

## Impact of Implementation of Goods and Service Tax on Indian Banking Sector

Revathi R.<sup>1</sup>, Madhushree<sup>2</sup>, & P. S. Aithal<sup>3</sup>

<sup>1,2</sup>Research Scholar, Srinivas Institute of Management Studies, Srinivas University, Mangalore – India

<sup>3</sup>Srinivas Institute of Management Studies, Srinivas University, Mangalore – India  
E-mail: revathiradhakrishnan93@gmail.com

### ABSTRACT

The banking sector is one of the biggest and revenue generating sector in our economy. India is a country with impressively splendid banks with sufficient capital and well-regulated rules and regulations. One of the biggest transformations that the sector faced during this period is GST i.e., Goods and Service Tax, a new tax regime introduced in the midnight of 1 July 2017. Now the new tax regime has become one year old and there are so many changes which happened in the banking sector during this one-year periods. Introduction of GST to the banking sector was one the highly risky and challenging role for the government. GST is a replacement to the Value Added Tax (VAT) which was implied on goods and services. The main purpose of studying the impact of implementation of GST is to avoid double taxation on goods and services. It is a self-regulated tax system with a simplifies tax regime which reduces the multiplicity of tax. The purpose of this study is to know the challenges faced by the Banking sector and its effects on the customers after the implementation of the GST. New tax regime made an incredible step by the abolish of centralized registration of the banks. Now all the bank branches have to register under GST in each state for the smooth functioning. The tax rate has created an impression in the banking sector that the sector is contributing much toward the economic growth of the country. Tax slabs is another important and critical thing discussed in this paper which has substantially increased compared to the old tax regime. Data for the study have been collected from secondary data sources such as journals, internet, and news articles. Using the ABCD qualitative analysis technique, advantages, benefits, constraints, and disadvantages for both banks and the customers for payment of GST are identified.

**Keywords:** Banking sector, GST (Goods and Service tax), Cascading of tax, Simplified tax regime, Banking product and services.

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