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Streamlining Taxation and Socio-Economic Growth: Inclusive Look at GST's Role in Economic Reforms

Bhupinder Singh*

Abstract

The implementation of the Goods and Services Tax (GST) represents a revolutionary move and a major turning point in the country's indirect tax reform. This revolutionary act creates a single national market and reduces the cascading or double taxation impact by combining many federal and state taxes into one cohesive entity. Benefits such as increased national productivity and consumer advantages as a result of the fixed maximum GST rate are anticipated. Also, GST is well-positioned to reduce the likelihood of tax evasion, simplify taxation procedures, and do away with several taxing instances. It is imperative that companies comprehend the implications and prospects offered by this law, given the extensive reach of GST in all domains. The Goods and Services Tax (GST), introduced in India on July 1, 2017, symbolized a major departure from the complex, multi-tiered tax system to a singular tax framework designed to streamline tax procedures and eradicate repetitive taxation.

Keywords: Tax, Reform, GST, Progress, Economy

INTRODUCTION

The introduction of the Goods and Services Tax (GST) signifies a groundbreaking initiative and a pivotal moment in the nation's indirect tax restructuring. This groundbreaking measure establishes a unified national market, alleviating the impact of cascading or double taxation by consolidating various federal and state taxes into a cohesive framework [1]. Anticipated benefits include heightened national productivity and consumer advantages arising from the fixed maximum GST rate. Moreover, GST is poised to diminish the likelihood of tax evasion, simplify tax procedures, and eliminate multiple taxing occurrences [2]. It is crucial for businesses to grasp the ramifications and potential opportunities presented by this legislation, given the extensive applicability of GST across all sectors.

OBJECTIVES OF THE PAPER

This paper has the following objectives to:

- Explore the tax provisions
- Analyse the various aspects of GST
- Discusses the socio-economic reforms

CONCEPT OF GST

The concept of rolling out GST had been deliberated in India for nearly twenty years before it was eventually enacted [3]. Its inception aimed to establish a cohesive market throughout the nation, facilitating smooth trade in goods and services. Prior to GST, various goods and services faced layers of taxation, such as central excise duty, service tax, VAT, leading to intricate and inefficient tax procedures [4]. So, operating on the 'One Nation, One Tax' ideology, India's GST

***Author for Correspondence**
Bhupinder Singh
E-mail: bhupindersinghlaw19@gmail.com

[1]Professor, Sharda School of Law, Sharda University, Greater Noida, Uttar Pradesh, India

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amalgamates diverse indirect taxes from both central and state levels, aiming to simplify the tax regime and create uniformity [5]. As a consumption-based tax, GST is charged where goods and services are consumed rather than where they originate [6].

ADVANTAGES OF THE GST

The implementation of GST aims to eliminate economic distortions and establish a unified national market, realizing the vision of one country, one act, and one tax rate [7–10]. This system contributes to transparent and corruption-free tax administration through two key mechanisms. Firstly, the inherent self-policing incentives within value-added tax become apparent [11]. Each dealer, in order to claim input tax credit, is motivated to request documentation from the preceding dealer in the value-added/tax chain [12]. This self-policing aspect can be highly effective in the GST if the chain remains unbroken, particularly with minimal exemptions, especially on intermediate goods [13]. Secondly, the dual monitoring structure of the GST, overseen by both the States and the Centre, plays a significant role in ensuring transparency and accountability [14–17].

CONCLUDING REMARKS

The GST Council, an integral constitutional entity, oversees the GST framework. Led by the Union Finance Minister of India, this council includes members from both central and state governments, tasked with advising on GST rates, exceptions, and related issues. Since its rollout, GST has significantly influenced India's economic landscape, promoting clarity, ensuring better adherence to tax regulations, and facilitating smoother business operations. Nevertheless, like all major reforms, GST has encountered its share of challenges, including compliance issues, technological hurdles, and adjustments in tax rates. In summary, GST stands as a pivotal tax overhaul in India, striving to unify markets, bolster economic development, and streamline the tax system for both enterprises and consumers.

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