



INTROSPECTING ON MAIDEN ANNIVERSARY OF GST

Goods and Service Tax (GST) which became operational from 1st July 2017 is in the process of attaining one year of eventful journey. GST has subsumed the erstwhile multiple central and state taxes on commodity and service into one single tax for a particular commodity or service on a nationwide basis resulting in ‘One Nation One Tax’. This marks a significant change from the previous indirect tax regime where on account of varying VAT rates, commodity prices commanded different prices in different states. The process has not been easy as the concept of a uniform single levy of tax on goods and service entailed the extremely challenging task of bringing the central government, state governments and union territories on a common platform. The success of this effort has set a new example in cooperative federalism demonstrating to the world at large as to how governments with different ideologies can work in tandem for economic good of the nation.

In hindsight, the necessity of having GST had been triggered by the attained economic wisdom that it is only GST that can change the fiscal landscape of the nation. As to why GST is considered to be the largest tax reform the country has ever witnessed can therefore be envisaged. What in effect GST has ushered in the economy is the ease of doing business, concept of ‘one nation one tax’, eliminating cascading effect of tax on taxes and incidence of multiplicity of taxes, larger basket of input tax credit and seamless transactions throughout the country. Now that Central Goods and Service Tax (CGST) and State Goods and Service Tax (SGST) are levied on the same transaction value, there is no ‘tax on tax’ in as much previously state VAT was levied on value including central excise duty. Assesseees can avail input tax credit on Integrated Goods and Service Tax in contra distinction to the previous regime where central sales tax (CST) paid on inter-state movement

of goods was not available as credit, in the process adding to the cost of inputs. Now business houses no longer have to grapple with multiple compliances under various statutes which was the case in erstwhile indirect tax regime including multi level assessments since assessment is now under a single assessing authority. Doing away with entry tax that has seen so many court room battles and did add significantly to the cost of litigation is a pointer to this effect. Making this possible through appropriate legislation while protecting the national revenue has by no means been easy to achieve. Admittedly, the economy has witnessed ups and downs post GST but rating by international agencies do indicate a positive scenario as press reports indicate India' s economic growth to strengthen to 7.5% in the current fiscal.

Admittedly, GST, in the initial stages was fraught with challenges. The GST Council spared no efforts in reaching out to trade and industry, in accepting suggestions and making amendments in the GST law wherever considered appropriate and not prejudicial to revenue by way of rationalisation of tax rates, and clarifications of tax positions. Meetings are held by the GST Council in regular phases to address emerging issues since the way of doing business is changing everyday with concepts like start ups, regulation of crypto currency being some of the key issues that are to be constantly monitored keeping in mind that there is a new technology every second entailing necessary steps to protect the revenue of the nation. Digital compliance in GST has no doubt been a challenge to assesses at large and is being sought to be addressed by a committee formed for prescribing simplified return form and monitoring of matching of input tax credit from back end instead of the original thinking of being matched by the assesses themselves.

In a federal structure of economy where dual GST is the workable solution, the governments have done well to structure GST and administer the tax. The future expects to witness further improvements making dual GST in our country an exemplary indirect tax system.