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## **Impact of GST in Small scale Business Enterprises with special reference to Erode district**

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### **Abstract**

GST is an indirect tax which has put an end to multiple taxes like excise, CST, VAT, Service tax which is levied on different products, starting from the source of manufacturing till reaching the end consumer. The GST will be a bit easier for a start business firm because a lot of businesses operate in multiple states, and this complicates their tax burden because all the states in India follows different tax rules which leads to effect in sales growth of business. Everyone will be under a uniform taxation system. As a result, a large number of SMEs and start-ups would come under the net of the GST tax. The GST will be applicable to the applicable to



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alcohol and petroleum, thus widening the gap between these products and other products these and a few other minor concerns are looming around minds of small and medium businesses.

**Key Words:** multiple taxes, different products, complicates, growth of business,

## **MEANING OF GST**

GST is an indirect tax which has put an end to multiple taxes like excise, CST, VAT, Service tax which are levied on different products, starting from the source of manufacturing till reaching the end consumer. It stops differentiating a good from service and will tax both equally. It is a dual taxation proposed regime, where only two components are present such as Central Goods and Service tax (CGST) and State Goods and Service tax (SGST).

## **IMPACT OF GST**

- ❖ The GST will be a bit easier for a start business firm because a lot of businesses operate in multiple states, and this complicates their tax burden because all the states in India follows different tax rules which leads to effect in sales growth of business.
- ❖ By introducing and implementing GST common procedure everyone can easily able to do the common tax which means every state has the common tax benefits, thus easing out the process to start a business in multiple states and get clear idea on tax.

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- ❖ The GST this will be eliminated as tax credit can be transferred irrespective of location of buyer and seller. The small business enterprise will be able to expand their business across borders.
- ❖ GST reduce the tax burden and there will no confusion between a service and goods in India. The India's GST will be different than other GST regimes globally. If we see the GST comparison in India and to the other countries few major differences will appear.
- ❖ One of the main benefits of Goods and Service Tax bill is that the place of supply rules for goods and services is now the uniform across the country but this means that every business needs to comprehend how place of supply can impact their business.
- ❖ It depends on the business everyone need to comprehend what the place of supply rules and regulations are so, you can charge the right components of the Goods and Service Tax bill.
- ❖ GST impacts on the working capital which is very significant for any business concerns. However every businesses can use GST to tackle their working capital. They can harness GST to their advantage.



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- ❖ Everyone will be under a uniform taxation system. As a result, a large number of SMEs and start-ups would come under the net of the GST tax.
- ❖ The GST will be applicable to the applicable to alcohol and petroleum, thus widening the gap between these products and other products These and a few other minor concerns are looming around minds of small and medium businesses.

There is a change for enterprises on moving to GST because it introduces a complete overhaul of the tax rules and returns. Overall, this is a net benefit for businesses because it creates a single set of rules for the sale of goods and services and creates a single tax regime.

### **IMPACT OF GST ON BUSINESS ENTERPRISES**

- Manufacturing Sectors
- Small and Medium Enterprises (MSME)

### **POSITIVE IMPACT OF GST ON MANUFACTURING SECTORS**

- Removal of multiple valuations will create simplification
- Entry tax sub summation will reduce cost of production



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- Improved cash flows
- Single registration process will provide ease of registration
- Removal of cascading will lead to lower cost-to-consumer
- Restructuring of supply chain

#### **POSITIVE IMPACT OF GST ON MSME**

- Easy to start a business
- Reduction of tax burden on new business
- Improved logistics and faster delivery of services
- Elimination of distinction between goods and services

#### **NEGATIVE IMPACT OF GST**

- Changes in Business Software
- GST Compliance
- Increase in operating costs
- Policy changes during the middle of the year
- Online procedure
- High tax burden for Manufacturing SME's

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- No clarity on tax holidays
- Disruption to business

## CONCLUSION

Thus, “One India One Tax Myth” has reduced the burden of the end consumer who was liable to pay the tax. Due to implementation of GST in a country like India that has huge amount of population, the overall cost of production of all goods has reduced the cascading effect of the tax that helps to make the trade simple in every nook and corner of the country and reduces the tax burden of the Entrepreneurs