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UPSC MAINS ANSWER WRITING

Q. Considering the flaws in the existing structure, a renewed goods and services tax regime is the need of the hour for strengthening the tax base of the country. Explain.

Ans:- Goods and service tax (GST) is an indirect tax used in India on the supply of goods and services. The tax structure has tried to solve major issues relating to the taxing in India, the reforms too many challenges.

Some of the specified points about GST mentioned this time in the country as follows:-

(i) Reconciliation in GST:- In the GST regime, the process of reconciliation is a challenge. The invoice number that the purchaser has recorded does not match with seller's invoice received.

(ii) Refunds are time taking in GST regime:- 90% of the refunds of GST would happen in seven days at the time of GST implementation. But on the longer term, it did not happen.

(iii) Lack of An Efficient system:- Falling GST

can be a great challenge as there is no helpline number, which can make this job hassle-free. Rules are complex and compliance is tedious.

(vi) Accounting software: - There is a wide range of accounting softwares available in the market to help the taxpayers while filling GST returns.

(v) In 2018 World Bank's version of GST as too complex, noticing various flaws compared to GST systems prevalent in other countries, most significantly, the second highest tax rate among a sample of 115 countries at 28%.

(vi) Higher tax burden of SME's: - Earlier the small and medium enterprises had to pay excise duty only a turnover that exceeded Rs 1.5 crore every financial year. Now, because of the critical structural and operational flaws in GST needs to strengthen their functionality. India needs to reforms the new version of GST.

L.O.