous improvement, service providers can not only leverage the advantages of GST but also contribute to the ongoing refinement of the taxation system in India.

GST eliminates the cascading effect of taxes, a scheme where taxes are levied on top of already taxed components. By doing so, GST ensures that businesses are only taxed on thevalue they add during each stage of production or service delivery.

According to Section 15 of the CGST Act, 2017, any amount charged by the supplier for anything done by the supplier in respect of supply of goods or services forms part of the value of service," he said, indicating that GST can be levied on service charge.Implementation of GST is one of the best decision taken by the Indian government. For the same reason, July 1 was celebrated as Financial Independence Day in India when all the Members of Parliament attended the function in Parliament House. The transition to theGST regime which is accepted by 159 countries would not be easy. Confusions and complexities were expected and will happen. India, at some point, had to comply with suchregime. Though the structure might not be a perfect one but once in place, such a tax structure will make India a better economy favorable for foreign investments. Until now Indiawas a union of 29 small tax economies and 7 union territories with different levies unique to each state. It is a much accepted and appreciated regime because it does away with multiple tax rates by the Centre and States. And if you are doing any kind of business then you should register for GST as it is not only going to help Indian government but will help you also to track your business weekly as in GST you have to make your business activity statement eachweek.

Thus, GST is a positive step towards shifting Indian economy from the informal to formal economy. It is important to utilize experiences from global economies that have implemented GST before us, to overcome the impending challenges.