

Disadvantages of GST

1 Increased implementation cost- The overall process of ensuring GST compliance and tax filing has led to an increase in the implementation cost for the businesses. This cost refers to the expenditure or investment in resources like computers, accounting (GST), training initiatives for GST experts.

2 Rise in operational costs- GST has transformed the way in which taxes are paid .Moreover, to achieve compliances, businesses are required to depend on services by professional GST consultants. This has led to an additional cost for small business for hiring GST consultants leading to operational costs.

3 Not a single tax- GST is being referred as a single taxation system but in reality it is a dual tax in which State and Centre both collect separate tax on a single transaction of sale and service. GST is a confusing term where double tax is charged in the name of a single

taxation system.

4 Multiple tax rates- Under GST also there are multiple tax rates. Presently it has 5 Slabs in GST- 0, 5, 12, 18, and 28%.

5 Multiple State registration- In GST there are Problems due to multiple State registration. Businesses and Firms are now needed to register for GST in every state they operate.

6 Transition proved complex- Adoption and migration in to new GST system is a complex task for which the GST Council has made various relaxations over the period.

7 Professionals needed- New and small businesses may require hiring professionals. It will create problems for new and small businesses.

8 Dual control- The GST Act has given the control of businesses to Central and State Governments with businessmen binding by-laws. This has given rise to complexity for many businessmen across the nation.

Framework of GST in India

India has adopted a dual GST which is imposed

concurrently by the Centre and State, i.e., Center and States simultaneously tax goods and services. States have a power to tax intra-States sales and States are empowered to tax services. GST extends to the whole of India including the State Jammu and Kashmir.

Changes under GST

- Additional power to levy on services for the state,
- Additional power to levy tax on value addition on goods for the Centre
- Subsuming of several taxes levied by State and Centre
- System of comprehensive set-off relief of CENVAT, VAT and service tax

- Removal of burden of CST and rationalization of rates
- Introduction of destination based inter-State GST