

# G.S.T. – A Swot Analysis

Surbhi\*

PhD Student (Commerce), M.D. University, Rohtak, Haryana

**Abstract – After a long debate at national level, the Goods and Services Tax has been executed was implemented on dated July, 1 2017. The present paper examines the Strength, Weakness, Opportunity and Threat of this GST Tax, executed since its Implementation in the country. It has been observed from various reports and the articles, published during different successive periods that the reformed indirect taxation system has still there is wider scope of improvement in the coming years. However, the indirect tax system which was applicable on goods and services has been full of pitfalls and had a considerable regional disparity and lack of uniformity in this taxation system. Now after almost couple of years of its implementation, it becomes imperative to review this amended taxation system, in terms of its strength, weakness, opportunity and threat, so that a TQM, the Total Quality Management position may be attained in whole indirect taxation in the country.**

**Key Words: Indirect Taxation System, SWOT Analysis, Regional Disparity, Implementation, Total Quality Management.**

-----X-----

## 1. INTRODUCTION

Goods & Services Taxes system has been full of dichotomy till its implementation. The taxation system in India has been amended periodically in accordance with changing socio-economic and political scenario in the country. It has been observed from various taxation reports and the press that the VAT, the value Added Tax system has been full of pitfalls, as a result, the probability of duplication of imposition of goods and services Act. at every stage in the whole indirect taxation system. It is therefore, after a long 'Brain storming session' on this burning issue, the GST Taxation system was introduced by the UPA Government on July 1, 2017. G.S.T. is the biggest tax reform in India since independence (Singla, 2019). "The indirect taxation system which was in practice; full of lacuna and pitfalls such as delicacy in taxation system which was an imposition of taxes at every stage of goods manufacturing as well as product; indicate a fully injustice with the manufacturers as well as the consumers. Secondly, there has been a wider regional disparity in the indirect taxation system (Ahmad E, & Poddar S, 2011). On the other hand, there were few commodities that were covered by too many taxes. Fourthly, there was too much complexity in the tax structure; as a result, it becomes difficult to understand thoroughly by a 'layman'. Fifthly, there were some services which have not been included in the ambit of taxation. Sixthly, there is no clear Cut demarcation of 'Incidence of taxation' this is to be beard by the consumers. Seventhly, there was a ample potential of growth of indirect tax which was to be tapped by applying the different strategies, so that

the maximum revenue be generated for the state Government. Lastly, there has been dichotomy between Center and the State regarding distribution of indirect taxation system (Garg G. 2016). The applied aspects of G.S.T, have been reviewed by the taxation professionals and the academicians who have been periodically doing the SWOT Analysis so that the indirect taxation may be proved feasible in accordance with the prevailing local conditions, including manufacturers, traders and the consumers. The taxation professionals have tried to find out the practical approach to solve the problematic areas of GST, as highlighted by Vashishtha, al.et. (2017).

In order to render the services for the professionals, who has been practiced in accordance with laws and the guidelines, throw an adequate light on different indirect taxation issues and advocating the grievances of the petty businessmen and the poor consumers, who have been the major targets for victimize of Goods & Services Taxation; executed by the Government throughout the country and become a great challenge for taxation policy makers (Abhishek A. Rastogi, 2018). How to meet your obligations? For answering this question, a systematic approach to 'Goods & Services Tax ( GST ) for entrepreneurs, tax professionals have organized a 'Brain-storming Session' to find the solution of various problematic areas, as a result, G.S.T. of considerable number of commodities have been reduced in the initial month of 2019 (Mishra, 2017).

Hence, it is obvious that there are sizeable number of publications and Bare Acts, on G.S.T. which throw an adequate light on formulation and implementation of G.S.T. in each and every State of India. In this context, it becomes imperative to have a periodic review of the indirect taxation system so that a judicious taxation system may be developed in such way that the manufacturers, traders and the consumers may get justice and equity in accordance with changing business scenario in the country. In order to attain the TQM, the Total Quality Management position in the taxation system, it requires a periodic review in terms of bearing capacity and the feasibility of the taxation system so that the business community and the consumers may also attain the position of 'Growth with Justice' to all. Only then, the indirect taxation system may be proved effective, responsive and feasible for the tax payers. It is also expected to pave the way for increasing the numbers of tax payers and will also be proved conducive to enhance the tax coverage in accordance with spreading the business activities in an area. In addition, it will ensure to ameliorate the business environment; as a resulted in motivating the investors of varied types of business activities; particularly industrially less developed areas of the country.

## 2. STATEMENT OF PROBLEM

Since implementation of G.S.T; it becomes imperative to have a periodic review, so that the prevailing pitfalls may be overcome and the whole indirect taxation system may attain the TQM, the Total Quality Management in the entire indirect 'tax structure'. However, the earlier 'indirect taxation system' has been suffering from considerable regional variability with numerous of pitfalls in the execution system. There were large number of goods and services, which have been 'over-loaded' with taxes; whereas some of items which have not been covered under Goods & Services Tax Act. It is therefore, the introduction of modified indirect tax system on 'Goods & Services' has been felt, as an urgent need to bring uniformity in this taxation system throughout the country and make it more feasible in accordance with changing business environment in the country.

## 3. OBJECTIVES OF THE STUDY

- To evaluate the G.S.T. in terms of its strength and weakness and feasibility of the indirect taxation system;
- To suggest some of recommendations to make improvement in the entire taxation system.

## 4. SWOT ANALYSIS OF GOODS & SERVICES TAX

Since implementation of G.S.T. throughout the country; it becomes imperative to review the indirect taxation, which was introduced about two years back, indicates its strength, weakness, opportunity and threat, as reported by some of the professionals and the tax payers. It is therefore; it becomes imperative to have a periodic review, so that the entire tax structure may attain a TQM, the 'Total Quality Management' position and pave the way for justice for all tax payers. In this context, the scholars, belonged to different professional streams have given their objective and subjective views on this 'burning issue'. Keeping in view the various problematic areas of formulation and implementation of indirect taxation state policy, it becomes imperative to have a periodic review in terms of its strength, weakness, opportunity and threat of G.S.T. system, since its implementation in July, 2017 in throughout country. In order to make the appraisal of this taxation system, a SWOT Analysis has been worked out to get the desired results. The SWOT Analysis of this amended indirect taxation system throws an adequate light in the entire tax structure and its implementation; which has been highlighted as follows:

Since implementation of GST, it becomes imperative to review the executed tax reform in all the states, so that the 'pit-falls' may be overcome and whole indirect taxation system may attain the TQM, the Total Quality Management in the entire tax structure. In this context, the scholars and the tax professionals have given their objective and subjective views on this 'Burning issue' and recommended the suggestions for further improvement in indirect taxation system for this present Goods & Services Tax.

Keeping in view various problematic areas of formulation and implementation of indirect taxation policy, it becomes imperative to have a periodic review in terms of its strength, Weakness, Opportunity and Threat of GST taxation system, introduced with the effect July, 2017. The SWOT Analysis of GST is highlighted as follows:

**STRENGTH:** It is one of strong points of GST taxation system which has given rise to 'Uniformity' throughout the country. In order to eliminate the regional disparity, the amended direct taxation system, successfully brought 'Uniformity' in tax reform among all the states in the country. In this context, various 'Brainstorming sessions' have been organized by the Central and the State governments, successfully demarcated the 'incidence of taxation' between sellers and the buyers. As a result, a sense of rationality has been developed in accordance with changing business environment in the country. The amended taxation

system has been given rise to steady growth in revenue in a multiple way, as indicated by various annual reports of the revenue departments of different states of India. The amended indirect taxation system is characterized by more transparency, rationality, and accountable, non-bureaucratic, e-governance derive process and highly responsive in accordance with changing business environment scenario. Apart from all these points of strength of G.S.T; various other services have also included which were left in the earlier indirect taxation system. The existing taxation system, successfully, eliminated the 'duplicity' of taxation on some of items, which used to assemble in different stages. It is therefore, a sense of 'Rationality' has been developed in the 'Goods & Services Tax' system, adopted by BJP, led UPA Government.

**WEAKNESS:** Since implementation of GST, it has been observed by the people belonged to different segments of society, who have shown their resentments against this indirect taxation system in the country. GST is characterized with numerous of lop-holes and pitfalls, as the taxation system is categorized with five major categories- 0 %, 5 %, 12%, 18% and 28%. All these categories have not been proved feasible in accordance with the stratified stakeholders, as pointed out by the taxation professionals and the consumers. It is therefore, subsequently; a considerable number of commodities have been re-shuffled on finding irrational classification of all these categories (Subramanian, P.L. 2018). Recently there are over 80 items have also been reduced the GST to a considerable extent by the UPA Government. However, the GST came in to existence on July 1, 2017 and now going to complete its two years in next three months, but the system is still amending frequently by the UPA Government. Secondly, till now it seems to be cumbersome, as a result; a layman still is not in a position to make out completely the entire mechanism of frequently amended tax structure, in the changing business scenario

It has been pointed out by the several stakeholders that the service sector may oppose, because they have to register in every state with central and state Governments. So every business at all India level will around 60 registrations, whereas they are having just one today. More over their rates will also go up. Lastly, the retail business may oppose because their taxes will tend to go up and they will also have to deal with central Government now addition to States.

**OPPORTUNITY:** On analysis the opportunities of GST, it has been observed from the various studies, carried out by research scholars and the other taxation professionals, that there is good opportunity to boosting up the state revenue with effectively implementing the Goods & Services Taxation system in the state. The procedure for GST registration is now centralized, similar to service tax registration.

Under GST regime, business is now no longer take much time to obtain multiple VAT Registration-as a single GST registration is now applicable throughout the country. The procedure for GST registration, now become standardized which is expected to pave the way for facilitate for the entrepreneurs to boost their business in a better way. It is also expected to pave the way for reduce average tax burden of the consumers. They will tend to reduce the evasion of taxes too. In context, there is good potential to curb the corrupt practices, usually indulged by the revenue officials at different administrative hierarchies.

**THREATS:** Introduction of GST is also full of threats which have been proved a 'Wet blanket' in effective implementation of GST in the States. In this context, various tax professionals have pointed out that inter-state supply of goods and services which are considered as impart and GST will be applied only one per cent to the custom duties. Secondly, the Central Government has declared for compensating the loss made by the States the five years. It will be as 100 % for first 3 years, 75 % for 4<sup>th</sup> year and 50 % for the 5<sup>th</sup> year. In practice, it is not possible that all the States will execute the tax policy in an effective way. GST is not friendly with the banking sector. It is because of cost of goods because cheaper after GST and it will promote the foreign trade. Lastly, G.S.T.C (Goods and Services Tax Council) will set the 'Bench mark' for resolving the dispute in accordance with recommendations of GSTC. Meaning thereby, GSTC will tend to lay down the criteria for G.S.T.C itself (Srivastava, 2017). Hence, it is not guarantee in itself that it would not be influenced by politicians and political parties; as a result, it will tend to not using it as a win-loss game in the current changing business environment in the country.

In order to improve the feasibility in 'Goods & Services Tax' there are some of suggestions, which may prove conducive to ameliorate the GST taxation system. These suggestions are recommended as follows:

1. The process is cumbersome, it is therefore; it becomes imperative to reduce the process at the earliest. Filling over 30 + return as per GSTIN is very time consuming process.
2. Relief must be given to small scale operators, because they possess limited financial resources. The facility for paying quarterly return should be extended up to 10 crores.
3. The rates should be rational as well feasible in the interest of people and economic growth. The apex limit should be

18 per cent and there should be few items that lie in 28 percent slab.

4. Technological glitch of network of GST should be sorted out on a war foot basis.
5. There is no provision of amend of GST Return once, it is updated, and subsequently an error is found. It is therefore, it becomes imperative to be made provision to rectify the returns, once filled in GST account.
6. It is require a huge data of supplier to match the concept of input credit. The process should be simplified. In this context, only broad main criteria is needed for matching such as invoice value and tax value and tax amount and matching with particular, precise wider variety of data which should be required like invoice number and date.
7. The rules and regulation of valuation is suffering from clarity, which often lead to litigation and issues of transfer pricing and concerning court cases, should be rationalized and simple.
8. Instead of CGST and SGS, IGST is paid, and vice-versa, availability of resource should be refunded only. Assesseees should be permitted to self-adjust in such cases.
9. With regarding to capital goods; received on or after 01.07.2017, the transitional credit is paid in earlier regime should be available. The transitional input credit should be available on goods and services which are to be delivered or received before the appointed date and assessee; received the invoices after appointed day.
10. The credit on *Krishi Kalyan Cess* should be permitted to carry forward as eligible credit, as it was permitted to as set off in the services tax regime.
11. The composition scheme should be made available for the small scale service providers.
12. Exempt supply should be excluded from the term '*Aggregate turn over*' (AT) aimed at determining the requirement of registration.
13. The rulings of advanced authority are to be activated at the earliest; as GST rules and regulations, are already implemented since July 1, 2017.
14. Anti-profit provisions are to be taken in to account as these may be essential reasons

constraints in business activities which should be ensured to not be mis-utilised.

15. The issues which were raised by the exporters; should be dealt with and the refund procedure should be activated immediately.

## 5. CONCLUSION:

The introduction of GST is a land Mark reform in the taxation system for indirect tax in India. It has been proved conducive to integrate Central and the State taxes and permitted set-off of prior-stage taxes. GST has paved the way for considerable growth of revenue from selling the goods and services. It is also expected that the GST will tend to help the Government as well as the consumers in determining the revenue and expenditure in a particular period. It is expected to fetch FDI in India too. The SWOT Analysis of GST shows that there are some of strong points which have been proved conducive to make a considerable improvement over the previous '*Indirect Taxation System*' used to prevail in different States of the country. On the other hand, there are some of lacunas and the *pitfalls* in the GST system, is

functioning in all the states in the country, are some of '*Weakness*' which are to be amended in terms of its feasibility and responsiveness of the tax payers and the burden of indirect taxes on the consumers, which are to be addressed in accordance with prevailing local conditions. On front of *opportunities* which are ample for making the taxation system more feasible and responsive for different stakeholders and as well the Government. With regarding to threats to GST; which requires a periodic review to address the internal as well as external threats of '*Goods & Services Tax*' so that the modified taxation system may attain the TQM, the Total Quality Management position in the coming years. Lastly, there are some of suggestions which have been recommended for ameliorating the functioning of GST in terms of its feasibility, coverage, rationality, responsive to the manufacturers, traders, Governments and the consumers.

## 6. REFERENCES:

- Ahmad, E & Poddar, S (2009), "*Goods and Services Tax Reforms and Inter-Governmental Consideration in India.*" Asia Research Centre, LSE, London.
- Garg, G (2016), "*Basic Concepts and Features of Goods and Services Tax in India.*" SAGE Publication, New Delhi.
- Pinki, at. el. (2014), "*Goods & Services Tax – Panacea for Indirect Tax System in India.*"

Tactful Management Research Journal, Vol.  
5, Issue 3 pp. 32-35.

Tanwar, R & Vasanthagopal. R (2011), "*An Analytical Study of Relevance of Arithshashtra in Modern India.*" IOSR Journal of Economics and Finance (IOSR-JEF). Volume 5, Issue 3, pp. 32-35.

Seyad M.Ali al.et (2013), "Challenges and Opportunities of Goods & Services Tax (GST) in India, Indian Journal of Applied Research, Vol. 3, Issue 5, pp. 3

Singla, Raman & Tax Guru (2019), "A Complete Analysis of G.S.T" Deepak Kumar & Co, New Delhi. P 1.

Subramanian, P.L (2019), "GST Ready Reckoner" Snow White Publication Pvt. Ltd, New Delhi.

Vasantha Gopal. R (2011), "*GST in India: A Big Leap in the Indirect Taxation System*" International Journal of Economics and Finance (IOSR-JEF), Vol. 2, No 2.

#### **Website**

[www.gstindia.com/basics-of-gst-implementation-122nd-amendment-gst-bill-2014-3505/](http://www.gstindia.com/basics-of-gst-implementation-122nd-amendment-gst-bill-2014-3505/)

#### **CONSULTANT**

Dewan, P.N. Chopra & Coy Chartered Accountant,  
New Delhi.

---

#### **Corresponding Author**

##### **Surbhi\***

PhD Student (Commerce), M.D. University, Rohtak,  
Haryana

[surbhirohill333@gmail.com](mailto:surbhirohill333@gmail.com)