

Ques. 8 Pre - GST Indirect Tax Structure in India

Under the previous indirect tax regime, both centre and states levied and collected taxes on goods and services separately. The tax collected at each level of authority was as per the respective subjects enumerated in the Union and State lists. In respect of goods, the Centre had power to levy tax on the manufacture of goods except alcohol for human consumption, narcotics etc.

Disadvantages :-

i/ IT Structure :- Since GST is an IT-driven law, it cannot be seen whether all the states in India are currently equipped with infrastructure and work force availability to embrace this law.

ii/ Higher Tax Burden of SME's :- Earlier the small and medium enterprises had to pay excise duty only on a turnover that exceeded Rs 1.5 crore every

Financial Year.

Increase Burden of Compliance :- The GST administration states the companies are required to register in all the states they operate in. This increases the burden on the business for excessive paperwork and compliance.