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NEED OF GOODS AND SERVICE TAX IN INDIA

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ABSTRACT

The President of India approved the Constitution Amendment Bill for Goods and Services Tax on 8 September 2016, following the bill's passage in the Indian parliament and its ratification by more than 50% of state legislatures. This law will replace all indirect taxes levied on goods and services by the central government and state government and implement Goods and Service Tax by April 2017. The implementation of Goods and Service Tax will have a far-reaching impact on almost all the aspects of the business operations in India. With more than 140 countries now adopting some form of Goods and Service Tax, India has long been a stand-out exception. Goods & Services Tax Law in India is a comprehensive, multi-stage, destination-based tax that is levied on every value addition. In simple words, Goods and Service Tax is an indirect tax levied on the supply of goods and services. Goods and Service Tax Law has replaced many indirect tax laws that previously existed in India. Goods and Service Tax is one indirect tax for the entire country.

INTRODUCTION

Goods and Service Tax is a value-added tax levied at all points in the supply chain, with credit allowed for any tax paid on input acquired for use in making the supply. It would apply to both goods and services in a comprehensive manner, with exemptions restricted to a minimum. In keeping with the federal structure of India, it is proposed that the Goods and Service Tax will be levied concurrently by the central government and the state government. It is expected that the base and other essential design features would be common between CGST and SGSTs for individual states. The inter-state supplies within India would attract an integrated Goods and Service Tax, which is the aggregate of CGST and the SGST of the destination state.