

A Paradigm Shift in Indian Taxation with Respect to Registration, Tax Payment and Refund in GST Network

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Abstract—GST(officially known as Goods & Service Tax) a revolutionary tax regime in Indian history of taxation to create a uniform Indirect Tax Structure, which is expected to become a reality on 1st April 2017. In India, there are different indirect taxes applied on goods and services by central and state government. GST is intended to include all these taxes into one tax with proposed 4 tier tax rates structure. In other words GST will unify all the indirect taxes under an umbrella and will create a smooth taxation in the country as 'One Nation- One Tax'. This paper mainly aims to presents an overview of GST concept includes (Integrated GST, Central GST and State GST), GST council. And this paper makes an analysis of present tax registration and other procedures with proposed GST Network (GSTN) along with procedures to Register, tax payment, Refund and Return under the GSTN common portal by the every tax payable person after implementation of GST tax system across the country.

Keywords: Goods and Service Tax (GST), Indirect tax, GST Concept, GST Network (GSTN) and Taxable Person.

1. INTRODUCTION

GST is basically an indirect tax that brings most of the taxes imposed on most goods and services, on manufacture, sale and consumption of goods and services, under a single domain at the national level. In the present system, taxes are levied separately on goods and services. It will be one of the biggest taxation reforms to take place in India once the Bill gets the official green signal. The GST will make a significant breakthrough paving way for an all inclusive indirect tax reform in the country.

GST is a tax on goods and services with value addition at each stage having comprehensive and continuous chain of set-of benefits from the producer's service provider's point up to the retailer's level where only the final consumer should bear the tax."

2. LITERATURE REVIEW

- Agogo Mawuli (May 2014) studied, "Goods and Service Tax-An Appraisal" and found that GST is not good for

low-income countries and does not provide broad based growth to poor countries. If still these countries want to implement GST then the rate of GST should be less than 10% for growth.

- Nitin Kumar (2014) studied, "Goods and Service Tax- A Way Forward" and concluded that implementation of GST in India help in removing economic distortion by current indirect tax system and expected to encourage unbiased tax structure which is indifferent to geographical locations.
- Pinki, Supriya Kamma and Richa Verma (July 2014) studied, "Goods and Service Tax- Panacea For Indirect Tax System in India" and concluded that the new NDA government in India is positive towards implementation of GST and it is beneficial for central government, state government and as well as for consumers in long run if its implementation is backed by strong IT infrastructure.
- Dr. R. Vasanthagopal (2011) studied, "GST in India: A Big Leap in the Indirect Taxation System" and concluded that switching to seamless GST from current complicated indirect tax system in India will be a positive step in booming Indian economy. Success of GST will lead to its acceptance by more than 130 countries in world and a new preferred form of indirect tax system in Asia also.
- Ehtisham Ahmed and Satya Poddar (2009) studied, "Goods and Service Tax Reforms and Intergovernmental Consideration in India" and found that GST introduction will provide simpler and transparent tax system with increase in output and productivity of economy in India. But the benefits of GST are critically dependent on rational design of GST.
- Das-Gupta, Arindam; Ghosh, Shanto; Mookherjee, Dilip, (2004) studied: Tax compliance can be improved by implementing simple reforms in personnel policy in Indian income tax administration. Taxpayers voluntarily disclosing higher income are currently assigned to special

assessment units. Therefore, taxpayers understate their income.

- Jayaraman Vijayakumar; Rasheed, Abdul A; Krishnan, V S, (2005), studied: A series of steps were taken by the Customs and excise Department, Government of India, to reduce corruption and prevent leakages of revenue in customs and excise tax collection and administration. A proper framework was followed. Liberalization and simplification of laws and procedures was implemented.
- Ketkar, Kusum W; Murtuza, Athar; Ketkar, Suhas L,(2005) It is estimated that a 3 point improvement in the corruption perception index would almost double the tax corporate tax collection in India.
- A modern Goods and Service tax (GST) would do much to alleviate the problems of India's current indirect tax system which is a serious impediment to the formation of a single common market and further economic growth. The Centre and the States should both have access to the full GST base. Last but not least, the system of taxation by classification and valuation should be replaced by a self-assessment system mainly monitored through checks upon books of account. (Cnossen, Sijbren, 2013).

3. OBJECTIVE OF STUDY

- To understand the concept of GST.
- To understand the proposed GST Network.
- To furnish information related with the Registration, Tax payment and Refund in GST Network.

4. RESEARCH METHODOLOGY

Being an explanatory research it is based on secondary data of journals, articles, newspapers, magazines and websites. The accessible secondary data is intensively used for research study. This is an attempt to lay the groundwork for GST that will lead to future studies.

5. CONCEPT GST

It is an indirect tax which will subsume almost all the indirect taxes of central government and states governments into a unified tax. As the name suggests it will be levied on both goods and services at all the stages of value addition. It has dual model somehow similar to Canadian GST model including central goods and service tax (CGST), States goods and service tax (SGST) and Integrated Goods and Service Tax(IGST) . CGST will subsume central indirect taxes like central excise duty, central sales tax, service tax, special additional duty on customs Counter Veiling Duties (CVD) and Special Additional Duty (SAD) and all indirect taxes of State Governments like state VAT, purchase tax, luxury tax, octroi, tax on lottery and gambling will be replaced by SGST. Integrated goods and service tax (IGST) also called interstate

goods and service tax is also a component of GST. It is not an additional tax but it is a system to examine the interstate transactions of goods and services and to further assure that the tax should be received by the importer state as GST is a destination based tax.

Goods and Services Tax Network (GSTN)

Goods and Services Tax Network (GSTN) otherwise called as 'Special Purpose Vehicle'(SPV) is a Private Limited Company which was incorporated on March 28, 2013(Not for profit companies) with an Authorized Capital of the company is Rs. 10, 00, 00,000 (Rupees ten crore only).The Central Government of India holds 24.5% equity in GSTN and all States of the Indian Union, including NCT of Delhi and Puducherry, and the Empowered Committee of State Finance Ministers (EC), together hold another 24.5%. Balance 51% equity is with non-Government financial institutions. The Company has been set up primarily to provide a common IT portal to the Central and State Governments, tax payers and other stakeholders for implementation of the Goods and Services Tax (GST).

Definition of GSTN by Model GST Law: "Goods and Service Tax Network who is responsible for maintaining record of registration or statement of accounts or any periodic return or document containing details of payment of tax and other details of transaction of goods or services or transactions related to a bank account or consumption of electricity or transaction of purchase, sale or exchange of goods or property or right or interest in a property, under any law for the time being in force, shall furnish an information return of the same in respect of such periods, within such time, in such form (including electronic form) and manner, to such authority or agency as may be prescribed."

6. PROPOSED REGISTRATION PROCESS IN GST

After implementation of GST a taxable person cannot claim Input Tax Credit (ITC) so it is mandatory for all taxable persons to register under GST. Before the date it is mandatory for all existing tax payers need to enroll in GST common portal. The portal will have backend integration with the respective IT systems of the Centre and States. The State wise schedule for the GST enrollment is available in GST portal. Registration of a business with the tax authorities implies obtaining a unique identification code from the concerned tax authorities so that all the operations of and data relating to the business can be agglomerated and correlated. Below given persons are liable to register under GST:

- Persons registered to pay existing taxes that will be subsumed under GST.
- Persons with all-India Gross Turnover more than a threshold which is prescribed by the GST committee.
- Persons or business who engaged in interstate supplies.

- Persons can opt for voluntary registration below the threshold and by taking such advantage the business can enter the credit chain even prior to crossing the threshold limit.
- All the UN bodies seeking to claim refund of taxes would require obtaining a unique identification number.
- Casual and Nonresident suppliers whether on mandatory or voluntary basis, in other State (s) and desires to conduct business in a particular State for a limited period, will have to obtain registration in that State for that limited period.
- If any person engaged in business with different business verticals need to register separately.
- Other than people mentioned above any new applicant is allowed to apply for registration and submit the same online.

7. PROPOSED TAX PAYMENT IN GST

The proposed GST Tax structure enables the ease of doing business and it allows payment of tax in a timely manner in GSTN common portal by generating challan. Tax payer who wants to avail the facility of e-payment will access GSTN and thereby can generate challan. The validity of the challan will be 7days. It helps in faster remittance of taxes and a paperless transaction concept. It is been proposed 3modes of payment of tax in GST:

- Payments by Tax payer using Debit and Credit cards through authorized banks.
- Over the Counter Payment through authorized banks.
- Payment through Real Time Gross settlement(RTGS) and National Electronic Fund Transfer System(NEFT)

The GST committee also suggested that any payments above Rs.10, 000 should be made electronically. The Challan can be generated by the tax payable person, any authorized person by the tax payer and departmental officers.

8. REFUND PROCESS IN GST REGIME

Refund refers to any amount that is due to the tax payer by the tax authority under GST the cross utilization of ITC is permissible. There is no partial refund of tax and no refund of ITC paid on inputs for manufacturing of goods on which Custom export duty is leviable. The following are certain situations where refund arises:

- Excess of tax payments due to mistake or inadvertence.
- Credit accumulation due to output being tax or nil rated.

- Export including(deemed export)
- Refund of pre deposit in case of Appeal or investigation.
- Tax refunds for international tourists.
- Finalization of provisional assessment.

9. PROPOSED RETURN PROCESS

- Every registered person is required to file a return for the prescribed tax period. A return needs to be filed even if there is no business activity (i.e. Nil Return) during the said tax period of return.
- Separate returns for different categories of taxpayers like Regular/Normal and Casual Tax payer (GSTR-1,2,3 &8), Compounding tax payer(GSTR-4 &8), Foreign or UN bodies (GSTR-5).
- Periodicity of Return filling is also different for different categories of taxpayers as follows :
 - Annual Return (GSTR-8): All Regular and Compounding taxpayers to file Annual Return and last date 31st December following the end of the financial year.
Regular/Normal – monthly return: GSTR1:
 - 10th day of succeeding month: last date for uploading supply invoice details.
 - 15th day of succeeding month: last date for auto-population & uploading purchase details – GSTR-2
 - 17th day of succeeding month: last date for finalizing supply & purchase details
 - 20th day of succeeding month: last date for filing GSTR-3
 - Compounding taxpayers to file quarterly return: by 18th day of succeeding month of the Quarter – GSTR-4
 - Foreign Non-resident Taxpayers to file monthly return:θ within 7 days after expiry of registration - GSTR-5.

10. CONCLUSION

GST is a unified indirect tax rates which is based on the destination It will replace all indirect taxes levied on goods and services by the Indian Central and State governments. It is aimed at being comprehensive for most goods and services. In the era of technology GST Network will be a revolutionary and enables the ease of doing business. It will be a game changer in the Indian taxation.

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