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Impact of Goods and Services Tax on E-commerce companies.

ABSTRACT:

The Goods and Service Taxes has replaced many indirect taxes, it came into existence on 1st July 2017. GST – is a form of Value added tax, it includes all indirect taxes in basket.it is a single taxation system it removing cascading taxes, it has two components – the Central GST and the State GST.GST is simplified tax administration, ensure'' Ease of Doing Business" and promote" Make in India". It is one of the biggest step that is taken to reform taxation process in India. It means" One Nation, One Tax" As E-commerce is new platform of Indian economy, it is equally important to take such a step towards them. E-commerce generates employment opportunities in the country. This paper examines the impact of GST on E-commerce along with Positive and Negative impact of GST on E-commerce operator.

Key Words: GST, Positive impacts, Negative impacts,.

INTRODUCTION:

Goods and Services Tax (**GST**) is an indirect tax (or consumption tax) used in India on the supply of goods and services. It is a comprehensive, multistage, destination based tax: comprehensive because it has subsumed almost all the indirect taxes except a few state taxes. Multi-staged as it is, the GST is imposed at every step in the production process, but is meant to be refunded to all parties in the various stages of production other than the final consumer and as a destination based tax, it is collected from point of consumption and not point of origin like previous taxes. E-commerce consumption taxation has been discussed in the context of catalogue and mail order sales, as well as broader service taxation. The potential scale of aggregate transactions, on the other hand, has pushed the issue to its limit. Exemption

from consumer taxes such as Sales Tax/GST/VAT may have serious fiscal policy effects, hence well specified policies on their tax treatment are critical. Failure to enforce the consumption tax on on-line transactions could result in considerable income losses for state governments, who rely heavily on combined sales tax/VAT revenue. It's vital to underline the competitive edge that internet retailers have over their brick-and-mortar competitors as a result of this procedure. This "distorts company decisions as well as what and how customers buy." Vertical disparities in tax liabilities develop because the wealthy are less likely to use the internet and transact than the poor. The substantial complexity and costs of compliance are used as arguments against mandating online sellers to collect sales tax. However, if tax structures and laws are simplified, internet technology makes it possible to collect sufficient consumption tax at a reasonable cost. States having the intention of taxing consumption, implying that the target taxpayer is the consumer. When it comes to imposing a consumption tax, different legal systems are used by different countries and jurisdictions. The taxing jurisdiction for all in-state transactions is the state where consumption is planned or anticipated. The seller is the ultimate taxpayer and collects tax from the consumer.

REVIEW OF LITRATURE;

Antonia Troisi and Laura Gatta (2010) show that a gloomy view of public finance's involvement in meeting and dispersing the costs of transitioning from a command to a market economy is correct. In conclusion, the researchers state that, while referring to the specific situation of Albania, the structural reform index model allows them to debate alternate perspectives on the nature and causes of the fiscal phenomenon's impact on the transition process.

Om Prakash and A.S. Sidhu (2011), tax plays a key role in the overall growth of a developing economy like India because it contributes significantly to the national exchequer, which is then spent on the overall development of various sectors of the economy. The study compares the impact of direct tax reforms on the Indian economy to the pre-reform period in terms of key economic metrics. According to the findings, tax reforms implemented during the post-liberalization period did not produce the expected results. The reduction in direct tax rates may not result in the anticipated level of tax compliance. According to the researchers, tax reforms increased the number of assessees, but the resulting increase in tax revenue was insufficient. The majority of taxes are paid by low-income people

Ludwing F.M. Reinhard and Steven Li (2011) examine the impact of taxes and the tax changes resulting from the 2000 tax reform on the financing and investment decisions of a sample of German publicly traded companies from 1996 to 2005. In contrast to the German government's perception, the findings do not support the idea that corporations intentionally alter their financial structures to decrease

their corporate tax payments. Market opportunities and market pressures have a considerably greater impact on investment decisions than tax considerations, according to the study. In light of the findings, the researchers question whether the recent tax reforms will be able to achieve the goals.

Panos Hatzipanayotou and et al. (2011) create a fully competitive general-equilibrium model of a small open economy with private traded goods production and a public good supported by trade and domestic taxes. Researchers look at the effects of the following tax reforms on public goods provision and welfare: I a producer-price-neutral reduction in export taxes and a corresponding increase in production taxes, (ii) a consumer-price-neutral reduction in tariffs and a corresponding increase in consumption taxes, and (iii) a partial tax-revenue-neutral reform in trade and domestic taxes.

Regi, S & Anthony, S & Golden, Rahul. (2017). GST is a novel occurrence in Indian taxation history. It is possible to say that it is India's tax revolutions. It has gone through a number of stages in the Indian tax system. GST implementation in India is a difficult task. Even though it was first adopted in the world in 1954 in France, it took this long for it to reach India. The author of this study accurately discusses the GST and its history.

K, VIJAYA & MAITHEEN, JABIMOL. (2017). The e-commerce sector's growth is primarily based on the growing number of retail entrepreneurs who operate in the unorganised retail sector. With the goal of widening the tax base, the government has included such players in the scope of GST and has made specific measures for e-commerce enterprises. This is one of the most significant tax innovations in the Indian tax system. GST will be implemented to integrate all state economies and boost the country's overall growth. GST will unify the market and help the Indian economy grow. The GST (Goods and Services Tax) is a value-added tax that will be imposed in India.

Saxena, G. (2018). GST (products and services tax) is a largely centralised and unified indirect taxation system on goods and services that would shape India into a single market. On the one hand, GST is being hailed as a paradigm shift in India's taxation system, as it will encompass all indirect taxes levied on manufacturing, sale, and consumption of goods and services across the country; on the other hand, there is much controversy surrounding its implementation, as it is widely believed that it will provide no benefit to the country as a whole and will instead create more ambiguity between states and the centre. The current chapter addresses this difficulty and inconsistencies by commenting on the many features and implications of GST, notably on the Indian e-commerce business, in light of the transition in the Indian taxation structure and the establishment of the GST.

Banerjee, Tuhin. (2018). In India, e-commerce has grown significantly during the previous decade. The sector's growth has been hampered by a slew of indirect taxation difficulties. The goods and services tax (GST) is supposed to simplify taxation for e-commerce businesses. This chapter looks at the essential

components of GST, such as existing taxes that will be replaced by GST, GST registration, taxable events under GST, GST assessment, GST payment, GST refund and audit, and GST compliance.

Dr. Ritu Sharma (2018).. In the event of economic strategies, taxation assumes an essential job and the ongoing tax reforms which the government of India has embraced is one reason for its economic accomplishments on the planet situation the impact of the recently implemented Goods and Services Tax in the field of the Indian online business industry. The Goods and Service Tax was presented in India in July 2017. The online business industry is one of the most elevated donors of Indian economy. The previous indirect tax framework is one of the obstacles for the web based business industry in India in accomplishing greatest potential.

Pandey, Pramod. (2020). In India, the e-commerce industry is exploding. After China and the United States, it now ranks third in the globe. Earlier indirect tax policies caused a lot of confusion and litigation, and also slowed down the expansion of the E-Commerce industry in India. The government has also lost a significant amount of money as a result of improperly linked indirect taxes and tax evasion. GST is now expected to close loopholes in previous indirect tax regulations, simplify the tax system, and lower the overall tax rate. However, the impact of GST on the E-Commerce sector will differ from that on other sectors of the economy. The main goal of this study is to assess the impact of GST on E-Commerce in India from the perspective of all interested parties.

Sengupta, Sarthak & Dhuria, Apoorva & Munjal, Tina & Vaish, Anurika. (2020). A Research Paper on the Goods and Services Tax (GST). The Goods and Services Tax (GST) is an indirect tax designed to help the country's economic growth. The Goods and Services Tax Bill has been enacted in the majority of developed countries (GST). GST, on the other hand, was implemented in India in 1999. A committee was formed to draught the GST model. The Indian government, however, re-launched GST on July 1, 2017. There was a lot of clamour for it to be implemented. The GST replaced all of the various taxes levied by the state and federal governments. That is why the phrase "One Nation, One Tax" refers to the fact that there is no need to pay any other tax everywhere in the country. The paper examines the impact of GST in India in detail.

OBJECTIVES;

1. The Impact of GST on E-commerce
2.To study the awareness of GST E-commerce operator.
3.To analyze the performance of E-commerce before and after implementation of GST.
4.To identify the problems faced by the E-commerce in implementation of GST.

HYPOTHESIS:

This study is proposed to test the following Hypothesis

H0: There is no Impact of GST on E-commerce

H1: There is a Impact of GST on E-commerce

RESEARCH METHODOLOGY;

SOURCES OF DATA

Both primary and secondary sources is using in the research. For the secondary data sources are,the government's policy documents, reports from various committees, journals, periodicals, published data, and literatures on the issues

Using the questionnaire method, primary data is to be collecte from business functional heads, tax specialists, tax administrators, tax consultants, and scholars. The questionnaires are distribute to respondents via postal mail , personal visits, and email online survey technology.

The Impact of GST on Micro E-commerce:

Positive Impact of GST on E-commerce:

Simplicity – Goods and Service Tax (GST) has replaced the indirect taxes in the nation. It has proved a substitute for the 17 indirect taxes of the nation and has changed to the new GST Tax. That has created a simpler form.

Lesser cost of Logistics and Inventory – As the GST has marked the end of 17 other indirect taxes, before the implementation of GST there were many inter-state taxes that had to be paid. By this it has reduced so that the transport taxes and paper works could be reduced. By this warehousing, value added logistic, freight, forwarding, are under one heading as GST.

Standardization – Many countries follow a GST Tax regime and the new tax, it is easy for everyone to follow up. People have already started verifying the bills at restaurants and other retail outlets for the right tax. Earlier, people were paying many indirect taxes unknowingly and this has been reduced now.

Transparency and Less Corruption – Money spent has to be reported for the taxation purpose there by, decreases the corruption. Moreover, if any transactions are made the transactions becomes transparent because it has to be made with bills and hence the cases of income tax evasion has also got reduced.

Boost to GDP – Just after the World Bank cuts India's GDP growth for 2019-20 to 5% from 6% earlier , surely it will have a great impact in long run.

Ease of Starting Business–GST has made it ease to start a business. This is also attracting foreign investments, youths are also encouraged to start the business. The lesser number of registrations has made it very easy to start the business.

Easier to Process–As tax submission have become online it has become easy for E-commerce operator .before they had to visit various government department or banks to submit the tax.

High Threshold of Registration–GST has created higher threshold and under GST, the threshold has been increased from Rs 5 Lakh to Rs 20 Lakh.

Negative impact of GST on E-commerce:

Hiring a third party– Online taxation system is an advantage as well as disadvantage. many people will not be having an idea about filing the tax online so they have to approach a third party and it would cost them much and even it may be difficult to find a third party.

Higher Tax Burden for E commerce– There is a certain tax burden on E commerce because of this GST. The business with a turnover of over Rs 1.5 crore had to pay taxes but now even a businessman with a turnover of over Rs 20 Lakh also have to pay the GST.

Selective Tax Levying: GST is notapplicable to Alcoholic liquor for human consumption, Aviation Turbine Fuel, Natural Gas, Petroleum crude and high speed diesel, which creates further gap and does not support the 'Unified market' ideology of GST.

Changing in business software: Almost all businesses use accounting software or ERP"s for filing tax returns which have excise, VAT, and service tax already incorporated in them. The change to GST will new accounting software it will get more cost of purchasing new software and also training to existing employees for using new software.it is one of the burden to the business

CONCLUSION:

By introduction of GST it has removed cascading effect. Such an important step was required in developing country like India, so that country like us can easily increase the GDP. The introduction of GST may not have much impacts on our economy immediately but, on a long run it will surely have a tremendous impact on both E-COMMERCE OPERATORs and on our economy. By the introduction of GST, E-COMMERCE OPERATORs have to renovate there strategies, supply chains as per international norms, so that we can be the better competitors in the world. Even Government has to take some bright steps to E-COMMERCE OPERATORs regarding online tax filing, importance of becoming organized sectors.

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