



Pros And Cons Of Gst And Its Impact On The Indian Real Estate Sector

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Abstract:

GST otherwise called the Goods and Services Tax is characterized as the monster circuitous duty structure intended to help and improves the financial development of a nation. Everything has a few benefits and bad marks and GST additionally has it too here would investigate GST Taxation and manage its Pros and Cons. GST is a straightforward and straightforward expense and has lessened number of circuitous duties. Simple probability of part the taxation rate that is impartially amongst assembling and administrations. The Constitution Amendment Bill for Goods and Services Tax (GST) has been endorsed by The President of India post its entry in the Parliament (Rajya Sabha on 3 August 2016 and Lok Sabha on 8 August 2016) and sanction by more than 50 percent of state lawmaking bodies As GST's presentation appears to be inescapable, it is undoubtedly of awesome significance to dissect its effect on the more extensive economy when all is said in done and the land segment specifically. In this article, we endeavor to comprehend what we think about the GST and evaluate what it intends to all gatherings associated with land.

Keywords: GST, Pros and cons, Taxes, Real estate

Introduction

Products and Service Tax is a tax document in India change in India to influence thing to join in an assessment structure and making charge framework apt in nature.

GST was proposed elevate to influence Indian financial framework to move quick with the time. GST will supplant all roundabout expenses required on merchandise and ventures are thought to be a recorded duty change in India. Everything has a few benefits and bad marks and GST likewise has it too here would investigate GST Taxation and manage its Pros and Cons. Attributable to late strategy changes in land space, the part has been seeing extraordinary development. This development obviously is seen in Tier 1 urban communities, as well as in Tier 2 and 3 urban areas and towns. Administrative changes, for example, Real Estate Regulation and Development Act 2016, Real Estate Investment Trust (REIT), Goods and Service Tax (GST), ease-in FDI confinements and so on are relied upon to achieve significant changes on the working of realty part. Tax assessment in land area has moderately vague with grouping of duties, for example, esteem included expense (VAT), stamp Duty, benefit impose and so forth charged at focus and state levels. This is prompting covering of assessment bases and unvarying arguments about the genuine rate of duty to be demanded. Also, the ambiguity has caused inconsistencies in honours took after by engineers inside each state. With GST execution every one of different expenses will be supplanted with a solitary duty, in this way finishing tax collection variations crosswise over India. With GST, developers can pick up from free information credits on GST for products and

enterprises obtained by them, decreasing expenses while passing similar advantages to purchasers. GST in a perfect world ought to be an unmistakable win-win for the two players.

GST – Goods and Service Tax is intended for movable properties only, while sale of completed properties, which are immovable doesn't fall under the GST regime. Hence it is prudent to discuss the ambit of GST for real estate to best understand the impact of this particular uniform tax regime.

Transactions in real estate can primarily be classified under the following types –

1. Sale of properties – Completed
2. Sale of properties – Under construction
3. Transfer of development rights (By landowner to developer)
4. Leasing of immovable property

Are You Ready for GST

GST would acquire critical change in working together in India. Backing for best works on, preparing for changes in forms, preparing groups and creating IT frameworks for being GST agreeable are the key regions to be surveyed.

The Government is resolved to present GST by April 2017. Citizens should be GST agreeable to have the capacity to test framework changes in time. Contingent upon the working geologies, size and segment, the progressions would be significant and may require proactive arranging with a period bound activity design.

Keeping in mind the end goal to get ready for the execution of GST, organizations need to comprehend GST strategy improvement and its suggestions for situation arranging and change guide planning.

What we can do?

We brings under one rooftop full scope of expert administrations identified with Indirect Taxes in India and help corporate and SME organizations to smooth travel from Old Regim to New GST Regim.

A worldwide expert administration organization having Reputed Multinational and True Global Indian Clients ,working with International standard experts in All key areas in India

We are have practical experience in prompting new GST System through Presentation, working and setting up business item code for GST regim, System to assume full information praise and discount

Our center commitment is meeting accurate necessities of customers at reasonable and effectively open administrations

Impact on your business

1. Ease of Starting a Business
2. An Easy Regulatory Mechanism
3. Higher exemption to new business by extending the limit up to 25 lakhs which will bring down the tax burden to newly established business.
4. GST will make the process of paying tax simpler by merging all taxes of different states.

5. In GST, there is no difference between sales & services and thus tax will be calculated on total basis.

6. GST will reduce the logistic cost of the company producing non-bulk goods by 20%.

7. GST eliminate the cascading effect of multiple Central & States taxes.

8. GST is a destination base tax system i.e. the liability to pay tax is only generated after the goods/ services reach to the customers.

9. GST bring down the fiscal deficit, boost GDP & bring economic integration in the country.

10. GST is levied only at the point of sale & not on the purchase i.e. levied only by the last dealer and make the product cheaper for the final consumer.

Pros/Advantages of GST Implementation are:

- GST is expected to build a more transparent and corruption-free tax system in India.
- It is easy to start a business in the post-GST regime and tax regulations are easier than before.
- Composition mechanism is there to reduce the tax burden from small businesses and startups.
- Input credit (ITC) mechanism ensures an uninterrupted flow of cash for businesses and reduced price of goods/services for the end consumers.
- The merging of all the indirect taxes makes it easier to process the tax payment for the government as well as for the taxpayers.
- Tax harmonization
- More simplified movement of goods and/or services between states and within the country.

- GST is calculated on the total amount, irrespective of the type of sales and services.

Cons/Disadvantages of GST implementation are:

- GST compliance and tax filing has increased the implementation cost for businesses, as they are required to invest in computers, accounting (GST) software and/or trained GST experts (CAs and accounting experts).
- The process of GST compliance is also proving daunting as most businesses are not yet fully aware of the rules, provisions and processes of the new tax system, including the process of return filing, GST registration, returns filing schedule, invoicing and billing, etc.
- The overall cost of doing business is going to increase, at least in the first few months of GST.
- The implementation of GST in the middle of the financial year is creating a lot of confusion among business, as to whether to follow the old tax rules or new ones or both.
- Many businesses, especially small businesses and startups, do not usually have the money or tech resources to get compliant with the digital GST system. A cloud-based (online) GST software like the Gen GST could be a perfect solution to this problem.
- The tax relaxation limit for small manufacturing businesses, which was 1.50 crores earlier, is now Rs. 20 lakh under the GST system. This has effectively increased the tax burden for such businesses.

- No clarification about tax holidays has further increased operation costs for textile, pharma and other manufacturing industries.
- The chaos among businesses has ended up creating a disruption in the industry.

4 Reasons why the Goods and Service Tax bill will impact the Indian Real Estate Sector

BENEFIT #1: Cost of home ownership: Merchandise and Ventures Tax (GST) will wipe out the limitations using a loan use. GST would bring down the taxation rate on input things like bond, steel and so on., as duty credits would be accessible for set off at different stages prompting lower development costs. This could bring down the land costs and significantly advantage the basic man.

BENEFIT #2: Unified Tax: It is essentially significant in the land business to have a uniform expense base which GST addresses. The engineers as of now pay charge on the buy of crude materials. Once the assessments are uniform, the probability of paying lesser duties will pass on to the regular man/purchasers as an advantage. Likewise, the other sort of charges like packaging in benefit assess with the reductions, gathered by the designers will likewise be arranged once the Goods and Services Tax (GST) is actualized.

BENEFIT #3: Double Taxation: Ideally, in India anyone paying VAT on 70% pay benefit charge on 30%. In any case, lamentably, this idea don't synchronize well for the land segment in view of unsynchronized strategies for operation between the VAT and administration impose laws.

On the off chance that Goods and Services Tax (GST) is executed, this issue can be moderated as there would be a solitary exchange which would be burdened at Revenue Neutral Rate (RNR) as chose by the State Good and Services Tax (SGST) and the Central Goods and Service Tax (CGST) divisions.

BENEFIT #4: More Transparency and Less Compliance: Presently, there is a high level of cover of assessment bases and equivocality on the rate of charges. Usage of Goods and Services Tax (GST) would give a review trail to better control and observing, profiting the Indian land division.

The implementation of Goods and Services Tax (GST) will decrease the many-sided quality of consistence getting effectiveness and smooth exchange.

With regularly changing standards and principles, as a private property purchaser, its best to check the property archives before purchasing another property. To confirm the reports of property you possess or plan to purchase, download the RealDocs App(Your Personal Property Lawyer on a Phone) from Google Play Store.

Research Methodology

The Researchers utilized an exploratory research method in light of past writing from individual diaries, yearly reports, daily papers and magazines covering wide accumulation of scholarly writing on Goods and Service Tax. As per the targets of the investigation, the examination configuration is of enlightening in nature.

Objectives of the Study

1. To study about the pros and cons of Introduction of Goods and Service Tax (GST in India).

2. To study the impact of GST in real estate sector of india.

List of Asian Countries Implementing Vat/Gst

No.	Country	GDP Per Capita (World Bank, 2011, USD)	Year of Implementation	Current Rate (%)
1	Bangladesh	743	1991	15.0
2	China	5,445	1994	17.0
3	India	1,509	2005	12.5
4	Iran	NA	2008	5.0
5	Japan	45,903	1989	5.0
6	Jordan	4,666	2001	16.0
7	Kazakhstan	11,357	1991	12.0
8	Kyrgyzstan	1,124	1999	20.0
9	Lebanon	9,413	2002	10.0
10	Mongolia	3,129	1998	10.0
11	Nepal	619	1997	13.0
12	Pakistan	1,189	1990	16.0
13	Papua New Guinea	1,845	2004	10.0
14	South Korea	22,424	1977	10.0
15	Sri Lanka	2,835	2002	12.0
16	Taiwan	NA	1986	5.0
17	Tajikistan	935	2007	20.0
18	Turkmenistan	5,497	1993	15.0
19	Uzbekistan	1,546	1992	20.0

Conclusion:

With the sit tight for GST practically getting over, its effect on the realty area is probably going to be decidedly felt by property designers because of expected free stream of credit. In any case, the quantum of these advantages permeating to property purchasers is obscure for the last rate is still under drapes; to add to it evaluating in realty is more dictated by showcase powers than on costing standards or tax collection administration. Most things as yet being unverifiable, GST's capacity to give more noteworthy straightforwardness into working of land can be gone up against its face esteem, expecting the best off it. It can be closed from the above talk that GST will bring One Nation and One Tax showcase. The proposed GST administration is a weak endeavor to defend circuitous duty structure. More than 150 nations have executed GST. The legislature of India should think about the GST

administration set up by different nations and furthermore their aftermaths previously executing it. In the meantime, the legislature should make an endeavor to protect the huge poor populace of India against the probable expansion because of usage of GST. Presumably, GST will streamline existing aberrant assessment framework and will expel wasteful aspects made by the current heterogeneous tax collection framework just if there is a reasonable agreement over issues of edge restrict, income rate, and consideration of oil based goods, power, alcohol and land. Until the point that the accord is achieved, the legislature should oppose from executing such administration.

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