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GST LAWS IMPACT ON THE INDIAN ECONOMY

AUTHORED BY: HARITOSH DEV GARG

INTRODUCTION:

The impact of GST laws on the Indian economy is a topic of concern. Globalisation, liberalisation, and privatisation have significantly shaped the country's economic landscape. Recent government policies have led to the establishment of new indirect and economic tax systems. The 20th century witnessed a global phenomenon known as globalisation, which had a profound impact on nations with conservative or communist administrations. The globalisation of national economies has presented the dual prospects of engagement and vulnerability to exploitation by competitors. In the economic rivalry, the objective is to optimise financial profits while fulfilling the essential requirements.

The extent to which we can create an environment that is favourable to such acts or endeavours will influence our ability to maximise the financial and economic benefits. Each country must analyse the existing situation, determine and predict the expectations of the global economy, define the requirements that need to be fulfilled, and develop the suitable policies to meet the demands of the interconnected nations. Furthermore, it is imperative for every country to strategically position itself to capitalise on economic growth opportunities and thereby attain comprehensive national development.

The global tax system has now attained the status of the existing tax system, which can be modified to enhance its suitability, effectiveness, and efficiency. With the progress of technology and innovation in information and communication techniques, the tax system has become more efficient, transparent, and objective. As a result, there is a growing need to restructure it. The tax system has become more complex due to the implementation of globalisation, liberalisation policies, and the innovation and development strategies of the modern business model.

These factors have also contributed to the emergence of MSMEs as key players and the

successful expansion of international commerce. In recent years, our nation has established itself as an attractive and dynamic investment destination.



Consequently, there has been a significant growth in the number of multinational businesses conducting business in this location, leading to a rise in international trade. Given the current situation, our nation has the opportunity to create and adjust a tax structure that is on par with other nations, making it more competitive.

Since 1991, there has been a shift in economic policy as a result of government initiatives. In order to modify the overall system, the nation must revise both its tax legislation and its economic strategies. The government has made various improvements to our nation's indirect taxation structure. Previously, it was highly complex and subject to strict government control and inspection.

The Indian Constitution enumerates many tax systems, some of which were imposed by the Union Government while others were enacted by State Governments. In 2000, the government initiated a process of restructuring and replacing its indirect tax system. As per the suggestion of the Empowered Committee, the antiquated Goods Sales Tax Act was replaced with the VAT system in 2004.

However, the overall structure of the indirect tax system remained same. Following a long and extensive journey, the Union Government of India aims to attain harmonisation, uniformity, and simplicity in order to minimise the cascading effect of taxes on transaction value. This is done to meet the requirements of globalisation in the country's indirect taxation system. In 2016, the Indian government achieved a significant milestone by modifying the Indian Constitution through the One Hundred and First Amendment.

This amendment introduced a new indirect taxation system that replaces and includes all previous indirect taxes, marking a major worldwide change. From July 1, 2017, the Goods and Service Tax (GST) law was modified to include the GST-CGST Act, SGST/UGST, IGST, and Compensation Cess Act. This change in the indirect tax system has naturally impacted the Indian economy.

The impact on the Indian economy can vary in terms of duration and outcome, ranging from short-term to long-term and from good to negative. To have a deeper understanding of how various sectors such as agriculture, manufacturing, services, finance, FMGC,

communications, infrastructure, export and import, logistics, etc. impact the Indian economy.



We shall clarify each of these impacts separately. This chapter has also discussed the challenges and barriers that the Indian economy is encountering in relation to the implementation of the Goods and Services Tax Law.

1.1 THE IMPACT OF THE GST:

Prior to the introduction of the GST Law, India had an indirect tax system. The central government levies several taxes, including central sales tax, central excise duty, and central manufacturing tax. Similarly, the State Government imposes several taxes, including Value Added Tax, Purchase Tax, Entry Tax, and others. Multiple tariffs are imposed on the identical supply chain. The current goods and services tax system faces several shortcomings and challenges.

Firstly, there are two types of cascading taxes: those imposed by the federal government and those that cannot be offset against state-level taxes.

Secondly, the State Government may refuse to accept certain taxes as payment for other taxes that they have the authority to impose.

Thirdly, the nation's value-added tax laws vary, with different tax rates and policies, leading to the division of the economy into distinct sectors.

Lastly, the establishment of tariffs, non-tariff barriers, and other measures such as entrance taxes, checkpoints, and octroi hinder the free movement of commerce across the nation. Furthermore, the multitude of taxes in the country leads to substantial expenses for taxpayers in terms of multiple filings, payments, and related obligations.

Considering the issues discussed above, it is suggested to consolidate all the taxes listed earlier into one substantial tax called the Products and Services Tax. This tax will be levied on the provision of goods, services, or both, at each level of the supply chain, starting at the point of production or importation and continuing until the point of sale. Henceforth, the products and Services Tax will encompass all taxes presently levied by the Central Government and State Governments on the provision of products or services. This tax is

designed to be a dual levy, where the Central Government collects taxes through the Central products and Services Tax, while the State Government collects taxes through the State Goods and Services Tax. These taxes apply to the delivery of products or services inside a state, or both. Considering the points



mentioned above, the Central Goods and Service Tax Bill, 2017 is necessary as a piece of central law.

The proposed law grants the Central Government the power to levy a live goods and services tax on the supply of items or services, or both, that take place inside a State. The proposed bill aims to consolidate and harmonise the country's indirect regime. It is expected to reduce the inflation rate of the economy and decrease production expenses.

Thus, enhancing the competitiveness of Indian business and industry at both local and global levels. The Goods and Services Tax was created with a mechanism to incentivize taxpayers to express their compliance due to the seamless flow of input tax credit across different states in the value addition chain.

A strong information technology infrastructure would enable the planned Goods and Services Tax to reach a wider tax base and improve tax compliance.

Among other things, the Central Goods and Service Bill, 2017 provides for the following:

To impose a tax at a rate to be announced, not to exceed 20%, on all intrastate deliveries of goods or services, or both, with the exception of supplies of alcoholic liquor for human use, as recommended by the Goods and Service Tax Council (the Council). In order to expand the scope of the input tax credit and make it applicable to taxes paid on any supply of products, services, or both, utilized or planned to be used in the course of. To require electronic commerce operators to withhold taxes on payments made to suppliers of goods and services via their portals, sources at a rate not to exceed 1% of the net value of taxable supplies. To enable the registered individual to self-assess the taxes they owe. To establish procedures for conducting audits of register individuals to ensure that the Act's provisions are being followed.

To allow for the collection of unpaid taxes by a variety of means, such as the seizure and sale of products, real estate, and defaulting taxpayers. To grant the police the authority to conduct searches, make arrests, seize objects, and inspect the Central Government's

creation of the Goods and Services Tax Tribunal, which will hear appeals against decisions made by the Revisional Authority or Appellate Authority to include a clause in the proposed legislative proposal about penalties for violations to guarantee that businesses pass on the advantages of lower taxes on products, all services, or both to consumers, anti-profiteering measures must be in place.



In order to ensure a smooth transition from the existing taxpayer system to the goods and services regime, it is necessary to have comprehensive transitional provisions. The implementation of a new tax reform on July 1st, 2017, in accordance with the Goods and Services Tax Law, aims to establish a unified tax system, a unified nation, and a unified market within the country. The primary objectives of this regime are to attain uniformity, halt the domino effect, and establish a standardised tax rate framework across the country to alleviate the strain of interstate commerce and enhance competitiveness in international trade. The implementation of new indirect taxes, such as the tax reform and alteration in the country's tax structure, was certain to impact the nation's economy in many ways, whether positively or negatively, in the short and long run.

The implementation of the Goods and Services Tax (GST) law will have a significant impact on the Indian economy. The impact of the GST law on various industries and service providers in the country has been categorised using a specific method and mechanism. The long-term effects of the GST law on the Indian economy, which occur over a significant period of time after its implementation, are referred to as its benefits. The implementation of Goods and Service Laws in India is expected to have long-term effects on the nation's industries and services. These effects include lower tax rates, minimum tax slabs, reforms to the Indian economy, potential revisions to the revenue neutral rate (RNR), elimination of cascading effects, rationalisation or harmonisation of tax rates, and uniform tax rates throughout the nation. One common general impact of the implementation is the simplification of tax procedures, as the nation had multiple indirect tax regimes before the passage of the GST law.

The Central and State Governments exercised authority under these regimes. The primary tax regimes that are applicable to products and services are Value Added Tax, Central Excise Duty, and Service Tax. The several states in the country devised and executed the protocols for imposing the Value Added Tax, which fell under the purview of the state. Due to the variations in systems across different states, the process of adhering to tax regulations is fraught with several intricacies. In order to ensure a smooth understanding of the three tax regimes, it is crucial to note that each regime has its own distinct compliance approach, with

one being particularly intricate and challenging for taxpayers to adhere to. Implementing the method from the old indirect tax system is likewise more intricate. For instance, the Central Excise follows its own set of rules to ensure compliance with the Central Excise Duty, which is regulated by the Central Government.



1.2 INRODUCTION TO NEW ACTS:

Similarly, the Service Tax has its own system in place. When the Goods and Services Tax Law was implemented in July 2017, there were no doubts about the enactment of four Acts. The UTGST Act, the IGST Act, the Compensation Act, and the CGST Act are the four acts in question. Nevertheless, each Act adheres to the same standards. To facilitate the adherence to the GST legislation across all Acts, the Central Government has formed a non-profit organisation called the GSTIN network. This network is regularly updated and modified to accommodate new requirements.

In addition, the Central Government has implemented a unified national platform to ensure compliance with the GST legislation. Furthermore, the Centre Government has incorporated a provision in the GST law to streamline the registration procedure. Section 22 of the CGST Act stipulates that Section 1091 mandates a singular registration that is obligatory under all Acts, subject to a pre-established threshold limit. The third aspect of simplification involves the taxation of invoices and the corresponding debit and credit notes. According to Section 31 of the CGST Act, it is mandated to send an invoice within a specific timeframe, which includes all the necessary information about the goods or supplies for the taxable person. The Central Government has further simplified the process by stating in section 39 that the periodic return must be filed on a shared platform.

The payment process has been simplified, eliminating the need to pay state and central taxes separately. This is specified in section 49 of the CGST Act. Based on the provided information, it is evident that complying with the GST law is straightforward and overseen by the government. There is no necessity to access any alternative website except from the Goods and Services Law site.

By comparison, in the former tax system, each tax regime had its own infrastructure, resulting in a time-consuming and tedious process for compliance. Nevertheless, according to the existing legislation, adhering to the rules is straightforward and may be customised to suit the present requirements. The country's economy would experience enhancement

due to the streamlined procedure.



To achieve this, it is necessary to standardise the Indirect Tax legislation, specifically the system that categorises products and services separately. This method was utilised before to the implementation of the country's goods and services legislation.

There are two main tax systems that were implemented for goods:

1. The Service Tax Act exclusively pertains to the imposition of taxes on Central Excise Duty and Value-Added Tax (VAT). The rates of the VAT system were determined by the classification of items based on the scheduled categories outlined in the Act. The primary threshold was determined based on the taxpayers' capacity to pay; some items, such as those that promote and support a certain industry or demographic group inside the country, were excluded from taxation. The second schedule contains essential commodities for human survival, whereas the third schedule includes articles categorised as luxury. The tax rate for the following commodities is increased compared to the prior category. The classification of goods under the Central Excise Duty determines the tax rate applicable to Schedules One and

2. The excise duty rate was implemented in line with the schedule. With respect to the service tax, all services that were eligible for taxation were subjected to a uniform tax rate. The former system lacked uniformity and harmonisation in its tax structure rates. Fluctuations in tax rates were frequent. The tax rate is established and approved by the GST Council. Section 9(1) of the CGST Act defines the tax rate, whereas Section 5(1)1097 of the ICGST Act defines the tax rate for interstate transactions. One of the main characteristics of the present goods and services law is the adoption of a unified tax rate structure through imposition. The government places a high importance on maintaining consistent and logical tax rates.

To achieve this, things are classified according to international goods classification regulations, as specified in the Custom Tariff Acts. Unlike the previous tax system, which hindered it, the all-state tax system ensures consistency and rationalisation of taxes between the State and the Centre. The tax rate is determined by a principle that is more

consistent, rational, and harmonious. Upon the initial implementation of the GST laws, the nation's economy had positive effects due to the harmonised rate structure of the GST law. According to tax experts and organisations, the adoption of the Goods and Services Tax (GST) is believed to help improve the economy and GDP. One specific benefit is that it is projected to reduce manufacturing costs, which would in turn increase the nation's GDP. The old system of indirect taxation encompassed several levies that were directly linked to the cost or price of goods, such



as central excise duty, entrance tax, infrastructure development tax, and central tax. The absence of the necessary adjustment in taxation led to an increase in the cost of the commodities, a requirement for the manufacturing industry.

The manufacturing sector incurred taxes on the raw materials it used, including a state-imposed levy on the transportation of goods. In brief, the cost of raw materials incorporates an unalterable tax element that cannot be modified to counterbalance local sales tax. Consequently, the expenses related to manufacturing rose. According to Section 15 of the CGST Act, 2017, both goods and services are subject to section 1098 for determining the value of taxable supply. This influences the assessment of the value of supply of products, services, or both. In a contract, the price refers to the consideration expressed in monetary terms, whereas the consideration represents a reciprocal exchange. Value refers to the agreed-upon value during a transaction. Although it is referenced in the CGST Act, the valuation approach outlined in this section is relevant to all activities linked to GST. In order for the transaction value to be considered the price paid or payable, it is necessary for price to be the sole determining factor and for the transaction to occur between unrelated parties. Under the new tax regime, any taxes imposed by the State and Federal Government on both intrastate and interstate commerce can be adjusted through an input tax credit, which can be applied against the cost of the products or services, or both. Consequently, the current tax structure has led to reduced manufacturing costs compared to the old one.

Reducing manufacturing costs will enhance the production of commodities, generate more economic activity, and influence the Indian economy. In comparison to the previous system, the current one has reduced the manufacturing costs, which will have a positive impact on the Indian economy.

Additionally, during the implementation of the GST regime, tax experts and various organisations predicted that the law would enhance competition in the manufacturing, trading, and service sectors. Due to cooperation and tax-related barriers, the industrial and service sector were unable to effectively compete at both national and global levels within the old tax system. The entire system suffered from a lack of clarity, and many approaches

were employed to assess the worth of goods under the worth Added Tax Act and Central Excise Duty. The service industry also employed many approaches to assess the value of its services. Consequently, the business community and the service industry faced challenges in competing at both national and global levels.



The Central Goods and Service Tax Act specifies the location and timing. The core provision, included in section 12, pertains to the length of time for the provision of goods, services, or both. The phrase "section regarding the time of supply of goods or service or both" is included in sections 12(1) and (2). The present GST legislation determines the location, timing, and value of goods or services. A common valuation technique is employed for both products and services. The text covers all possible scenarios and events, provides a comprehensive explanation of the legal and dynamic procedure for determining the value of the items, and clearly outlines the scope and rate of the Goods and Services Tax (GST). Under the goods and Service Tax Law, there is no ambiguity or confusion when it comes to determining the value of goods and services. The value is exceptionally clear-cut and unmistakable due to the rate structure's homogeneity, rationalisation, harmonisation, and consistent approach. Consequently, the business and service sectors may easily understand the assessment, which will be more beneficial and supportive in the development of the national economy.

Consequently, our service sector and business organisation have the ability to compete in both the domestic and worldwide markets. The seamless transfer of input credit provides a significant advantage to the Indian economy. Prior to the adoption of the goods and services legislation, certain rules and regulations were established for the transfer of input tax credit against the output tax or output requirement.

The legal system was characterised by a significant amount of impunity, as it was regulated by several legislation. The transfer of input legislation, which vary in technique and lack uniformity and acceptability across different States, is a concern in the context of the VAT tax regime. In relation to Central Excise Duty, there was a provision that permitted regular modifications to the tax and the establishment of fresh regulations concerning CENVAT. Service tax regulations include provisions that establish the maximum limits for modifying input tax credits. These provisions specify that some services are not eligible for these credits. Due to its uniformity and absence of flexibility, the input tax credit legislation became outdated and failed to adapt over time.

The existing tax system incorporates a provision for input tax credit, which is consistently

provided for both goods and services. Input tax is the tax that a person liable to pay taxes has already paid when they receive goods or services, excluding composition supplies. An input tax credit is a credit that may be claimed for the taxes paid on inputs. As per the GST legislation, the input tax credit is determined through a three-stage process: firstly, determining the amount



of the credit, then apportioning it, and finally distributing it. This is included in the Act's proviso. An explicit caution is provided regarding the denial of input tax credit.

The GST network facilitates the automatic calculation of input tax credit for delivered products or services, or both. Thus, the GST legislation allows for a mechanised and timely adaptation. Consequently, the smooth transfer of input tax credit benefits the economy by allowing participants in the GST law to promptly recover their input tax credit and avoid paying unnecessary tax on their output obligation. Additionally, the elimination of the cascading effect in the current indirect tax system, as a result of implementing the Goods and Service Tax Law, has had a positive impact on the nation's economy. The potential for a cascade impact of taxes arose due to the ineligibility of the Central Excise Duty and the Central commodities Sales Tax for input tax credits on the determination of the value of commodities.

The price or value of the items rose due to the cumulative effect of the central sales tax and central excise duty, which were included in the base value of the goods. This cumulative effect has been eliminated in the current tax system, and the Central Goods Tax and IGST Tax can be used as input tax credits against the taxable person's output responsibility under the goods and services law. Input tax credit refers to the amount of tax paid by individuals or businesses registered under the Act, whether through forward charge or reverse charge, for the purchase or use of goods or services. This tax credit can be claimed when these products or services are used in the course of their business operations. The definition of the input tax obligation provision may be found in section 16(1) of the CGST Act. Input the tax credit into the computerised credit ledger. As per the documents mandated by the Act, it is possible to claim the input tax credit.

The tax liability of the individual subject to taxation can be modified according to the services provided and the input tax credit paid by the taxpayer in the interstate transaction. This statement refers to the previous tax system's cascading effect on the value of goods, services, or both. Nevertheless, the present tax system has eradicated this domino effect by incorporating a provision that determines the validity of the input tax credit under the State, Centre, and Union Territory Goods and Service Tax Act. The price of the items has

decreased compared to the previous tax structure, which will help boost and enhance the country's economy by eliminating the cascading effect. Additionally, there is a specific provision in the Act regarding the compliance of the Goods and Service Tax Law during its implementation and introduction. The State Government utilises a consolidated GST gateway. and the federal government. The



Goods and Services Tax Law, within the jurisdiction of both the Union and State governments, lacks a specialised infrastructure or platform. The government in question employed and created a distinct online platform during the previous system of indirect taxation. That is to say. Each state in the country established a portal to verify compliance with the Value Added Tax Act, while the Union Government developed a website for the Central Goods Tax Act. The Central Excise Duty site was constructed by the Union Government. The Central Government employed an identical development method for the service tax. Consequently, each tax system possesses its own intricate infrastructure, which appears highly complex to taxpayers and presents difficulties in comprehending the underlying principles established by federal and state governments. This is in accordance with the present administration. The council has suggested using the common goods and services tax electronic portal to inform parties about various tasks such as registration, tax payment, return filing, integrated tax electronic method bill computation and settlement, and other specified activities (1103). The Central Government. The common goods and service tax internet site has been identified as www.gst.gov.in. This site functions to streamline a range of processes including registration, tax payment, return filing, computation of integrated tax settlement, and creation of electronic way bills. The Goods and Service Tax Network, a business incorporated under Section 8 of the business Act, operates the system. This common gateway facilitates compliance with GST regulations and reduces the expenses associated with software required to adhere to previous legislation. The integrated platform simplifies the understanding of GST regulations and minimises expenses. Furthermore, it provides advantages to all parties involved in the implementation of GST laws. The country's economy had positive effects from the simplification and decrease in software expenses due to the previous complex indirect tax system.

Additionally, there have been discussions about broadening the tax base in the country since the implementation of the Goods and Service Tax Law. Section 7(1) of the CGST Act offers a precise description of the extent of the supply. The agreement include the provision of products, services, or both. This encompasses the transaction, conveyance, trade, interchange, authorization, rental, lease, or elimination of goods manufactured or

intended to be provided for a fee by an individual in the process of promoting the firm. The CGST Act includes Schedule III, which encompasses items and services that are exempt from the GST regulation. All other items and services that fall under the scope of the GST legislation. Conversely, the VAT, CST Act, and Central Excise Duty events stated the occurrence of tax. The tax's scope of incidence is quite limited when compared to the present tax system.



In contrast to the former tax system, which solely taxed valuable consideration, the GST law now include transfer, barter, exchange, licence, rental lease, and disposal. Unlike the previous tax system, the GST legislation imposes taxes on goods and services regardless of whether they are delivered in exchange for anything or not. This means that the GST law has a wide scope and broadens the circumstances in which taxes can be imposed under the GST system. E

Expanding the scope of taxable entities is a long-standing legal concept that helps enhance the country's economy. The reason for this is that tax regulations that are applicable to all unorganised sectors of the economy convert them into organised sectors, thereby facilitating more systematic economic development and higher rates of national growth.

The implementation of the Goods and Service Tax Law and its associated legal provisions are carried out in a coordinated manner on a shared platform, which enables the supply of goods and services to establish a unified market for both domestic and international transactions. The passing of the Act includes provisions designed to improve market integration for goods and services. As per the GST law, the tax system has been designed to depend on electronic methods, therefore preventing a taxable individual from accessing the national market.

Alternatively, the taxpayer must possess the willingness to provide products or services, or both, in marketplaces that will be beneficial for their commodities or services. Due to the absence of any restrictions on the transportation of goods or services between states, the current system treats the whole nation's market as a unified entity. The GST law is designed to integrate the market from a national perspective. It includes specific provisions for import and export to compete in the global market and accept the value of commodities, except for principles adopted by the rest of the world. Expanding one's presence in the global market through various means will bring benefits to the taxpayer. According to Section 2(5) of the IGST Act, 2017, the term "export of goods and services" is defined as follows. This system was developed to facilitate the implementation of the GST law, allowing the country to reduce imports and increase exports. It is well recognised in legal circles that a nation's economy is more favourable and beneficial for both the country and

its taxpayers when the value of its exports surpasses the valuation of its overall imports in the country every year.



1.3 RESULTS & SUGGESTIONS:

The main objective of the Goods and Service Tax Law's road map, introduced in February 2007, was to establish a statewide destination-based GST by 2010. Multiple committees, such as the Finance Committee and the Empowered Committee, were formed with the purpose of drafting the GST legislation. The Finance Minister of India assumes the role of the chairman of the Finance Committee. The main objective of these committees is to examine the scope of the existing tax system, which is overseen and regulated by both the federal government and the state. In November 2007, a collaborative working group, which included the Empower Committee, was established with the objective of producing a report on the transition from the existing tax system to the GST law. In 2008, the committee assembled the model and road map. Despite the proposal of a new tax system's roadmap, it was initially decided that the new system would be founded on a dual tax system and would be regulated by the federal government of India. Prior to reaching this conclusion, careful attention was given to numerous other GST- related matters through discussions with all States. Subsequently, several talks and deliberations took place between the Central and State governments.

In November 2009, the initial discussion paper on the implementation of the Goods and Services Tax in India was created. The report presented comprehensive information about the tax absorption process, the compensation mechanism for interstate trade transactions, the management of area-based schemes, and the necessary subsequent measures. However, it did not address the need for a revenue neutral rate to be established at both the federal and state levels, nor did it provide guidance on the implementation of taxes.

Article 265 of the Indian Constitution defines a crucial fundamental principle, which states that taxes can only be levied or collected in conformity with the authority of law. In this article, the term "law" specifically denotes a statute, which is a legislative act. Consequently, no levy may be imposed by presidential order or a resolution of the house. The term "authority of Law" emphasises the necessity of properly following the prescribed method for enforcing the obligation to pay taxes, which must be based on a legitimate

statute. Only a statute that fails to fulfil the specified criteria in the relevant Article of the Constitution is allowed to impose a tax.

The Central Tax on Excise is a duty imposed by the Central Government on the manufacture of commodities included in Lists I and II, as per the Central Excise Act of 1944 and the Central Excise Tariff Act of 1985. The Central Excise levy was the term used to refer to this

responsibility. The tax structure-imposed taxes on the manufacture of items at the specific place.

1.3.1 The Service Tax was introduced by the Union Government of India in 1994. The tax was evaluated and imposed by the Union Government, and the States distributed it based on the formula set by the 1950 Indian Constitution. The Central Government enforced a fee called the Service charge on services provided by service providers to receivers of such services. The Service Tax regime was regulated by the Service Tax Act of 1994. All services, with the exception of those officially exempt by the Union Government through a notification, were subject to the service tax. The Central Government imposes a sales tax on interstate trade and commerce, both domestically and internationally. This tax system was regulated by the Central

1.3.2 Sales Tax Act of 1956. This tax scheme also encompassed transactions involving the transfer of stocks from the main office to the branch office and the exportation of items outside of India. These transactions also involved the exchange of goods and services inside the same state. Exclusive jurisdiction over diverse tax systems was vested only in the Central Government.

1.3.3 Customs Duties: The term "customs duty" refers to the import duty. The imposition of this fee was regulated by both the Custom Tariff Act of 1975 and the Custom Act of 1962. The main objective of this position is to maintain a balance between the import and suppression of drug trafficking and smuggling. The work entails three categories: basic custom duty, additional custom duty, and

special additional custom duty. The Value Added Tax Act of the State was introduced in 2005 to replace the old General Good Tax Act in all Indian states and union territories. This tax system levied a tax on the increase in value of sales and purchases inside a state.

1.3.4 Admission Charge refers to a fee imposed by the state governments of the nation. The levy was mandated by the receiving State in order to protect the tax revenue and was levied on the transportation of commodities between other States. The tax system was initially launched in the year 2000, and subsequently adopted by every state under many titles, including advance tax, entry tax, and state cultural preservation.

1.3.5 Excise Duty: A tax on luxury goods that were considered non-essential items was implemented. After the government implemented the Value Added Tax (VAT), a luxury tax model was established.

CONCLUSION:

All sectors of the nation, including the government, enterprises, tax authorities, industry groups, and the service sector, wholeheartedly adopted the Goods and Services Tax Law. According to certain analysts, the implementation of the GST law is projected to lead to a 2% increase in the country's GDP, which in turn would contribute to the generation of additional jobs in the nation. Following the implementation of the GST law, all stakeholders expressed satisfaction due to its manifold benefits for the country, such as facilitating business operations, streamlining registration procedures, consolidating multiple taxes, simplifying the process, and introducing the composition system and exemption from the seamless input tax credit levy. These measures eliminate barriers to interstate transactions and foster the development of a more integrated and extensive market for taxpayers. Despite these advantages, there are some disadvantages associated with the GST legislation. Prior to the formulation of the GST law, the consolidation of all indirect taxes into a unified tax system posed a substantial challenge for its creators. The GST law was formed with the primary objective of unifying all indirect tax systems across India, with the backing of all Indian states and union territories. As per the Indian

Constitution, the imposition of taxes by the government is contingent upon obtaining consent from a court.

