
Goods and Service Tax in India – A Critical Analysis

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ABSTRACT

Any Goods Service Tax model that provides seamless input tax credit across the entire supply chain and across the country is an ideal tax structure to improve competitiveness. Such system eliminates cascading effect of taxes and significantly reduces the transaction cost. For an effective GST regime, both the Centre and State-level indirect taxes need to be harmonized as world-over goods and services attract the same rate of tax. The research focuses on various legal aspects of the GST. The methodology followed has been both Empirical research for conclusion by way of questionnaires and Non-Empirical/Doctrinal research. The empirical research was carried out among lawyers, chartered accountants, businessmen and revenue department.

The objective of this study is to understand the concept of GST as well as to research whether this system can be successfully implemented in India and to suggest recommendations for better implementation of the system

Keywords: GST, taxation system

INTRODUCTION

In India, the tradition of taxation has been in force from ancient times. It finds its references in many ancient books like ‘Manu Smriti’ and ‘Arthashastra’. There was a perfect admixture of direct taxes with indirect taxes and they were varied in nature. India’s history of taxation suggests existence of a large and composite taxable population. With the advent of the Mughal’s in India the country witnessed a sea of change in the taxation system of India. Although, they also practiced the same norm of taxation but it was more homogeneous in structure and collection. The period of British rule in India witnessed some remarkable change in the whole taxation system of India. In 1922, the country witnessed a paradigm shift in the overall Indian taxation system. The setting up of an administrative system and taxation system was first done by the Britishers in India⁶. Indirect Tax Reform is one of the key enabler to improve competitiveness for accelerated economic growth in the changed economic environment⁷. In recent years, the Indian government has undertaken significant reforms of the indirect taxation system. This includes the initiation of a region-based and state-level VAT on goods. However, in order to remove barriers to inter-state trading and to attain a secured market for the activities related to services and goods more reforms are needed.

INTRODUCTION TO GST

Goods and Services Tax is a comprehensive value added tax on goods and services. It is collected on value of each stage of sale and purchase in the supply chain without boundaries.

In GST regime, goods and services are not differentiated as it moves through the supply chain. The fundamental feature of GST is the eligibility of the manufacturers and dealers to claim credit for ‘input tax’ paid at each stage without any limit or the barriers of state boundaries till it reaches the ultimate consumer. In GST structure, different stages of production and distribution are interpreted as a mere tax pass-through, and the incidence of tax is essentially borne by the final consumer within a taxing jurisdiction.

OBJECTIVE OF STUDY

The objective is to understand the concept of GST as well as to research whether this system can be successfully implemented in India and to suggest recommendations for better implementation of the system.

The key areas of focus or objectives of this study are:

- ❖ The justifications behind introduction of GST
- ❖ The problems of our existing system
- ❖ The various challenges in introduction and implementation of GST

HYPOTHESIS

The research focuses on various legal and procedural aspects of the GST. The researcher mainly wants to carry out research on these two issues:

1. The Goods and Services Tax is the best alternate to our existing taxation system.
2. The Goods and Services Tax will be successfully implemented in Indian System.

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6. Rajkumar S Adukia, a study on proposed goods and services tax [gst] framework in india, www.simpletaxindia.org at p.4

7. The Associated Chambers of Commerce and Industry of India (ASSOCHAM), GST for Accelerated Economics Growth & Competitiveness, New Delhi, June 29, 2009 at p.7.

RESEARCH METHODOLOGY

The methodology followed has been both Empirical research and Non-Empirical/Doctrinal. The empirical research was carried out among lawyers, chartered accountants, businessmen and revenue department.

Contents of the Questionnaire:

- ❖ Define GST and Dual GST
- ❖ What kind of business shall be effected by GST
- ❖ What shall be the effect of GST on prices of the goods
- ❖ What are the benefits of GST
- ❖ What are the flaws in the present system
- ❖ What problems may crop up in implementation of GST

RESULTS/FINDINGS AND DISCUSSION

Proposed Structure of GST in India

GST model provides seamless input tax credit across the entire supply chain and across the country is an ideal tax structure to improve competitiveness⁸. While this is the very foundation of a GST, the picture becomes a bit hazy in India's quasi-federal structure. There are three options between the Centre and States to levy GST. One, the centre can have full powers to levy and collect the tax and then distribute it to states in accordance with a predefined formula. Two, a dual levy, one at the Central level and another at the State level on a common base. Three, both the Centre and State having the right to tax goods.

PRIMARY OBJECTIVES OF GST

Some of the primary objectives of the GST based taxation are⁹:

1. Ensuring availability of input credit across the value chain.
2. Minimising cascading effects of taxation.
3. Simplification of tax administration and compliance.
4. Harmonisation of tax base, laws and administration procedure across the country.
5. Minimising tax rates slabs to avoid classification issues.
6. Prevention of unhealthy competition among states.

7. Increasing the tax base and raising compliance.
8. Minimum Floor rates of tax, generally not exceeding two rates.
9. Zero rating of exports and interstate sales of goods and supply of services.
10. Taxing of capital Goods and Inputs whether goods or services relatable to manufacture at lower rate, so as to reduce inventory carrying cost and cost of production.
11. A common law and procedure throughout the country under one single administration.

INDIA'S CURRENT MODEL

India currently has a mixed system of taxation of goods and services; it is not "classic" VAT or GST system although the taxes on goods are described as "VAT" at both Central and State level on goods and it has adopted value added tax principle with input tax credit mechanism for taxation of goods and services. Similarly, there was no union level tax on services till introduction of Service Tax in 1994 although, there was and there continues selective levy by States of Service Tax on specified services like entertainment tax, electricity duty¹⁰

There is a fair degree of consensus in India so far as system is concerned; we have adopted and are moving towards consolidation of goods and services tax under destination based multi point system of taxation.

Few other issues remain to be addressed like whether stamp duty should also become part of GST, which are other taxes being levied by each of the states and to determine whether they should become part of GST or remain out of it. However, to the extent, stamp duties are imposed on agreements involving sale of goods and/or provision of services (e.g. agreement for works contract in the State of Maharashtra), the same ought to be removed. Similar other issue relates to octroi duty which is currently levied by various municipalities and, in some cases, by states on entry of goods in the local area for use, consumption or sale therein. This also ought to be merged with GST and a mechanism to transfer resources to local authorities from out of the total revenues of the states needs to be worked out.

8. Chatterjee, Timir B., *First Discussion Paper On Goods and Services Tax In India*, Book Corporation, 2009, p.35

9. Anuj Arora, ACS, *The Next Big Reform – GST*, The Charter Secretary May 2010

10. An announcement was made by Shri P. Chidambaram, Union Finance Minister in the Central Budget (2007-2008) to the effect that GST would be introduced from April 1, 2010 and that the Empowered Committee of State Finance Ministers, would work with the Central Government to prepare a roadmap for introduction of GST in India. After this announcement, the Empowered Committee of State Finance Ministers decided to set up a Joint Working Group (May 10, 2007). This Joint Working Group, after intensive internal discussions as well as interaction with experts and representatives of Chambers of Commerce and Industry, submitted its report to the Empowered Committee (November 19, 2007).

This report was then discussed in detail in the meeting of Empowered Committee (November 28, 2007) and was sent to the Government of India (April 30, 2008). The comments of the Government of India were received on December 12, 2008 and were duly considered by the Empowered Committee (December 16, 2008). An important interaction took place between Shri Pranab Mukherjee, the Union Finance Minister and the Empowered Committee on October 19, 2009. This detailed view of the Empowered Committee on the structure of GST is the First Discussion Paper, released on Nov 10 2009

There are three alternatives in this context¹¹:

- ❖ GST at Union Government Level only (Alternative I)
- ❖ GST at State Government Level only (Alternative II)
- ❖ GST at both, Union and State Government Levels (Alternative III)

In Indian context, an additional dimension is added by the provisions of Constitution which specifically reserve power to impose tax on specific activities to specific level of government e.g. tax on import of goods can be imposed by Union government only whereas tax on sale of goods involving movement of goods within the state can be imposed by State Governments only.

ALTERNATIVE I: GST AT UNION LEVEL ONLY¹²

This Model envisages principal indirect taxes on goods and services to be levied by Union Government only. It is an Ideal structure from business perspective – greater stability and facilitation of decision making – also, businesses will have to deal with only one tax authority and comply with only one tax- there will be significant reduction of compliance costs. It is also excellent from consumer perspective as the consumer will know exactly how much is the indirect tax burden in the goods and service consumed by it. Cascading effect would also be removed to a large extent as there will not be taxes at two levels leading to improved competitiveness. This structure will require amendments in Constitution. States may not agree to give up power of taxation and depend on the Union for resources. Entire infrastructure developed for taxation at both levels will have to undergo huge change.

ALTERNATIVE II: GST AT STATE LEVEL ONLY

This Model envisages levy of GST by State Governments only meaning only State specific GST across the country and no GST by Union Government. Though it shall reduce cascading effect of taxes it shall be disadvantageous in many ways. Amendment(s), will be required in Constitution which may be supported by industrial and large states and opposed by smaller states which do not have significant source of revenues. Governments, both local and Union will not find it workable as it will require complete change in its finances and allocation of resources. Redistribution of taxes will become an issue.

ALTERNATIVE III: GST AT BOTH LEVELS

This model envisages GST at two levels operating parallelly – one, at Union Level and another at State Level.

No significant change required in the current structure of indirect taxation although, some amendments may be required to the Constitution. This shall lead to partial removal of cascading effect of taxes and compliance costs may not reduce significantly.

In India, a dual GST is being proposed wherein a central goods and services tax (CGST) and a state goods and services tax (SGST) will be levied on the taxable value of a transaction. The implementation of the dual GST structure in India is the most practical decision. Dual GST is required in India because India is a federal country where both Centre and the States have been assigned the powers to levy and collect taxes through appropriate legislation.

In this model the Central GST and State GST will operate in a parallel fashion. Importantly, there will be no distinction between goods and services for the purpose of the tax with a common legislation applicable to both. It is expected that the proposed concurrent dual GST system would preserve and protect the fiscal powers and at the same time rationalize the indirect tax structure by subsuming a plethora of central and local taxes into a consolidated levy. So on one invoice there will be two taxes – a central tax and the state tax. Both will be levied on identical values. So if a person is buying something for Rs 100 and suppose the central tax rate is say 6% and the state tax rate is 7% – there will be a tax of Rs 6 at the center level and tax of Rs 7 at the state level – and will have to pay tax of 13% in total. So even though there are two calculations it is really one tax of 13% in one sense.

CHALLENGES IN INTRODUCTION AND IMPLEMENTATION OF GST

The need for the introduction of GST in our country was being felt for quite some time. The reasons behind this are numerous. To understand these reasons, and the need for GST, we first need to know about the prevailing system of indirect taxes in our country, and the shortcomings thereof. Only then would we be able to analyze the justifications behind this reform in our indirect tax system.

The existing tax system introduces innumerable distortions resulting in inefficient resource allocation and adversely impacting GDP growth. It also provides an incentive to firms to engage in political lobbying for exemptions and favourable modifications in the tax schedule¹³. In 2004, analysing the structure of the prevailing indirect tax system both at the Central and State level, the Task Force on Implementation of the Fiscal Responsibility and Budget

11. Rastogi, Abhishek A., *Guide to Goods and Services Tax*, Taxmann, 2010, p.58.

12. Gupta, Arun K., *Understanding Goods and Services Tax*, Commercial's, 2010, p.268

13. *Report of the Task Force on Goods and Service Tax, Thirteenth Finance Commission* The Thirteenth Finance Commission has submitted its report to President in December 2009. The report was submitted by the Chairman of Commission Dr. Vijay Kelkar. The main task of the Finance Commission is to make recommendations on sharing tax revenues between centre and states. The commission has made recommendations for the fiscal consolidation for a five year period from 2010 to 2015. The report additionally calls for climate linked fiscal incentive to states, calls for enhanced royalty for mineral resources of states and suggests framework for output at the state level. Broadly speaking, the report maintains the centre-state share of net tax proceed

Management Act, 2003 observed that “high import tariffs, excises and turnover tax on domestic goods and services have enormous cascading effects, leading to a distorted structure of production, consumption and exports.

THE CURRENT SYSTEM AND ITS SHORT COMINGS

The principal broad-based consumption taxes that the GST would replace are the CENVAT and the Service Tax levied by the Centre and the VAT levied by the states.

The present taxation system is fraught with various anomalies, disparities and variations in terms of rate of taxes and even the definitions of a product or services varies from state to state, the charging sections are not uniform and even no uniformity is maintained in procedure and documentation. Tax compliance has become expensive and difficult for an honest tax payer because of multiple levels of taxes and services. Too many tax levies create distortions, difficulties in administering too many rates and leads to discretion and contribute to complexities. Absence of accountability on the part of tax administration is another factor, which is lacking too much in present taxation system¹⁴.

The principal deficiencies¹⁵ of the current system, which need to be the primary focus of the next level of reforms, are discussed below:

A. TAXATION AT MANUFACTURING LEVEL

The CENVAT is levied on goods manufactured or produced in India. This gives rise to a definitional issue as to what constitutes manufacturing, and valuation issues for determining the value on which the tax is to be levied. While these concepts have evolved through judicial rulings, it is recognized that limiting the tax to the point of manufacturing is a severe impediment to an efficient and neutral application of tax.

B. EXCLUSION OF SERVICES

The States are precluded from taxing services. This arrangement has posed difficulties in taxation of goods supplied as part of a composite works contract involving a supply of both goods and services, and under leasing contracts, which entail a transfer of the right to use goods without any transfer of their ownership. While these problems have been addressed by amending the Constitution to bring such transactions within the ambit of the State taxation¹⁶ (by deeming a tax on them to be a tax on the sale or purchase of goods), services per se remain outside the scope of state taxation powers.

C. TAX CASCADING

In Indian tax regime with taxation of inputs, input tax got integrated into the cost of production and hence into the price of the output that was again subjected to tax. This levying of tax-on-tax is known as tax cascading, which increased cost of production at each subsequent stage of production, involving intermediary industrial inputs. Tax cascading remains the most serious flaw of the current system. It increases the cost of production and puts Indian suppliers at a competitive disadvantage in the international markets. It creates a bias in favor of imports, which do not bear the hidden burden of taxes on production inputs.

D. COMPLEXITY

In spite of the improvements made in the tax design and administration over the past few years, the systems at both central and state levels remain complex. Their administration leaves a lot to be desired. They are subject to disputes and court challenges, and the process for resolution of disputes is slow and expensive. At the same time, the systems suffer from substantial compliance gaps. The most significant cause of complexity is, of course, policy related and is due to the existence of exemptions and multiple rates, and the irrational structure of the levies

E. INEFFICIENCIES IN SERVICE TAX LEGISLATION

The introduction of the Service Tax has been a mixed blessing. While it has broadened the tax base, its structure is complex. The tax is levied on specified services, classified into more than a hundred different categories. This approach has spawned many disputes about the scope of each category. Even if there is considerable litigation on the issue, more and more services are being covered by each budget in its ambit. Also, there is no standardized nomenclature for services, such as the HSN for goods. As the government is planning to introduce GST which would include Service tax also, the framework needs to be easy so as to reduce scope of litigation as against the present regime where even if we have import and export of service rules, and valuation rules, there is always confusion prevailing among the tax-payers and the department.

BENEFITS OF GOODS AND SERVICES TAX

- ❖ GST would widen the tax base;
- ❖ The rates would be few and lower in comparison to the existing ones;
- ❖ GST would enhance equity in the indirect tax systems;

14. CKhandelwal Praveen, *Goods & Services Tax (GST) In India Trade – A Note*, Confederation of All India Traders accessed from . gstindia.biz/gst_in_news

15. Poddar, Satya and Ehtisham Ahmad, *GST Reforms and Intergovernmental Considerations in India*, Working Paper No. 1/2009-DEA at p. 4

16. *The Constitution (46th Amendment) Bill 1982 amended Article 366 (29A) of the Constitution*

- ❖ There would be a shift to non-discretionary consumption tax;
- ❖ The cascading effect of taxes like excise, purchase/turnover taxes, service tax etc. would be eliminated;
- ❖ GST would eliminate multiplicity of taxes, rates, exemptions and exceptions. The problem of double taxation was addressed by the Supreme Court of India in the landmark decision of *Bharat Sanchar Nigam Ltd. v. Union of India*¹⁷. The Supreme Court had held that the same activity cannot be regarded as both goods and services and hence both service tax and VAT should not be applicable on the same set of transaction.
- ❖ GST would achieve, uniformity of taxes across the territory, regardless of place of manufacture or distribution.
- ❖ GST would provide greater certainty and transparency of taxes and would further ensure tax compliance across the economy.
- ❖ The GST scheme after implementation would lead to increase in tax revenues bring buoyancy in taxes and ultimately help to increase GDP growth¹⁸.
- ❖ It would provide World class tax system. The World Trade Organization (WTO) has also expressed that GST is the way to go.¹⁸
- ❖ There would be Tax Harmonization and its presence ensures a suitable framework for efficient exercise of taxation powers by both Centre and State. All jurisdictions would be worse off without harmonization and accordingly it should not be viewed as constraining the fiscal autonomy of the Centre or the States. The Central Sales Tax Act, which is presently prevalent in India, provides a very useful model for tax harmonization.

THE VARIOUS CHALLENGES FOR THE INTRODUCTION AND IMPLEMENTATION OF GST

A transition into any new tax regime is usually fraught with several challenges and issues. While some of these are one time-short term issues, some others are long term and recurring and could have a lasting impact on the business. With GST in the anvil, it would be prudent for the industry

to identify and understand some of these potential issues.

1. Political Scenario a hurdle

Constitutional amendment is necessary for implementation of both unified and dual models of GST. Under the present political scenario two-third majority may not be possible for the Central Government to get this constitution amended²⁰. Few State Governments have recently indicated their opposition to the implementation of GST at the present juncture²¹.

2. Administrative Issues

GST requires one single administrative structure to be implemented. However, this would not be an aloof endeavour from Centre but would require equal participation from State as well. However, a difference in the existing infrastructure can cause a problem. While States like Delhi, Kerala, West Bengal, Maharashtra are tech savvy and have their online administrative system in place, there are States like Rajasthan, Madhya Pradesh, Assam etc. which still have to build their electronic infrastructure. This disparity may cause discomfort and problem in uniform implementation of GST²². Another contentious issue that is bound to crop up in this regard is the manner of sharing of resources between the Centre and the states and among the states as also the basis of their devolution. Taking away the powers of taxation of goods by the States will not be favoured by them. Apart from all these, there has to be robust and integrated machinery dedicated to the task of tracking flow of goods and services across the country and rendering accurate accounting of levies associated with such flow of goods and services.²³ There are strong disagreements between states and centre on how the proceeds from GST should be shared. States have already told the Finance that they would require a higher percentage of Central shares of taxes²⁴.

3. Acceptability and Adaptability

A change in law is not a moment's activity. It brings about certain sudden, mid-term and long-term implications. Considering our political system and the experience we had while implementing VAT, we can not expect that GST to be implemented without much hue and cry. Quite frequently ignorance leads to opposition because of "fear of unknown". Education of various stake holders viz., Industry, Trade community, Service Providers and ultimate consumers

17. 2006 (3) SCC 1

18. *Supra* 8

19. Gasiorek, Michael et al, *Qualitative Analysis of a Potential Free Trade Agreement between the European Union and India – Main Report*, Centre for the Analysis of Regional Integration at Sussex, p.65 www.cuts-citee.org/pdf/EU-IndiaStudyAnnex2May01.pdf

20. *The Economic Times*, July 1, 2009

21. *The Economic Times*, June 12, 2009

22. Gourav Gupta, Advocate, *GST – Journey from present taxes to future tax*, *Goods and Services Tax Cases, Volume 1 Part 2*

23. C.M. Bacjjawat, C.A., *GST: Tax Compliance and Level Playing Field*, *The Chartered Accountant*, Volume 57 May, 2009

24. www.moneycontrol.com

seems to be an difficult task

3. Drafting the Legislation

Considerable time would be required for drafting the laws, releasing these to the public with a discussion paper for examination and comments and then introducing the final draft of Bill in Parliament after incorporating the changes suggested for being passed. This, if done in a proper and democratic way would be a time consuming exercise.

ANALYSIS OF EMPIRICAL RESEARCH

The survey was conducted through questionnaire, which contained questions primarily revolving around the rates and structures, impact on prices, benefits and the readiness of the respondents for the new tax. **Respondents were** LAWYERS (10) CHARTERED ACCOUNTANTS(10) BUSINESSMEN(5) GOVERNMENT OFFICIALS (5)

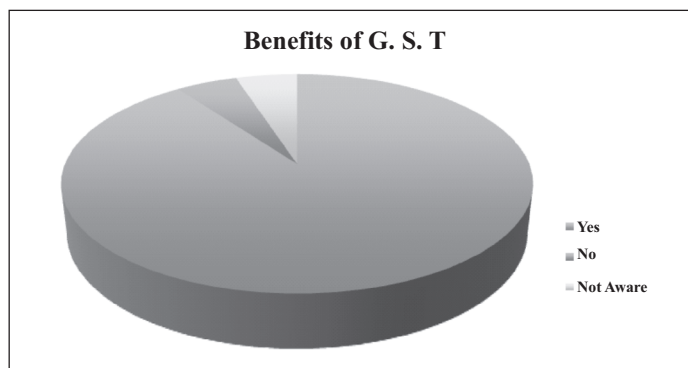


Figure I

90% of the respondents are of opinion that G.S.T would be beneficial. Some of the benefits as stated by respondents are: -

- ❖ Tax would be charged at point of sale
- ❖ Would reduce tax burden
- ❖ Simplify tax compliances
- ❖ Reduction in transactional costs
- ❖ Elimination of cascading effect
- ❖ Uniform tax rate

5% of the respondents are of opinion that G.S.T. would not benefit and things would remain same.5% of the respondents are not aware.

90% of the respondents are of opinion that present system of taxation is full of flaws. The commonly identified flaws in present taxation system are: -

- ❖ Different rates of tax
- ❖ Multiple taxes
- ❖ Cascading effect
- ❖ High cost of compliance

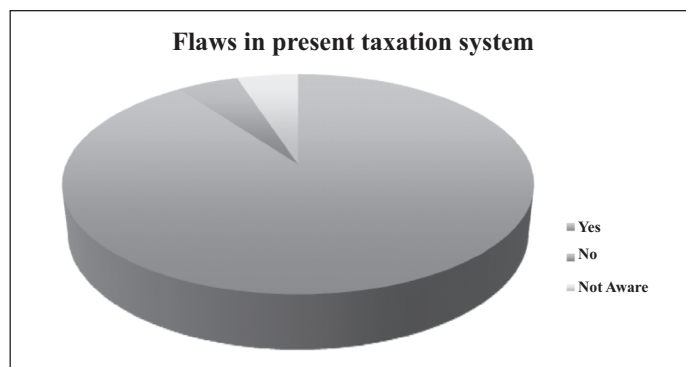


Figure II

- ❖ Complex system with multiple classification, taxable events and exemptions

5% of the respondents are of opinion that present system of taxation has no flaws and is suitable to businesses.5% of the respondents are not aware of flaws in present taxation system.

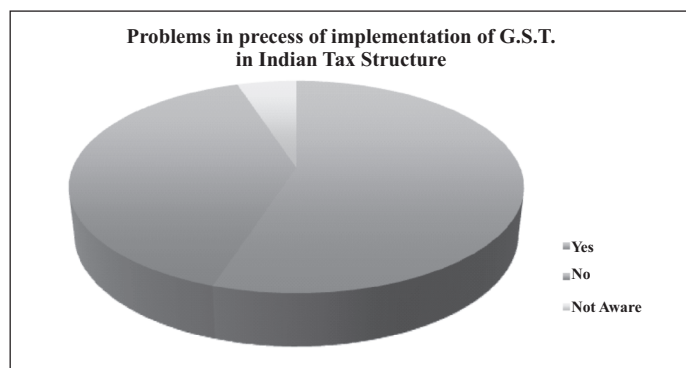


Figure III

55% of the respondents are of opinion that many problems will crop up in process of implementation of G.S.T. in Indian Tax Structure. Respondents have sited different reasons. Some of the reasons are: -

- ❖ Merging all Indirect Taxes
- ❖ Mechanism for taking Input Tax Credit
- ❖ Consensus of political parties
- ❖ Conflicts between State and Centre

40% of the respondents are of opinion that G.S.T. would be successfully implemented in Indian Tax Structure with consensus between Centre and State.5% of the respondents are not aware and cannot comment whether it would be successfully implemented or not in Indian Tax Structure.

80% of the respondents are of opinion that G.S.T. is the best alternate to the present tax structure.10% of the respondents are of opinion that present taxation system can be made suitable by making various changes and does not feel that a new alternate tax structure is required.10% of the respondents are not aware of any alternate structure.

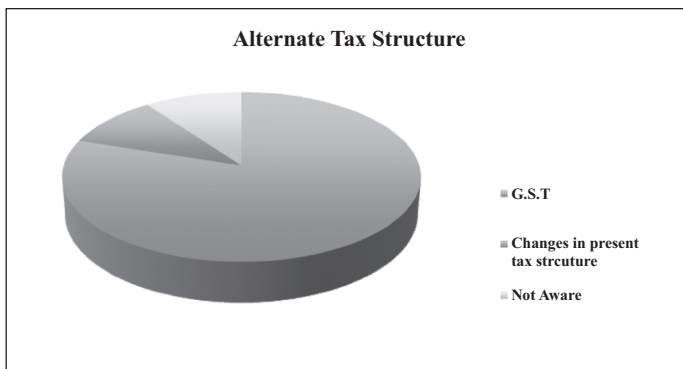


Figure IV

Hence, the first hypothesis is proved right that GST is the best possible alternate structure for indirect taxation in India and the second hypothesis is proved wrong that GST would be successfully implemented in India.

CONCLUSION AND SUGGESTIONS

At present, we are facing some obstacles in the introduction of this system in our economy. The biggest obstacle that is being faced is regarding the sharing of revenue between the Centre and the States. Over the past few months, there has been a series of confrontations between the two parties over the issue. Neither is ready to compromise.

The main hurdle is the lack of unanimity among states on what taxes should be subsumed in GST and what should be left out. Many states are vehemently opposing the inclusion of some state-level taxes-sales tax, purchase tax, entertainment tax, electricity tax, and octroi tax-in GST. The sales tax is collected directly by a normal shop and deposited in the treasury. The purchase tax is collected by a purchaser and then deposited in the treasury like when the Food Corporation of India procures food grains from farmers. They are essentially same, except that the agent is different.

States like Punjab and Haryana, which get a lot of revenues from the purchase tax, say they will lose revenue heavily if this tax is subsumed in the GST. There is a similar problem with octroi, which at the moment is levied only in Maharashtra with all other states having abolished it. Maharashtra, which is strongly resisting the inclusion of octroi in GST, argues that it would not be possible for Mumbai to function without this revenue input. The states are also looking for compensation for a phased reduction of CST for the previous fiscal. There are also sharp differences over the model of GST with states divided between a dual and a single GST. Another obstacle is regarding the constitutional arrangement. Before implementing the GST scheme, a number of constitutional amendments are required to be made. The rollout of GST cannot take place without constitutional amendments, which are pending. In a

GST regime the Centre should have the power to levy taxes beyond the manufacturing state, and the states should be empowered to levy taxes on services. To enable that, there is a need to amend the Constitution, and two-thirds of the states have to endorse that amendment.

The success of the GST largely depends upon IT infrastructure available for collection, compilation and exchange of data at the shortest possible time. For this, an initiative at the Central Government level needs to be taken in order to put in place a strong IT infrastructure. For instance, in Jammu and Kashmir and Himachal Pradesh, even transactions relating to VAT have been handled manually. The obstacles that are there are more political than economic. And in the interest of the country's economic growth, hopefully, all stakeholders would have a convergence of views in the days to come. Introduction of GST would place our indirect tax regime in uniformity with other systems all over the world.

SUGGESTIONS

It is suggested that there should be a common tax base for both Centre and the States. The threshold for goods and services should be common between Centre and State on one hand and between goods and services on the other. There should be a uniform threshold for goods and services for both SGST and CGST. Another important suggestion is that there should be a uniform registration system throughout the country and this registration system should enable easy linkage with Income Tax database through use of PAN number. There should be a single rate of SGST both for goods and services. Also, there should be one CGST rate both for goods as well as services. Having different rates for goods and services would imply that the distinction between goods and services should continue, which is totally against the very principle of GST.

The introduction and the effective implementation of GST would mean that the cascading nature of our indirect tax regime would no more be there. It would make India well equipped to compete with the world economy on a level playing field. It is extremely important that the GST regime is introduced in India at the earliest. The April 1, 2011 deadline has passed. The complexities in the existing tax regime in India certainly call for a change in the scheme. And under the present circumstances, the suggested dual structure may just work out well to both suit the Indian conditions, and overcome the existing complexities and difficulties.

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APPENDIX

Questionnaire regarding awareness about Goods and Service Tax (G.S.T)

1. Name :
2. Profession :
3. Organization/Designation :
4. Define as per knowledge :
 - (a) G.S.T
 - (b) Dual G.S.T
5. What kind of business shall be effected by G.S.T ?
6. In your opinion what are the flaws in the present system ?
7. What are the basic differences between present tax structure and G.S.T ?
8. What shall be the effect of G.S.T on prices of goods ? (Give reasons)
9. What are the benefits of G.S.T/Dual G.S.T ?
10. What problems may crop up in the process of implementation of GST in Indian Tax Structure ?
11. Any alternate tax structure that you can suggest with your good knowledge ?