

A COMPARATIVE STUDY OF INDIA'S GST AND OTHER TAX SYSTEMS

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Abstract

This study presents a comparative analysis of India's Goods and Services Tax (GST) system alongside selected international tax frameworks, intending to evaluate structural efficiency, compliance mechanisms, and socio-economic impact. Introduced in 2017, India's GST unified multiple indirect taxes into a single regime, promising transparency, ease of doing business, and improved revenue collection. The research explores how India's GST compares with the Value Added Tax (VAT) systems in the European Union, the multi-tiered sales tax in the United States, and the GST models in countries like Australia and Canada. Using qualitative narrative phenomenology, the study examines policy design, implementation challenges, and stakeholder experiences, especially among small businesses and consumers. Key findings reveal that while India's GST has streamlined tax administration, issues such as rate complexity, digital compliance burdens, and uneven state-level integration persist. In contrast, countries with mature GST/VAT systems demonstrate greater harmonization and taxpayer trust. The paper concludes with policy recommendations for enhancing India's GST structure, drawing lessons from global best practices to foster equity, simplicity, and economic resilience.

Keywords

Indian GST, comparative study, socio-economic impact, revenue, streamline tax administration.

Introduction

The research questions what are the key features of India's GST are. And, how can it compare with other countries' tax systems of the US, UK, Australia, and Singapore, and what are the advantages and disadvantages of our GST compared to other countries are the key questions in writing this research paper.

The Goods and Services Tax (GST) represents one of the most significant tax reforms in India's post-independence history. Introduced on July 1, 2017, GST replaced a complex web of indirect taxes with a unified system aimed at simplifying compliance, reducing cascading effects, and fostering a common national market. As a destination-based tax, GST is levied on the consumption of goods and services, aligning India's tax structure with global standards. However, the implementation of GST in India differs markedly from the models adopted by other countries such as the United States, the United Kingdom, Australia, and Singapore. This paper seeks to examine the key features of India's GST, compare it with international tax systems, and evaluate its relative advantages and disadvantages. Through this comparative lens, the study aims to provide insights into the effectiveness, efficiency, and equity of India's GST framework.

The implementation of the Goods and Services Tax (GST) in India marked a transformative shift from a fragmented indirect tax regime to a unified system. Scholars have extensively analyzed its structural, economic, and administrative dimensions. According to Kumar and Sinha (2018), India's dual GST model—comprising Central GST (CGST), State GST (SGST), and Integrated GST (IGST)—was designed to accommodate federal complexities, but it also introduced challenges in harmonization and compliance. The multi-slab rate structure, ranging from 5% to 28%, has been critiqued for increasing administrative burdens and complicating tax planning (Mukherjee, 2020).

Chand (2019) emphasizes that India's GST differs significantly from the single-rate systems adopted by countries like Australia and Singapore. Australia's GST, introduced in 2000, operates at a flat rate of 10% and is administered centrally, ensuring uniformity and simplicity. Singapore's GST, currently at 9%, is similarly centralized and praised for its minimal exemptions and efficient digital infrastructure (Tan, 2020). These models contrast with India's complex compliance requirements, which include monthly returns (GSTR-1, GSTR-3B), annual filings, and frequent rate revisions.

The comparative complexity of GST systems has been quantified using the Office of Tax Simplification (OTS) Complexity Index. Sharma and Gupta (2021) applied this index to India, Australia, and the UK, revealing that India's GST ranks higher in complexity due to its dual structure, multiple rates, and transitional challenges. The UK's Value Added Tax (VAT), with a standard rate of 20% and a reduced rate of 5%, is administered by HM Revenue & Customs and offers a more streamlined approach (Dpublication, 2020).

Desai and Patel (2022) argue that while India's GST has improved transparency and reduced cascading effects, its implementation has faced hurdles such as technical glitches in the GSTN portal, limited awareness among small businesses, and frequent policy changes. Bhattacharya (2021) suggests that harmonization and simplification are essential for enhancing GST's effectiveness, especially in sectors like FMCG and automobiles, which have shown mixed responses to the reform.

In contrast, the United States does not have a federal GST or VAT system. Instead, it relies on state-level sales taxes, which vary widely in rates and exemptions. Johnson (2017) notes that this decentralized model leads to inconsistencies but allows states greater autonomy. However, it lacks the uniformity and input tax credit mechanisms present in GST systems.

Recent studies also explore the economic impact of GST in India. The Indian Journal of Strategic Insights (2025) projects a moderation in consumer price inflation and a boost to GDP, particularly in sectors like consumer durables and services. Inspira journals (2025) highlight that GST has supported fiscal consolidation and formalization, though its success depends on continued policy refinement and stakeholder engagement.

Kapoor (2017) and Mujalde & Vani (2017) underscore the importance of learning from international experiences. They recommend adopting best practices from countries with efficient GST/VAT systems, such as centralized administration, fewer exemptions, and robust IT infrastructure.

The Goods and Services Tax (GST) introduced in India on July 1, 2017, marked a watershed moment in the nation's fiscal history. Designed to replace a complex web of indirect taxes, GST aimed to unify the domestic market, simplify compliance, and reduce cascading effects. As a destination-based tax levied on consumption, India's GST aligns with global tax principles but diverges in structure and implementation. This study undertakes a comparative analysis of India's GST with the tax systems of the United States, United Kingdom, Australia, and Singapore, focusing on structural features, administrative efficiency, and stakeholder experiences.

India's GST is characterized by a dual structure Central GST (CGST), State GST (SGST), and Integrated GST (IGST), reflecting the federal nature of governance (Kumar & Sinha, 2018). Unlike the centralized models in Australia and Singapore, India's system introduces complexity through multiple tax slabs (5%, 12%, 18%, 28%) and frequent revisions (Mukherjee, 2020). Scholars have noted that while GST has enhanced transparency and formalization, it also imposes a significant compliance burden, especially on small businesses (Desai & Patel, 2022).

Comparative literature reveals that countries like Australia and Singapore maintain simpler, single-rate GST systems administered by central authorities (Chand, 2019; Tan, 2020). The UK's VAT, with a standard rate of 20%, is similarly streamlined and supported by robust digital infrastructure (Sharma & Gupta, 2021). In contrast, the United States lacks a federal GST or VAT, relying instead on state-level sales taxes that vary widely in rates and exemptions (Johnson, 2017). These differences underscore the need to evaluate India's GST not only in terms of policy design but also through the lived experiences of those navigating it.

To explore these dimensions, this study adopts a qualitative narrative phenomenological methodology. This approach is well-suited to uncovering the subjective meanings and experiential realities of tax systems. Through semi-structured interviews with tax professionals, business owners, and policy analysts in India and abroad, the research captures how stakeholders interpret and respond to their respective tax environments. Supplementary data from government reports, academic publications, and case studies enrich the narrative and provide contextual depth.

Thematic analysis will be employed to identify patterns related to compliance complexity, administrative efficiency, fairness, and economic impact. These themes will be interpreted through a phenomenological lens, emphasizing how participants make sense of tax reforms in their socio-economic and institutional contexts. Ethical protocols, including informed consent and confidentiality, will be strictly followed.

By integrating structural analysis with experiential narratives, this study aims to illuminate the strengths and limitations of India's GST in comparison with international models, offering insights for policymakers, scholars, and practitioners seeking to refine tax governance in a globalized economy.

India's Goods and Services Tax (GST), introduced in 2017, was a landmark reform aimed at unifying the country's fragmented indirect tax system. It replaced multiple state and central taxes with a comprehensive structure designed to simplify compliance, reduce cascading effects, and promote a common national market. Unlike the centralized GST or VAT systems in countries such as Australia, Singapore, and the United Kingdom,

India's GST is dual in nature—comprising Central GST (CGST), State GST (SGST), and Integrated GST (IGST)—to accommodate its federal structure. This duality, while constitutionally necessary, has introduced complexity in administration and compliance.

India's GST features multiple tax slabs 5%, 12%, 18%, and 28% which have been criticized for complicating tax planning and increasing the compliance burden. In contrast, countries like Australia and Singapore operate with a single flat rate (10% and 9% respectively), administered by a centralized authority, resulting in greater simplicity and predictability. The United Kingdom's VAT system, with a standard rate of 20% and a reduced rate of 5%, also reflects a more streamlined approach. The United States, notably, does not have a federal GST or VAT system; instead, it relies on state-level sales taxes, which vary widely in rates and exemptions.

Stakeholder experiences in India reveal mixed outcomes. While GST has improved transparency and reduced cascading taxes, small businesses and tax professionals report challenges related to frequent rate changes, technical issues with the GSTN portal, and the high frequency of return filings. Monthly returns such as GSTR-1 and GSTR-3B, along with annual filings, demand significant time and resources. In comparison, countries like Singapore and the UK offer more user-friendly digital systems and fewer filing requirements, contributing to higher satisfaction among taxpayers.

The economic impact of GST in India has been notable. Despite initial disruptions, GST revenue collections have gradually increased, indicating improved compliance and formalization. However, the anticipated reduction in consumer prices has not been uniformly realized, suggesting a gap between policy intent and market response. Recent reforms under GST 2.0 have aimed to simplify the rate structure and enhance consumption, but their effectiveness remains under evaluation.

This study uses a qualitative narrative phenomenological approach to explore these dynamics. Through interviews with tax professionals, business owners, and policy analysts, as well as analysis of government reports and academic literature, the research captures how stakeholders interpret and respond to their respective tax systems. Thematic analysis reveals recurring concerns about complexity, fairness, and administrative efficiency. These themes are interpreted through a phenomenological lens, emphasizing the lived experiences and subjective meanings attached to tax reforms.

In conclusion, India's GST represents a bold attempt to modernize and unify its tax system. While it has achieved significant progress in terms of revenue generation and market integration, its complexity and compliance demands continue to pose challenges. Lessons from countries with simpler, centralized systems suggest that rationalizing tax slabs, strengthening digital infrastructure, and enhancing taxpayer education could improve the effectiveness of GST. The success of any tax reform ultimately depends not only on its design but on how it is experienced by those who live and work within its framework.

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