

Impact of GST on Small Scale Enterprises (Rural Sector)

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1. Abstract

The direct tax and indirect tax are the wheels of our economy, both are equally vital for the development and growth of our country. The basic difference between direct tax and indirect tax is direct tax is directly paid by individual to the Government and Indirect tax paid indirectly to the Govt. In brief the direct tax is levied to individual on his individual income it means that higher income then higher amount of tax is charged and paid by individual whereas indirect tax collected from the ultimate consumer and paid to the govt. on behalf of consumer. Now a day's Indirect Tax Act is turned into GST Act. An indirect tax there are many taxes are insist which is charged by Central Government like central excise duty, duties of excise (medicinal and toilet preparations), Additional duties of excise (goods of special importance), Additional duties of excise (textile and textile product), Additional duties of customs (CVD), Special duties of custom (SAD), Service tax whereas State Govt. charged VAT or Sales Tax, Central Sales Tax, Luxury tax, Octroi and entry tax, entertainment tax, Taxes on advertisement, Purchase tax, Taxes on lotteries, betting and gambling, state surcharges, additional taxes. When central government took decision to implement the GST Act (Goods and Service Tax Act 2017) in India then it affect on the hampering the growth of Small Scale Enterprises.

Keywords -Indirect Tax, Direct Tax, GST, Small Scale Enterprises.

2. Introduction

On the midnight of 1st July 2017 the Prime Minister Mr. Narendra Modi announces the GST model in the parliament in the presence of president of India Mr. Pranab Mukharji. The historical moment is recorded in India to bring the One Tax One Nation dream in to force. Goods and Service tax gained the advantages to the customer, to the shareholder, trader and to the entrepreneur. Now approximately GST is currently existed in 160 countries. The France is the first county in the world to accept the GST model. Due to the GST immense changes may be happen in the economy. In India GST bill far ago pending from 2000 in the regime of ex-prime minister Mr. Atalbihari Vajpayee. When the concept of GST is taken birth in India that time finance minister of West Bengal is appointed as chief of GST committee. In 2003 the government of Atalbihari Vajpayee appointed Mr. Vijay Kelkar to make the revision in GST model. In 28th Feb 2006, present finance

minister announce the implementation GST from 1st April 2010 in the Budget of 2006-07 central Government officer and state government officer jointly study the different angles of GST model and present the report. After the far discussion Authorization committee published the first discussion paper in November 2009.

In India implementation of GST model amendment in constitution is necessary. The current Mr. Narendra Modi Government takes the fast steps in implementation of GST model. Therefore the GST bill is kept in parliament for amendment in constitution on 19th December 2014 (122th amendment) and May 2015 the parliament accept this bill. Then this bill is kept in Rajyasabha and on 14th may 2015 this bill had kept in front of joint committee of parliament and Rajyasabha. This committee has submitted the report on 22th July 2015 revised amendment in bill presented on 1st August 2016 and this bill is permitted in Rajyasabha 3rd August 2016 and parliament on 8th August 2016. After the permission of state assemblies and president of India on 8th September 2016. Amendment Act 2016 is passed and way of implementation of GST model all over the India is clear. Amendment Act 2016 gives the right for collection of tax on goods or services or on both to the central government and state government i.e. CGST (central Goods and Service Tax), SGST (State Goods and Service Tax), IGST (Integrated Goods and Service Tax). Goods and Service tax is levied on all goods and services excluding alcohol, and petroleum goods like crude oil, high speed diesel, natural gas etc.

2.1 Meaning:-

- a) Goods and service tax means taxes on goods or services or on both excluding alcohol and petroleum goods.
- b) Small scale enterprises means those industries whose capital is more than 25 lakh but less than 5 Crore.

In GST model is dropout to those small scale enterprises whose annual turnover is below 20 lakh.

3. Impact of GST on Small Scale Enterprises.

A) Positive Impact

❖ Registration-

Online registration system helps to get timely receipt of certificate of registration and minima bureaucracy interface.

❖ Ease of Doing Business

Due to the GST, to launch a new business or concern is a simple task because in earlier of GST Act it is very difficult or brings obstacle to start new enterprises as like different laws, variation in registration process, VAT Registration in each state. Now GST Act removes these entire barriers because of centralize registration process.

❖ Reduction in Logistic Cost

GST assist to erase all multiple entry taxes which are imposed at regional toll booths. In earlier year (Before GST Act) it is required to incurred tremendous cost on transportation in different stste of the Country whereas long queue at stste border are a thing of past.

❖ Payment

GST birth allows only Electronic Payment which is bring transparency and also helps to reduce cost compliance.

❖ Refund

Electronic system helps to get early refund and increase the liquidity for industry.

❖ Returns

All the returns are necessary to be filled electronically and input tax credit and tax liability adjustment will occur automatically on the basis of their returns.