



# GST REGIME: THE PRESENT AND FUTURE AHEAD

**Annu Kumari**

Research Scholar

University Department of Commerce and Business Management

Ranchi University, Ranchi

## Abstract

This article examines GST revenue collection, focusing on promising patterns and important factors that make it successful. There is a significant increase in revenue collection under the GST as compared to revenue collection under the former tax system, indicating more tax compliance and a wider tax base. The expansion of the formal tax base by the GST is supported by the rise in active taxpayers, which includes businesses of all sizes. Additionally, the GST revenue from different business constitutions exhibits positive trends, illuminating the inclusive nature of the tax reform. Additionally important to promoting compliance and income production have been the increasing filing of returns and ongoing communication initiatives. These findings highlight the GST's ability to generate money and the necessity of continual analysis and improvement in order to assure its success.

**Index Term :-** GST, GST Future, GST Present, VAT, GST Revenue, Indirect Tax, GST Return, Taxpayers

## Introduction

When the Goods and Services Tax (GST) was implemented in India in July 2017, it caused a massive upheaval in the country's indirect tax structure. With the implementation of the GST system, a complex web of indirect taxes such as excise duty, service tax, and value-added tax (VAT) was eliminated. As GST enters its sixth year of operation, it is critical to analyse its efficacy in attaining these objectives, particularly in terms of tax collection patterns.

## Overview of the GST System

With the implementation of the GST system, several indirect taxes were consolidated into a single, unified tax structure. It sought to streamline tax administration, eliminate cascading consequences, and create a national market. Commodities and services are classified under GST into many tax rates based on their nature

and essentiality, including 0%, 5%, 12%, 18%, and 28%. Because input tax credits are available, taxes are only paid to the value provided at each level of the supply chain. This promotes transparency, simplifies compliance, and reduces the tax burden on businesses.

### The Old Indirect Tax System

Prior to the implementation of the GST, India had a complex indirect tax structure that includes a variety of taxes levied by several levels of government. The system was incoherent and frequently resulted in tax cascading, which occurred when taxes were piled on top of taxes, escalating the cost to consumers and businesses. Compliance under the former system was difficult due to numerous tax rules, extensive processes, and disparities in tax rates between states. Other key issues affecting revenue collection included tax evasion and corruption.

### OBJECTIVE OF THE STUDY

The aim of this research is to compare revenue earned in India under the prior indirect tax system to revenue generated under the Goods and Services Tax (GST) system. The study intends to accomplish the following particular goals:

1. Evaluate the impact of GST adoption in India on revenue collection.
2. Contrast revenue patterns before and after the implementation of GST.
3. Examine the impact of GST in raising awareness among various tax payers.
4. Examine the contribution to GST revenue from different constitutions of business

### METHODOLOGY

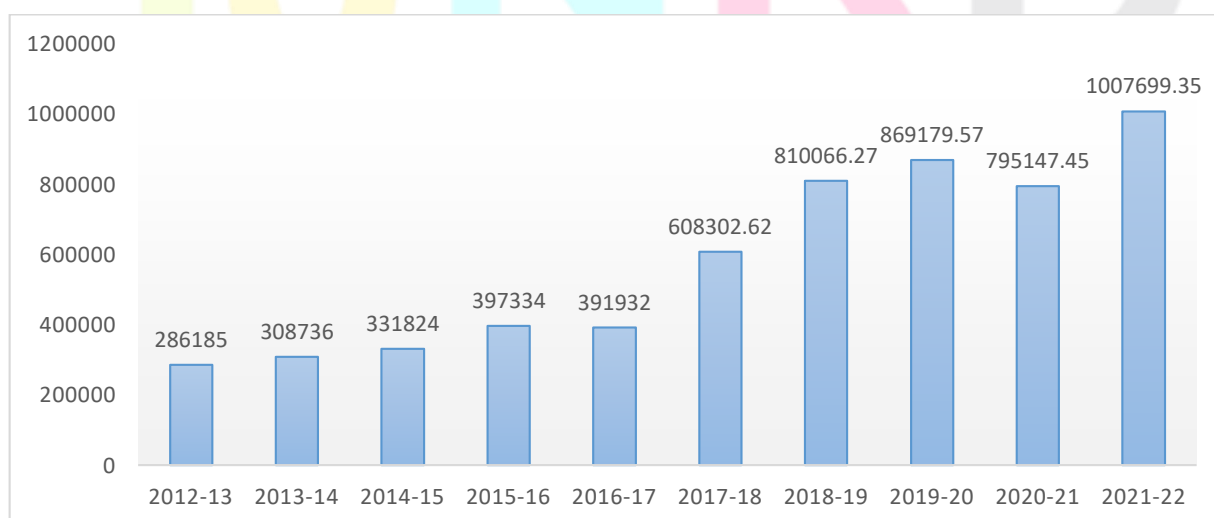
This study makes use of secondary data to conduct a thorough comparative analysis. Secondary data sources include government reports, university research, and other relevant publications.

### DISCUSSION

#### Revenue Collection Comparison

One of the primary goals of the GST introduction was to increase revenue collection for the government. A comparison of income collected under the GST system and the former indirect tax system is critical for assessing the impact of the Goods and Services Tax (GST) system on revenue collection in India. This report sheds light on the GST system's efficacy and efficiency in producing income for the government.

figure 1. pre-gst revenue and post gst revenue (rs in crores)



source: goods and services tax (gst) council, government of india.

Pre-GST income increased steadily from 2012-2013 to 2016-2017, with some volatility between years. This implies an increase in tax receipts prior to the establishment of the GST.

However, there was a large rise in GST receipts beginning in 2017-2018. This shows that the GST introduction had a favourable influence on tax collections, resulting in increased income for the government.

According to the data, the adoption of the GST in India has resulted in an increase in tax collection over the pre-GST era. This gain can be ascribed to the GST system's unified tax structure, decreased tax evasion, and greater compliance. The increase in GST revenues indicates the tax reform's effectiveness in broadening the tax base, reducing cascading taxes, and increasing transparency in the taxing system.

Furthermore, even throughout the COVID-19 epidemic (2020-2021 and 2021-2022), GST collections have been steadily increasing. It implies that the GST system has shown to be durable and capable of producing income even under difficult economic conditions.

Overall, the evidence suggests that the GST implementation benefited the Indian economy by increasing tax revenues and delivering a more streamlined and effective tax framework. However, further research is needed to assess the long-term implications of the GST on various industries and overall economic growth.

### Active Taxpayers under GST

Individuals, businesses, and organisations registered under the GST framework are the backbone of India's tax system. They help the economy grow and thrive by staying in compliance, submitting regular returns, and paying their fair amount of taxes. The number of registered GST taxpayers shows the amount of economic involvement and formalisation, fostering openness and accountability.

table 1. active taxpayers as on 30<sup>th</sup> june,2022: summary

Normal Taxpayers	Composition Taxpayers	Input Service Distributor	Tax Collector at source	Tax Deductor at source	Others
1,19,74,464	15,86,906	7,076	16,461	2,41,072	3,707

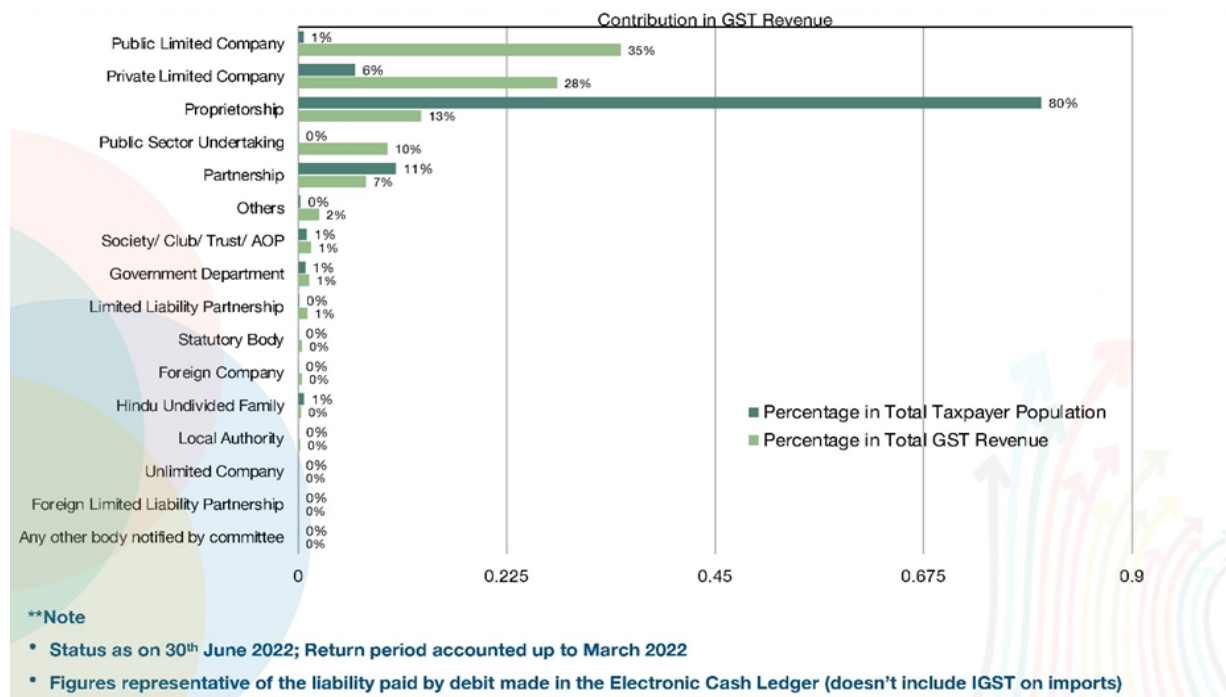
Total	Migrated from Pre-GST
1,38,29,686	47,09,386

source: goods and services tax (gst) council, government of india.

As of June 30, 2022, the total number of active GST taxpayers was 1,38,29,686. 47,09,386 taxpayers switched from the pre-GST regime to the GST regime. The number of active GST taxpayers is considerable, reflecting a broad tax base and compliance with the tax system. The incorporation of multiple taxpayer groups, such as ordinary taxpayers, composition taxpayers, and various collectors and diductors, demonstrates the GST framework's complexity and variety.

### GST Revenue from Different Constitutions of Business

The government places a high value on GST collection since it permits it to support a wide range of development-related programmes. Examining how various business forms, such as sole proprietorships, partnerships, limited liability companies, and others, contribute to overall GST collections will help you better grasp how different company constitutions contribute to GST income.

**figure 2. contribution to gst revenue\* from different constitution of business**

source: goods and services tax (gst) council, government of india.

According to the data, sole proprietorships account for the greatest share of taxpayers, accounting for 80.20% of all taxpayers. However, their share of the whole collection is very modest, at 13.28%. Public limited company, on the other hand, account for 1% of taxpayers but account for 35% of total collection, demonstrating their important role in GST revenue production. Private limited corporations play an important role as well, accounting for 6% of total population and contributing 28%.

Partnerships provide 7% of GST income, public sector undertaking contributes 10% while societies/clubs/trusts/AOPs each contribute 1%.

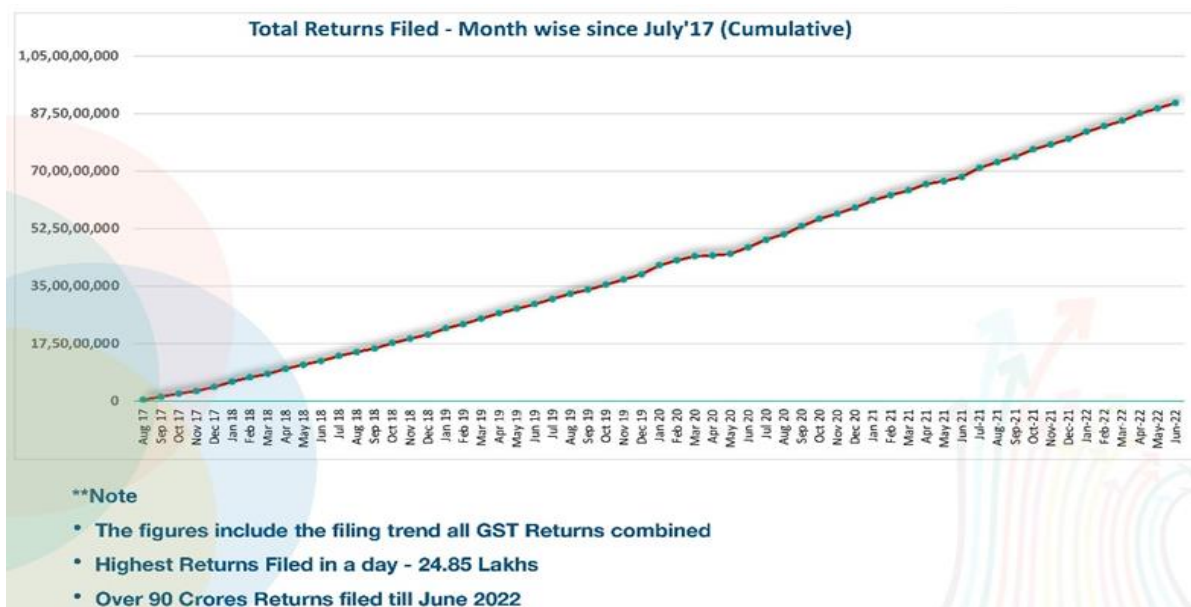
Government agencies, statutory organisations, foreign corporations, and other particular entities, on the other hand, have a lesser presence among the taxpayer base, resulting in comparatively lower contributions to overall collection.

### Returns Filed under GST

Businesses are expected to comply with many compliance duties under the Goods and Services Tax (GST), one of which is timely submission of returns. Returns are critical components of the GST regime because they allow taxpayers to record sales, purchases, and other relevant transactions to the tax authorities. These forms give a thorough snapshot of a taxpayer's financial activity, making it easier to calculate tax liabilities and keep the GST system running smoothly.



figure 3. total returns filed (since july'17)



source: goods and services tax (gst) council, government of india.

Return filing under the GST system has consistently increased year on year. This higher trend shows increased adherence to tax compliance and the efficacy of simplified systems. The increased submission of tax returns indicates a more open and accountable taxation system. It benefits both the government and taxpayers by enabling for greater compliance monitoring, identifying tax evaders, and making informed decisions. Return filing on time and accurately assures compliance, reduces risks, and promotes a great corporate reputation. This trend reflects the GST framework's effectiveness in encouraging transparency and developing a strong taxing system for the nation's overall economic growth.

### Outreach initiatives under GST

Outreach efforts are critical in raising awareness, distributing information, and giving training in a variety of fields. When it comes to the Goods and Services Tax (GST), outreach efforts are even more important to guarantee proper implementation and comprehension of the taxation system.

tabel 2. summary of outreach activities in 2021-22

Sl. No	Activity	No of Sessions	No. attended/No of views
1	Webinars for taxpayer awareness	26	1,39,568
2	Training for Tax Officers	213	11,022
3	Training for Helpdesk Agents	06	86

tabel 3. summary of outreach activities in 2022-23(till june 2022)

Sl. No	Activity	No of Sessions	No. attended/No of views
1	Webinars for taxpayer awareness	04	27,281
2	Training for Tax Officers	51	3,291
3	Training for Helpdesk Agents	02	24

source: gst statistics. goods and services tax (gst) council, government of india.

The GST outreach initiatives in 2021-2022 and 2022-23 show a favourable reaction from taxpayers, with a high attendance/view count in the webinars aimed at them. However, participation in trainings for tax officials and helpdesk employees might be improved. To increase engagement, examine the factors driving attendance

and alter the content, promotion, and scheduling techniques accordingly. Outreach efforts may efficiently bridge knowledge gaps, encourage compliance, and assist faster GST system implementation by targeting the unique requirements and interests of various stakeholders, such as tax officials and helpdesk agents.

## GST: Future Ahead

The future of the Goods and Services Tax (GST) system holds transformative potential, driven by technological advancements and policy adjustments. This projection is substantiated by various trends and indicators from recent years.

- **Technology-Driven Compliance:** E-invoicing is now being implemented, and technology is being used to track items in real-time, which is projected to considerably improve compliance levels. Positive effects have already been seen from the implementation of the e-way bill system for interstate transportation of commodities. More than 600 million e-way invoices were produced in 2019–20, which reflects better documentation and tax compliance.
- **Simplified Return Filing:** By streamlining the return filing process, companies will have less work to do to comply with regulations. It is anticipated that the procedure would become more user-friendly with the switch from monthly to quarterly filing for small taxpayers and the progressive adoption of the New Return System (NRS). This is consistent with the government's goal of facilitating commercial operations.
- **Broader revenue Base:** By incorporating industries that are now exempt or subject to lower rates, the GST system is anticipated to widen its revenue base. This action would increase revenue while also establishing a more unified tax system. For instance, talks in recent years have focused on include energy and petroleum goods under the GST's purview.
- **International Trade Considerations:** The GST system is expected to change to meet these problems as cross-border trade complexity rises. The key will be to follow international best practices and deal with export and import-related problems. Government efforts to improve computerized refund procedures are a step in the right direction.
- **Dynamic Policy Modifications:** The GST Council's responsibility for routinely examining rates and policies demonstrates a dedication to modifying the system to changing economic circumstances. The GST will continue to be sensitive to sectoral requirements and macroeconomic changes thanks to this dynamic methodology.

With the use of technology, quicker processes, and a larger tax base, the GST system is primed to improve upon its current foundation in the future. These actions offer not just higher income but also better compliance and a more stable business climate. The GST system, which the government is now optimizing, continues to be a crucial weapon in India's pursuit of economic development and budgetary stability.

## Conclusion

The Goods and Services Tax (GST) is a fundamental component of India's new tax system. Currently, it has improved compliance and increased income with noteworthy success. But continuous solutions are required for issues like categorization complexities and technological snags.

Prospects for the GST are bright, supported by technical advancements like e-invoicing and real-time tracking, which are expected to increase compliance and operational effectiveness. It is intended to broaden the tax base to include industries like petroleum and power in order to create a more uniform tax system. Additionally, the system's flexibility in responding to shifting global trade nuances and its dynamic policy adjustments demonstrate its durability and future readiness. The GST is well-positioned to direct revenue growth, boost compliance, and strengthen economic equilibrium in the ensuing years by taking use of these opportunities. This dynamic growth reinforces GST's position as a pillar of India's fiscal system and moves the country toward a more stable and flexible tax future.

## Reference

1. GST Council. (n.d.). GST Statistics. Goods and Services Tax (GST) Council, Government of India. Retrieved from <https://www.gst.gov.in/download/gststatistics>.
2. Government of India. (2022). Union Budgets. India Budget. Retrieved from [https://www.indiabudget.gov.in/budget2022-23/previous\\_union\\_budget.php](https://www.indiabudget.gov.in/budget2022-23/previous_union_budget.php)
3. Goods and Services Tax Council. (n.d.). Overview of GST (English). Retrieved from <https://gstcouncil.gov.in/overview-gst-english>

