



DIGITIZATION OF GST

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ABSTRACT

Digitalization is growing at a very faster rate. It is the time of Digital avenues as the pandemic impact has made people realize the potentiality of Digitalization. Suitability of digital technology to the present scenario, no cash carrying problem and much more has made it to be acceptable by the large group of people. Along with this, another factor which is growing at a very rapid rate is the introduction of GST in India. Goods and Service Tax was implemented on 15th September 2017. Major objective of introducing GST was to nullify the cascading effect of taxes in India. Along with this, GST has made improvements in terms of filling taxes. The GST is made suitable for easy filling of taxes through the mode of digitalization. All GST filling is done using digitalization portal. This has not only increased the ease of filling but also it has helped the people to get connected with the recent updates with the growing information and technology. The market merchants in India have started registering themselves for GST so that they can easily file taxes. As Digitalization and GST have been merged, it is very important to understand the impact of GST on digital payments. This paper discusses about whether there is any impact of GST on Digital payments or not. And if any impact of GST on Digital payments arises, then to what extent the effect is there.

Keywords: - Goods and service tax, technology, digitization, e- forms , e- bills, GST – returns

Introduction

Taxation is the practice of governments imposing forced taxes on people or organizations. Nearly every nation in the world imposes taxes, which are used largely to fund government spending but also for other reasons.

Taxes are the primary source of governmental funding in modern economies. Taxes are forced levies that are unrequited, meaning that they are typically not paid in exchange for a specific good or service, the sale of public property, or the issuing of public debt. This distinguishes taxes from other kinds of income. Despite the fact that taxes are presumably collected for the benefit of all taxpayers, each individual taxpayer's liability is unrelated to

any particular benefits obtained. To help fund public works and services—and to build and maintain the [infrastructure](#) used in a country—a government usually taxes its individual and corporate residents. The tax collected is used for the betterment of the [economy](#) and all who are living in it.

According to American economist **Richard A. Musgrave**. If tax policy does not interfere with market-determined allocations, the first objective, resource allocation, is advanced in the absence of a compelling justification for interference, such as the need to prevent pollution. The second goal, income redistribution, aims to reduce income and wealth distribution disparities. Stabilization goal—achieved through debt, monetary policy, tax policy, and government spending policy

The Goods and Services Tax, or GST. In India, it is an indirect tax that has mostly superseded other indirect taxes including the excise duty, VAT, and services tax. The Goods and Service Tax Act was approved by the Parliament on March 29, 2017, and it became effective on July 1 of that same year.

In other words, the provision of goods and services is subject to the Goods and Services Tax (GST). Every value addition in India is subject to the comprehensive, multi-stage Goods and Services Tax Law, which is dependent on destination. A single domestic indirect tax law, known as GST, applies to the entire nation.

Digitalization is advancing extremely quickly. The impact of the pandemic has caused individuals to appreciate the importance of digital outlets, therefore digitalization's potential. The adaptability of digital technology to the current environment, the absence of currency carrying issues, and many other factors have led to its widespread acceptance. In addition to this, the advent of GST in India is another aspect that is expanding extremely quickly. The Goods and Services Tax went into effect on September 15, 2017.

The aspect of digitalization was also implemented at the same time as this GST. G.S.T. is paid in a broader sense with the aid of digital outlets. One element that must be noted in this case is the fusion of two components. Digitalization and G.S.T. are two contributing factors. Therefore, G.S.T. is now paid through digital technology. The government, on the other hand, is placing more of a focus on digital payments. It is making every effort to introduce new systems for making digital payments in order to achieve this.

India has begun enrolling for GST so that they can file taxes quickly. Understanding how GST affects digital payments is crucial given the convergence of digitalization and GST. This essay explores whether or not the GST has any effect on electronic payments. And if there is any impact of GST on digital payments, how much of an impact is there?

As every Indian taxpayer knows about the official GST return filing GSTN portal. The portal is used for filing GSTR forms 1-9 along with tax payments. This informational GSTN portal keeps each and every data that

provides a helpful guide about services, registration process, tutorials, GST practitioner guide, payment guide, challan creation and much more.

Literature Review

Digital Initiatives have been taken by Indian Government in order to uplift the ease of tax filing. In order to begin with, GST was implemented. This implementation of GST helped the people to solve many problems like

- i. Cascading effect of Taxes
- ii. Removal of distortions at the national and economic level
- iii. Making a common platform available at the national level.

Each of these problems has been deeply taken into consideration and solutions to these problems. As GST is being filed through digital platforms, digitalization is being brought about

- [Dr. Manisha Shinde (2019)] A STUDY OF IMPACT AND CHALLENGES OF GST ON VARIOUS CONSTITUENTS OF INDIAN ECONOMY,

In order to be in the same development pace compared to other countries at global level, India tends to be in tune with the technology as well. For the same reason an accurate tax system was need of hour. For accurate tax system, GST was brought into picture. GST was initiated to not only bring latest technology but to also bring transparency into the system.

It has also saved time and energy of the people. The main significance of GST is that it will bring pace in the economy due to which it is taken as a contributor to the economy

- [Suniti Saini, Dr. Mukesh K. Sharma (2019)]. AWARENESS AND IMPACT OF GST AMONG SMALL BUSINESS OWNERS: A STUDY OF MANDSAUR CITY IN M.P.,

As it is the issue of national interest, to implement GST 122nd amendment was required. For any kind of rule to be introduced an amendment is required. This amendment helped the system to implement the GST reform in the nation. This amendment was passed in RajyaSabha on 3rd August, 2016 and in LokSabha on 8th August, 2016.

- [Jana V. M., Sarma & V Bhaskar (2012)]. y, A Road Map for Implementing the Goods and Services Tax (2012). Economic & Political Weekly,

There have been many countries in the world which have showed their acceptance towards GST by implementing it in their nation. More than 50% of the world's countries have said yes to GST and implemented it. This shows that acceptance of GST will bring good results in the coming future. To improve economy and to switch the burden of many tax regimes it is important to introduce GST

- [Dr. R. Vasanthagopal (2011)]. “GST in India: A Big Leap in the Indirect Taxation System”,

GST provides an opportunity for foreign investors to look at other nation’s investment opportunities as compared to the traditional way of investment. If environment is created for foreign investors then there can be a possibility of further development in terms of commerce and trade. Input tax credit can be easily set off after the implementation of GST. This will provide a ray of hope to manufacturers and businessmen. When it comes to taxes, there were many barriers that were faced by the tax payers. But as soon as GST was implemented, a single taxation system was framed. This single taxation system will provide ample amount of stress freeness in terms of tax payment and settlement

- [Madhu Bala (2018, February 2)]. GST in India and its Impact on Indian Economy. Paper presented at Conference

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Apart from GST, one of the major factors which gave a new shape to the Indian economy was Digitalization. Availability of digital platforms and their utility has made people to realize its potentiality in a much bigger way. Bringing technology and banking together has made ease of payment very comfortable for customers and others. Implementation of digitalization has brought connectivity amongst the people. Now even though if cash is not there but still people give money which confirms that the hurdle of distance and time has almost vanished from the day to day life

- [Khan S and Aftab. M (2015)].

Even though Digitalization has been implemented but still people are not using it due to lack of necessary literacy towards digitalization. Financial literacy is very important when it comes to utility of Digital avenues. Need of the hour is how people can be made aware of digitalization. Literacy rate is different from financial literacy. And now as the technology is upgrading itself, digital financial literacy is the upcoming event in the history of humanity. ‘

Problem Statement

With increased in the adaption of technology in every possible field of the economy the process of filling forms and returns of the tax under both direct and income tax were ought to be digitalized with the help of booming technology. However the process of conversion into a paperless system was not quite easy as expected as there were many challenges to be faced as a minimum of 25 to 30% of the population of the country weren't much advanced in using the technology as compared to the younger generation and technological resources is not easily by those living in the rural area of the country.

Objectives

- To study on how the digitalization was accepted by the citizen of India
- To study about more about the transition period from a old system paper forms filing to the digitalized filling of the forms is the GST portal ‘
- To know about all the challenges being faced by the user when filling the forms.

Research Design

Research methods are the term for the methodical and exacting process required to carry out scientific research. It includes a set of guidelines, techniques, and policies which the scholar uses to gather, examine, and evaluate data. Research technique is crucial since it ensures that the findings are accurate, trustworthy, and transferable to different situations.

A study approach known as **direct observation** is utilized in a variety of disciplines, including sociology, anthropology, psychology, and education. It entails methodically watching and documenting actions or occurrences in the present, whether in a controlled laboratory environment or a wild context.

Quantitative as well as qualitative data on how people act, conversations, and observations is gathered through direct observation. Inspections can be unorganized, where the investigator notes any activity that is pertinent to the study issue, or organized, wherein the researchers has a prepared checklist of activities to observe.

Compared to other research techniques, observing directly provides a number of benefits. For instance, it enables data collection in a natural environment, enhancing the study's validity for ecological reasons. Furthermore, behaviors like lying, hostility, or nonverbal signs that are challenging to quantify using self-reported information techniques can be seen directly.

As a whole, observing directly is a useful study technique that may produce rich and thorough data regarding human as well as animal interactions, experiences, along with behavior

Analysis and Interpretation

The implementation of GST prompted a complete turnaround from the erstwhile offline compliance management system to an advanced and dynamic online system equipped with real-time reporting.

Predicated on the premise of complete digitisation of compliances, this has eased the burden of both the taxpayers and the authorities. After an initial unsteady experience, the GST portal is now equipped to effectively handle and manage vast amount of data. Introduction of the e-way bill, e-invoicing mechanism, integration of GST portal with ICEGATE system of Customs and other tax departments, and data analytics makes it easier to track instances of non-compliance or fraudulent activities, allowing appropriate actions to be taken.

Analysis and Interpretation is being done on the basis of the primary data which was collected from the government bodies such as RBI, SEBI, GST portal etc. Apart from this information was also collected by the tax consultants, agents who are actively working towards helping the society in helping them filling their forms. To give a clear image about the transition period of GST form filling from the old paper forms to the digitalized version. Three different scenarios is being chosen to give you a clear picture of the transition.

Figure 1 explains about the transition being implemented in different industry. Textile, electrical machinery, machinery and mechanical appliances, iron and steels and automobile are the industry being considered for the representation.

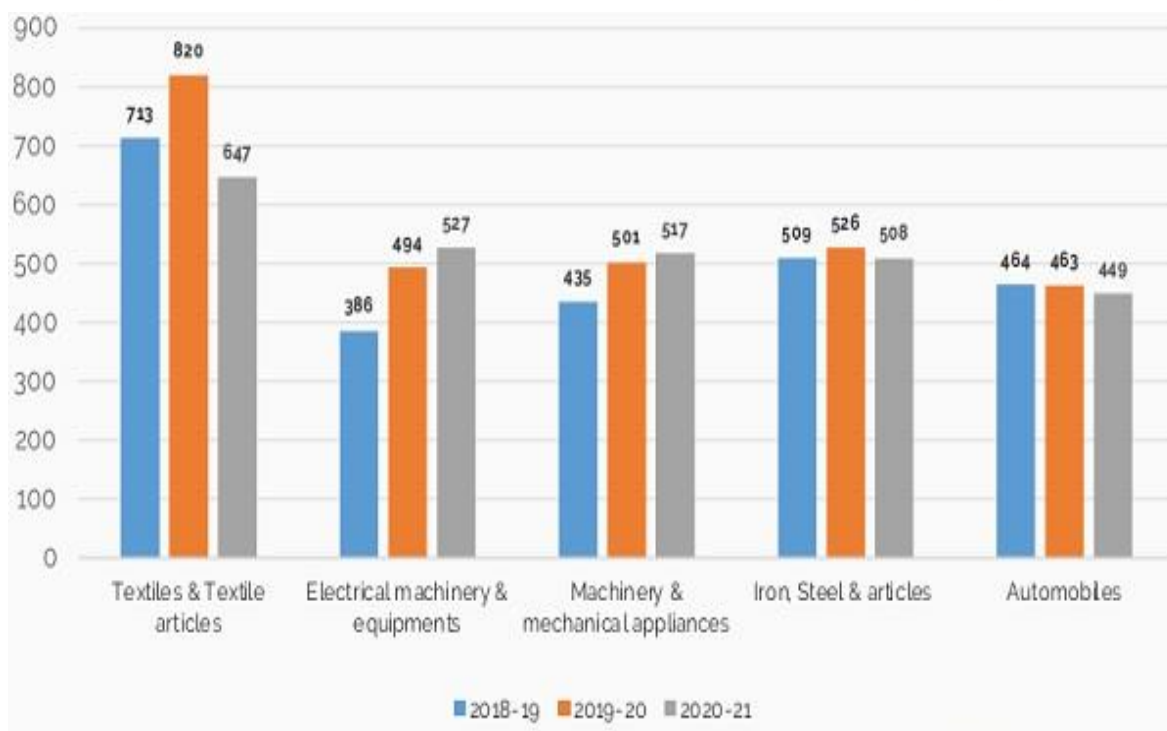


Fig 1 :- Graphical representation of the no. of digital E- way bills being raised

The above graphical representation tells us that the first year of GST digitalization was not taken into a serious note by the traders as compared to the next two years. Year 2019-2020 shows drastic increased in issues of e-way bills and e-invoices with highest being in the textile industry. This change can be because of the strict



penalties being introduced for failure of not having bills. Year 2020- 2021 being the year where the whole world was being affected by the deadly corona virus the economy was shut down and people were struggling hard to lead their livelihood. Yet there has been some moment of the goods during the ease of rules and regulations which were being provided at certain period of time.

For the next analysis on interstate EWB 5 different states from different parts of the country were being taken into consideration. Gujarat, Maharashtra, Haryana, Tamil Nadu and Karnataka are taken into account.

Fig 2: - Graphical representation of top 5 states with Interstate EWB's

As you can visualize in the above graphical representation Gujarat has the highest number of Interstate EWB's being issued in the country whereas Karnataka is the lowest state where EWB's is issued. Haryana is the only country where in there has been more issues of EWB's in the year 2020-2021 when compared to previous years. Tamil Nadu and Maharashtra has issued almost same level of EWB's in all 3 years.

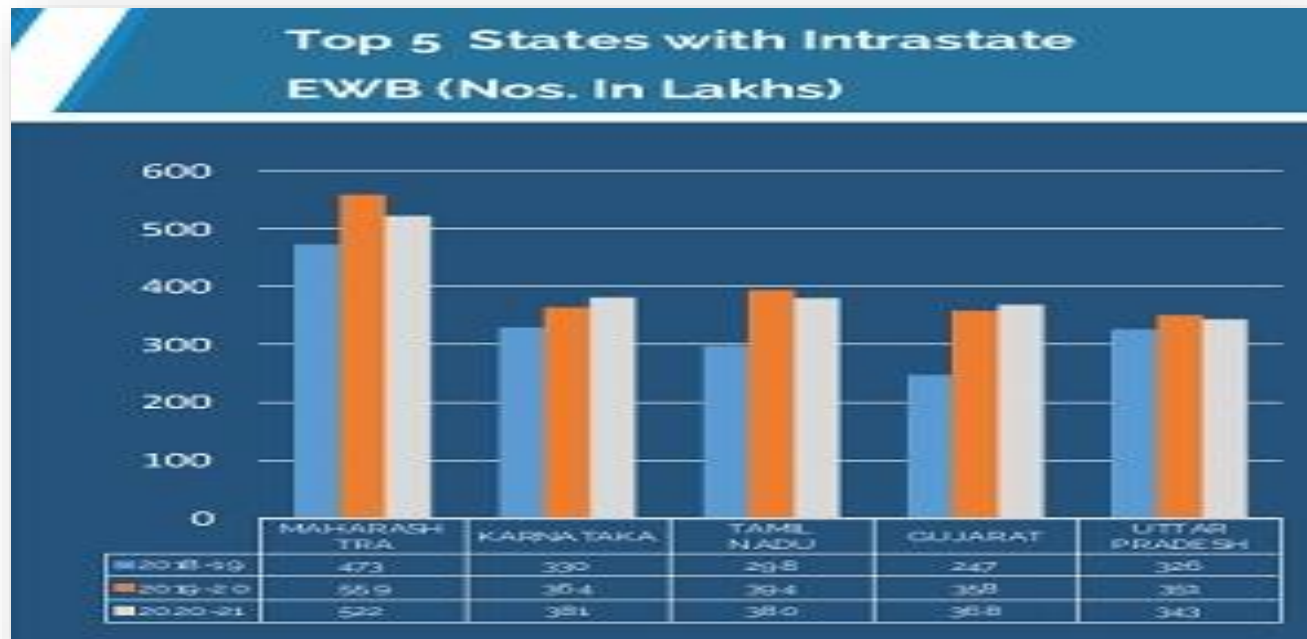


Fig 3 :- Graphical Representation of top 5 states with Intra State EWB's

Here is the last graphical representation showing the top 5 states which have the most Intra state EWB's. Maharashtra stands first with highest intra state EWB's for consecutive three years starting from 2018 to 2021. Uttar Pradesh standing at the 5th position has the constant number on all three consecutive years.

Findings

The findings from the above survey states that the awareness among the individuals regarding the e-way invoice and e-invoices bill is comparatively less. The e-invoice is being introduced to reduce tax evasion. Paying taxes to the government is one of the duties of all the individuals for all the benefits they are receiving for their well being. These taxes are being utilised for the overall development of the country.

The introduction of the online platform has proven beneficial for the individuals and has even made the work easier but the fault that are being experienced due to the glitches in the website is causing a problem for the taxpayers to submit particular forms within the specified period. This problem has to be overviewed by the software who has designed the website.

Suggestions and Recommendation

The challenges being faced by the software which has designed the online portal has to be overviewed and fixed only then the tax payers will not facing any challenges at the end moment which would result in saving them from penalties. There has to also be an option where the issues being faced can be reported by the individuals through greivances. Along with the direction of usage and multiple language options have to be given which would help the payers to know how things has to be done.

Conclusion

More nations started requiring digital marketplace operators to collect indirect consumption taxes like VAT/GST or RST as more customers began to purchase online. Although this tendency could be inevitable, the platform's collecting obligations must be compliant with both international and constitutional law. In order to determine the circumstances in which the levying of the on the digital platform, work is accepted. It claimed that for the purposes of indirect consumption taxes, a digital platform might be regarded as a direct vendor of the product. It also made the point that the in rem character of the collecting responsibility is crucial in determining the duty's legality. Last but not least, it highlighted the necessity of intimate consumer relationships.

Compliances are expected to multiply under GST for an electronic commerce operator. Apart from Monthly returns for inward supplies, outward supplies etc., an additional liability in terms of filing statement of supplies made through it has been casted on such operators. Apart from above there is also requirement for registration in each of the states they operate. The concept of centralized registration shall no longer be a savior and thus, such firms would be required to register themselves in each of the state where they have their presence. Thus, Electronic commerce firms shall require a lot of change at the planning and implementation level. All in all, GST is expected to be a mixed bag for electronic commerce, with the benefits outweighing the concerns. However, the real picture shall be clear only after it is implemented.

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