

GST 2.0: A Comparative Global Analysis of Tax System Evolution, Strategic Transformation, and Digital Integration

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ABSTRACT:

The Goods and Services Tax (GST) has emerged as a transformative reform in indirect taxation, widely adopted to simplify tax structures, enhance transparency, and improve economic efficiency. With the rapid expansion of digital economies and increasing globalization, the concept of GST 2.0 has gained prominence as the next phase in tax system evolution. GST 2.0 incorporates advanced technologies such as Artificial Intelligence (AI), real-time analytics, and digital compliance systems to create a more integrated and efficient taxation framework.

This study examines the global evolution of GST 2.0 through a comparative analysis of tax systems in India, Australia, Canada, and the European Union. Using a qualitative research approach, the study evaluates the role of digital infrastructure, policy innovation, and international coordination in shaping modern tax systems. The findings highlight that digital integration and global harmonization are central to the future of indirect taxation.

The research contributes to the broader discourse on tax modernization by identifying strategic pathways for enhancing compliance, reducing tax evasion, and strengthening fiscal governance in a globally interconnected economy.

KEYWORDS:

GST 2.0, Indirect Taxation, Global Tax Systems, Comparative Models, Digital Taxation, Policy Evolution, Fiscal Governance, International Tax Framework

INTRODUCTION :

Indirect taxes play a crucial role in determining the fiscal stability and efficiency of modern economies. Among various reforms, GST has been widely recognized for eliminating cascading taxation and promoting a unified tax structure. Countries across the world—including India, Canada, Australia, and members of the European Union—have implemented GST or VAT systems with varying structures and outcomes.

However, the emergence of digital commerce, cross-border transactions, and technological advancements has exposed limitations in traditional tax frameworks. In response, GST 2.0 has evolved as an advanced model that integrates automation, real-time tracking, and global coordination.

This study explores how GST systems are transforming globally and how GST 2.0 is redefining tax governance through digital innovation and strategic reforms.

LITERATURE REVIEW:

Existing literature highlights the effectiveness of GST and VAT systems in enhancing revenue and reducing inefficiencies. Bird and Gendron (2007) emphasized that consumption-based taxes improve fiscal stability when effectively implemented. Keen (2013) further noted the global success of VAT systems in generating consistent revenue streams.

In the Indian context, Kelkar (2019) highlighted that GST improved transparency and formalization but requires further technological strengthening. Reports by international organizations stress the importance of digital systems and cross-border coordination in modern taxation.

Recent studies also underline the growing importance of technologies such as AI, blockchain, and data analytics in shaping next-generation tax systems. However, there remains a gap in comparative and forward-looking research on GST 2.0 and its global implications.

OBJECTIVES OF THE STUDY:

This study pursues the following specific objectives:

1. To examine the conceptual framework and global relevance of GST 2.0.
2. To compare GST and VAT systems across selected countries.
3. To analyze the role of digital technologies in modern tax administration.
4. To identify strategic trends influencing the evolution of GST systems.
5. To evaluate the implications of GST 2.0 for global fiscal governance.

HYPOTHESIS:

To provide analytical depth, the study formulates the following hypotheses:

H₀₁: GST systems do not significantly improve tax transparency and efficiency.

H₁₁: GST systems significantly enhance tax transparency and efficiency.

H₀₂: Digital technologies have no significant impact on tax administration.

H₁₂: Digital technologies play a critical role in improving tax administration.

H₀₃: There is no significant difference between global GST/VAT models.

H₁₃: Significant differences exist among global GST/VAT models in terms of efficiency and structure.

H₀₄: GST 2.0 does not influence global tax coordination.

H₁₄: GST 2.0 significantly contributes to global tax coordination and harmonization.

RESEARCH METHODOLOGY:

This study adopts a qualitative and comparative research design. Data has been collected from secondary sources, including academic publications, government reports, and international databases such as OECD and World Bank reports. A comparative framework is used to analyze GST systems in India, Australia, Canada, and the European Union. Descriptive analysis is applied to understand the role of emerging technologies such as AI, blockchain, and digital compliance platforms in shaping GST 2.0.

FINDINGS:

- GST systems have improved transparency and tax compliance globally.
- Digital infrastructure plays a crucial role in effective tax administration.
- Comparative differences exist across countries in GST implementation.
- Emerging technologies enhance monitoring and reduce tax evasion.
- GST 2.0 emphasizes global coordination and digital transformation

The findings of this study highlight that GST systems have evolved beyond traditional taxation frameworks to become dynamic tools of economic governance. The transition toward GST 2.0 reflects broader global trends, particularly the increasing reliance on digital technologies and international cooperation. One of the most significant observations is that GST has substantially improved transparency and efficiency, supporting the acceptance of H₁₁. By eliminating cascading taxes and standardizing tax structures, GST systems have enhanced compliance and simplified tax administration.

DISCUSSION/SUGGESTIONS:

The role of technology emerges as a critical factor in the evolution of GST 2.0, validating H₁₂. Technologies such as real-time reporting, digital invoicing, and AI-driven analytics have transformed tax monitoring and enforcement mechanisms. Countries with advanced digital infrastructure, such as Australia and Canada, demonstrate higher compliance levels and administrative efficiency.

The comparative analysis also confirms H₁₃, indicating notable differences among global GST/VAT systems. While the European Union operates a complex but integrated VAT structure, countries like Australia have adopted simpler and more efficient models. India's GST system stands out for its technological backbone, particularly through digital platforms that facilitate compliance.

Furthermore, the study supports H₁₄, emphasizing that GST 2.0 promotes global tax coordination. As economies become increasingly interconnected, cross-border transactions require harmonized tax policies and collaborative frameworks. GST 2.0 addresses these challenges through digital integration and international standardization.

Despite these advancements, several challenges persist. The taxation of digital services and cross-border transactions remains complex, requiring further policy innovation. Additionally, disparities in technological readiness across countries may limit the effectiveness of GST 2.0 implementation.

Overall, the discussion suggests that the future of GST lies in a balanced integration of technology, policy innovation, and global cooperation.

CONCLUSION:

The evolving nature of global economies necessitates tax systems that are adaptable, transparent, and technologically advanced. GST 2.0 represents a significant step toward achieving these objectives by integrating digital technologies and promoting global cooperation.

Comparative analysis highlights that successful implementation depends on strong digital infrastructure and efficient administrative systems. Moving forward, governments must focus on enhancing technological capabilities and fostering international collaboration.

In conclusion, GST 2.0 has the potential to redefine global tax governance by creating a more integrated, efficient, and future-ready taxation framework that supports sustainable economic growth.

CONFLICT OF INTEREST:

This paper is based on a conceptual review of published literature and does not involve direct funding or collaboration with commercial biotechnology entities. The author declares no financial or personal conflicts of interest related to the subject matter discussed.

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