



# Top Advantages and Disadvantages of GST in India?



The Goods and Service Tax was implemented in India on 1 July 2017, **with a purpose** to create a uniform tax regime for the smooth transaction of all goods and services. It seeks to remove the cascading effect of various taxes and merge the business on a single mechanism to pay correct taxes quickly.

## What is GST?

GST is perceived because of the replacement of all indirect tax levied presently on the products and offerings across the nation. It is an indirect tax that will function as a single domain of tax levy on the national level. It will be liable to pay at the end of consumption at a uniform tax rate. **GST has a vast scope in India** and establishes a cooperative link with the Indian market, thereby boosting economic growth.

Let's head over and seek the advantages and disadvantages of GST:

Top Advantages of GST:

### **1. Eliminate the cascading tax Effect:**

GST is an indirect form of taxation that was introduced to combine all indirect taxes under one roof. GST will remove all the cascading tax impact or tax on the tax process efficiently. The liability to pay tax at every step is absorbed into GST and is imposed on the goods and services bought.

### **2. Increase Threshold Limit:**

By the implementation of GST rules, the minimum threshold limit for registration is increased. Previously under the VAT Act, the business that had turnover above 5 lakhs had to pay VAT. However, under the GST, this threshold limit is increased to 20 lakhs, and it will be beneficial for small vendors.

### **3. Simplicity at its Best:**

In India, the indirect tax is replaced by the Goods and Service Tax (GST) as a substitute for [17 indirect laws](#). The new GST tax law shall encounter a more accessible period to envision.

### **4. Kind of Investment Boost:**

With the new regulations in the current tax laws in India, an individual can't avail input on capital goods. But with GST, an individual can benefit from the input tax credit on capital goods. In this way, the investment can surely go up with an expected 6% rise.

## **Top Disadvantages of GST:**

### **1. Increase in Operational Cost:**

With the implementation of GST in India, the business must hire professionals or provide training to their employees about the GST rules. However, it will overall increase the cost for small business owners.

### **2. Costlier Service:**

Before the implementation of GST, the service tax rate was 15%. But now it has [increased to 18 – 20%](#), and with the increasing rate, various services have become costlier like telecom, banking, and airline. This seems like the **only major disadvantage of GST** in the long run.

### **3. The difficulty for the businessman:**

According to the rules of GST tax, the management of the business is rendered to state and central governments as the businessman is binding by law. The difficulty occurs for many business owners across India. However, hiring professional experts like [Alankit Limited](#) can solve this problem.

### **4. Penalties Imposed for non-GST compliant:**

Every business must comply with the rules and register them with the GST portal, and if they don't comply, they must pay penalties. To know more about penalties, contact [here](#).