



"DECODING THE INFLUENCE OF GST IMPLEMENTATION IN INDIA: ASSIMILATING PREVIOUS TAX STRUCTURES - A COMPREHENSIVE CASE STUDY"

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Introduction

Prior to the introduction of the Goods and Services Tax (GST) in India, the nation operated under a convoluted tax structure featuring multiple indirect taxes imposed by both the central and state governments. This intricate system resulted in several drawbacks, including cascading taxes, heightened paperwork, and a fragmented market across different states.

The tax system preceding GST encompassed various indirect levies like Value Added Tax (VAT), Central Excise Duty, Service Tax, Entry Tax, Octroi, among others. Each state imposed its own set of taxes, rates, and compliance requisites, leading to a lack of uniformity and impeding smooth movement of goods and services across the country. This fragmented tax structure often raised costs for businesses due to tax-on-tax scenarios and intricate compliance procedures, causing trade barriers and impeding the progress of companies, especially those operating in multiple states.

The implementation of GST on July 1, 2017, aimed to simplify India's tax system by introducing a unified indirect tax structure. GST replaced multiple central and state taxes with a singular, comprehensive tax applicable to the supply of goods and services throughout the nation. Its objectives included establishing a unified market, enhancing business ease, curbing tax evasion, and streamlining compliance processes for enterprises. Subsuming, within the GST framework, involves consolidating various indirect taxes into a comprehensive tax system. Under GST, previously existing multiple indirect taxes like central excise duty, service tax, value-added tax (VAT), entry tax, among others, were amalgamated into a unified tax structure.

The implications of subsuming these taxes into GST are noteworthy

1. **Simplified Tax Structure:** The amalgamation of multiple taxes into GST has simplified the tax system by establishing uniformity across the nation, reducing complexities in adhering to diverse tax laws across states.
2. **Elimination of Tax Cascading:** GST aims to eradicate the cascading effect of taxes that used to occur earlier, enabling businesses to claim input tax credit on earlier stage taxes within the supply chain.
3. **Encouraging a Unified Market:** GST facilitates the seamless movement of goods and services across state borders, fostering ease of business by removing barriers to interstate trade.
4. **Enhanced Compliance and Transparency:** The GST regime promotes improved compliance through an online portal (GSTN), making tax filing and payments transparent and offering a single platform for tax-related activities.
5. **Impact on Consumers:** GST aims to alleviate the tax burden on consumers by avoiding multiple layers of taxation and imposing different tax rates based on necessity, creating a fairer tax system.



However, the implementation of GST and the subsumption of various taxes faced challenges. It necessitated significant adaptation by businesses, alterations in IT infrastructure, and addressing transitional issues. Determining tax rates for different goods and services and addressing concerns of diverse sectors and states posed challenges during the initial stages of GST implementation.

Overall, the integration of multiple taxes into GST aimed to enhance efficiency, transparency, and uniformity in the tax system, fostering the creation of a unified market across India. The GST structure comprises four primary tax slabs and specific rates for certain goods and services, alongside provisions for exempt and zero-rated items, Integrated GST (IGST) for interstate transactions, and cess on certain goods. While the GST implementation aimed for simplification and business facilitation, it encountered initial challenges like technological issues with the GSTN portal, complexities in compliance, and business adaptation. The government has continuously worked towards addressing these issues, aiming to enhance the efficiency and efficacy of the GST regime in India.

Objectives

1. To comprehend the magnitude of tax collection within the context of GST subsumption.
2. To assess the state-wise tax scenario before the implementation of GST subsumption.

Data & Methodology

Secondary data from the GST website is utilized and gathered to comprehend the value of subsumption in selected states.

Methodology: Descriptive statistics have been utilized for analyzing the data.

Scope & Limitation: The study focuses exclusively on specific Southern states, Union territories, and Northern states, while limiting the data timeframe to 2017-18 and previous years.

Data Analysis & Discussion

Table 1: GST Collection in Southern States: Subsumed Taxes Analysis

Years	Andhra Pradesh	Karnataka	Kerala	Tamil Nadu	Telangana	Yearly Total	Mean
2012-13	26828	25397	13166	25041	*	90432	15072.00
2013-14	28338	28899	14456	25875	*	97568	16261.333
2014-15	28034	32919	15786	27783	*	104522	17420.333
2015-16	13873	36144	16821	29786	16108	112732	18788.667
2016-17	15935	39505	18546	31304	19339	124629	20771.5
2017-18	4456	11013	6506	7359	5397	34731	5788.5
Total	117465	173879	85284	147150	40846	564624	112924.8

Data Source: gst.gov.in

* Data Not provided by the state

The above table represents the GST collection data for Southern States over a span of six years.

Here's the analysis of the table values:

1. Yearly Total and Mean: The table showcases the annual GST collection figures for each state in the Southern region. The "Yearly Total" represents the sum of GST collections for all the mentioned states in a particular year. The "Mean" represents the average GST collection per year for each state.



2. Trend Analysis: Across the years 2012-2018, the total GST collection shows an increasing trend for most states, signifying a rise in tax collections over time. Karnataka consistently demonstrates the highest yearly total GST collection among the mentioned states.
3. Fluctuations: While Karnataka consistently leads in total GST collection, there are variations in the performance of other states. For instance, Tamil Nadu initially had higher collections than Kerala and Andhra Pradesh but saw fluctuations in later years.
4. State-wise Comparisons: Karnataka consistently maintains higher GST collections compared to other states, followed by Tamil Nadu and Kerala. Andhra Pradesh and Telangana depict comparatively lower collections over the years.
5. Overall Analysis: The total GST collection for all Southern States during the period sums up to 564,624, with an average yearly collection of approximately 112,924.8. This provides an insight into the cumulative GST contributions from the Southern States throughout the mentioned years.

Table 2: GST Collection Analysis in Union Territories

Years	Delhi	Jammu & Kashmir	Puducherry	Total	Mean
2012-13	12424.34	3165.31	947.69	16537.34	5512.447
2013-14	14115	3437.09	908.52	18460.61	6153.537
2014-15	14367.77	3409.4	956.61	18733.78	6244.593
2015-16	16784.15	4766.30	1095.37	22645.82	7548.607
2016-17	16410.56	4668.02	1181.73	22260.31	7420.103
2017-18	4027.62	1298.52	311.75	5637.89	1879.297
Total	78129.4	20744.6	5401.7	104275.75	34758.58

Data Source: gst.gov.in

The provided table presents the data on GST collections across Union Territories spanning six years.

The following analysis interprets the table values:

1. Aggregate Figures and Average: The "Total" row exhibits the cumulative GST collections for each Union Territory during the stated period, while the "Mean" column displays the average annual GST collection per Union Territory.
2. Trends in GST Collection: Delhi consistently emerges as the highest GST collector among the listed Union Territories, followed by Jammu & Kashmir and Puducherry. A general upward trend in GST collections is observed across all Union Territories over the years.
3. Yearly Fluctuations: Delhi consistently maintains a superior position in GST collections compared to other territories, indicating a consistent and sustained increase. Jammu & Kashmir and Puducherry also display an upward trajectory in GST collections, albeit with fluctuations in different years.
4. Comparative Overview: Due to its status as a major economic hub, Delhi significantly outperforms Jammu & Kashmir and Pondicherry in GST collections. The average yearly collection in Delhi notably surpasses that of other territories.
5. Overall Summary: The total GST collections across all Union Territories amount to 104,275.75 for the specified period. The collective average yearly collection for Union Territories stands at around 34,758.58. This analysis provides an insight into the GST contributions from different Union Territories and their respective average annual collections.



Table 3: GST Collection Analysis in Selected Northern States

Years	MP	Manipur	Punjab	Rajasthan	Sikkim	UP	Uttarkhand	Total	Mean
2012-13	12282	263	14587	11860	194	27976	3761	70923	10131.857
2013-14	12996	386	16505	13054	253	28277	4345	75816	10830.857
2014-15	14160	432	17681	15748	220	30822	4795	83858	11979.714
2015-16	15329	347	14471	17158	245	33387	4961	85898	12271.143
2016-17	17373	499	18441	17684	263	36468	5934	96662	13808.857
2017-18	3982	110	4690	4528	58	12470	1386	27224	3889.1429
Total	76125	2039	86379	80035	1235	169402	25184	70923	10131.857

Data Source: gst.gov.in

The presented table offers insights into GST collection data across selected Northern States over several years.

Here is the analysis and interpretation

1. Yearly Total and Mean: The "Total" row showcases the cumulative GST collections for each Northern State over the specified years. The "Mean" column reveals the average annual GST collection for each state.
2. GST Trends in Northern States: Uttar Pradesh (UP) consistently leads in GST collections among the listed Northern States, followed by Rajasthan and Punjab. Sikkim consistently displays lower GST collections compared to other states.
3. Yearly Variations: Over the years, there is a general upward trend in GST collections for most states, signifying an overall increase in tax collection. However, Manipur and Sikkim exhibit lower GST collections and fluctuating patterns compared to other states.
4. Comparative Analysis: Uttar Pradesh emerges as the highest GST contributor, consistently surpassing other Northern States in total GST collections. Punjab and Rajasthan also maintain higher collections but comparatively lower than UP.
5. Overall Summary: The total GST collection for all Northern States during the specified period amounts to 709,230. The average yearly collection across these states stands at approximately 101,318.857. This analysis provides an overview of the GST contributions from different Northern States and their respective average annual collections.

Findings

1. Over the stated period, most Southern States experienced consistent growth in overall GST revenue, reflecting continual increases in tax collections.
2. Karnataka consistently leads in GST collections, while Tamil Nadu initially had higher collections than Kerala and Andhra Pradesh but saw fluctuations later on.
3. Karnataka consistently maintains the highest GST collections among the Southern States, indicating a significant lead in annual contributions.
4. Karnataka consistently outperforms other Southern States in GST collections, with Tamil Nadu and Kerala following closely. However, Andhra Pradesh and Telangana consistently show lower GST collections during this period.
5. All Southern States collectively amassed a total GST revenue of 564,624 during this period, with an average yearly collection of approximately 112,924.8, providing an overview of their combined contributions.



6. The table shows the combined GST collections for each Union Territory throughout the specified period, with the "Mean" column revealing the average yearly GST collection per Union Territory.
7. Delhi consistently leads in GST collections among Union Territories, followed by Jammu & Kashmir and Puducherry. Overall, there's a consistent upward trend in GST collections across all Union Territories during the study period.
8. Delhi maintains a steady lead in GST collections, while Jammu & Kashmir and Puducherry exhibit an upward trajectory, albeit with fluctuations in certain years.
9. Delhi notably outperforms Jammu & Kashmir and Puducherry in GST collections due to its significant economic status, with significantly higher average yearly collections.
10. The total GST collections for all Union Territories during this period sum up to 104,275.75, with an average yearly collection of approximately 34,758.58, providing insights into their respective contributions.
11. The table depicts the cumulative GST collections for each Northern State over the specified period, with the "Mean" column showcasing the average yearly GST collection for each state.
12. Uttar Pradesh consistently leads in GST collections among the Northern States, followed by Rajasthan and Punjab, while Sikkim consistently shows lower collections.
13. Manipur and Sikkim display lower GST collections and fluctuating patterns compared to other states, indicating an overall upward trend in collections for most states.
14. Uttar Pradesh emerges as the highest GST contributor among Northern States, surpassing others consistently, with Punjab and Rajasthan maintaining higher collections but comparatively lower than UP.
15. The total GST collection for all Northern States during this period amounts to 709,230, with an average yearly collection of approximately 101,318.857, presenting an overview of their contributions.

Suggestions

1. To improve tax collection efficiency in other states like Tamil Nadu and Kerala, it is advisable to study and replicate the successful economic strategies employed by Karnataka, which consistently leads in GST collections among Southern States.
2. For states like Andhra Pradesh and Telangana experiencing lower GST collections, it is imperative to reassess their tax collection mechanisms and implement measures to enhance compliance while identifying the underlying reasons for the decreased revenue.
3. Union Territories, especially Jammu & Kashmir and Puducherry, should concentrate on strengthening their economic foundation to bolster GST collections. This could be achieved by nurturing economic sectors and fostering business growth, potentially resulting in increased revenue.
4. In Northern States such as Manipur and Sikkim where GST collections fluctuate, there is a need to reform state tax policies to create a more stable and favorable business environment, which could lead to enhanced tax collections.
5. States like Uttar Pradesh, Rajasthan, and Punjab, which consistently perform well in GST collections, should share their successful strategies with other states to aid in improving their tax collection systems.
6. Emphasis should be placed on developing robust infrastructure and industries in states with lower GST collections, as a thriving business environment often correlates with higher tax revenues.



7. Analyzing the reasons behind fluctuations in GST collections in specific states and Union Territories is crucial to mitigate these variations, ensuring more stable and consistent revenue generation.
8. Encouraging knowledge-sharing and collaboration among states can assist in adopting successful tax collection strategies, ultimately enhancing overall GST collections across the nation.
9. There should be a concerted effort to foster economic growth and diversify industries, particularly in states and territories with lower revenue generation, to strengthen GST collections.
10. Implementing a system for continuous monitoring and analysis of GST collections in each region is essential. This will enable the timely identification of challenges and opportunities for improvement in tax collection strategies.

Conclusion

Leveraging Karnataka's successful tax strategies to improve taxation in Tamil Nadu and Kerala. States with lower GST revenues such as Andhra Pradesh and Telangana should enhance their tax systems. Union Territories, especially Jammu & Kashmir and Pondicherry, can boost income by developing their economies. To ensure steady GST, states like Manipur and Sikkim need stable tax policies. It's crucial to share successful strategies among states like Uttar Pradesh, Rajasthan, and Punjab. States with lower tax collections should prioritize the development of industries and infrastructure. To maintain consistent revenue, manage fluctuations, promote collaboration among states for effective tax strategies, emphasize economic growth and diverse industries, and continuously monitor GST collections for enhancements.

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