GOODS AND SERVICE TAX A MILESTONE IN INDIAN HISTORY OF TAXATION

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Abstract

Republic of India, being one of the biggest democracy made the whole world to turn back and admire the roll out of Good and Service Tax 2017 in the History of Indian Taxation enacted by Shri. Narendra Modi Government, in the Parliament on 67th year of India. This Act may be called the Constitution 101st Act 2016. The federal structure of the country provides a relatively powerful government at the centre accompanies 29 state governments and 7 Union Territories. All of them require finance to govern the country as per Union List , State List and Concurrent list. Indirect tax is one of the major sources of revenue. India has been experimenting changes with the tax structure since independence. After introduction of Value Added Tax VAT from 2005, the country has experimented ever with another milestone by implementing Goods and Service Tax from July1st 2017 for this Nation. This paper explore the pros and cons related to the introduction of GST in India by taking into consideration the outcome of all GST council meetings

Introduction

The Constitution has proposed to amend in introducing the goods and service tax for conferring concurrent taxing powers on the Union as well as the States including Union Territory with Legislature to make laws for levying goods and services tax on every transaction of supply of goods or services or both. The Goods and Service Tax shall replace a number of Indirect Taxes being levied by the Union and the State Governments and is intended to remove cascading effect of taxes and provide for common national market for goods and services. The Central and State Goods and Services Tax will be levied on all the transactions involving supply of goods and services, except those which are kept out of the purview of the goods and services tax.

Reforming the tax system is an important for achieving fiscal consolidation, creating stability in the Indian Economy and minimizing distortions in the economy as whole. The rhythm of tax reforms across the world has begun in mid 80s and shown inclination up in 1990s due to numerous factors. Many countries tax regime is to correct the fiscal imbalances. As whole, in nutshell it is because of Liberalisation, Privation and Globalisation (LPG). Globalisation implicates the need to minimize both efficiency and cost involved in the tax system.

When, Value Added Tax (VAT) at the central and State level has been considered to be a major step, in perspective of Indirect Tax reforms in India the same Goods and Service Tax (GST) will indeed a momentous step up towards Indirect Tax Regime for Republic India.

History of Tax Reforms in Republic India

Prior to the liberalization of Economy, India's tax regime suffered numerous problems. The History of Taxation system in India underwent a dramatic situation because of unorganised factors. These problems name few which were in vogue in 1960s and 1970s:

- There was a high degree of progressiveness (rich needed to pay exorbitant taxes). On the other hand, tax collection efficiency was very low (rich were smart enough to evade tax)
- There was large number of exemptions, which eroded narrow tax base in the country.
- In terms of corporation tax, there were numerous discriminations between different kinds of the companies that discouraged the investments. Double taxation of dividends was also common in those days.
- In terms of Indirect taxes, the high rates of custom / excise duties were prevalent. There was no VAT; there was no service sector within the purview of tax.

The efforts to reorganization India's tax system began in mid 1980s when the government announced a **Long Term Fiscal Policy, 1985**. This policy documented that the fiscal site of the country is going downhill and there was a need to make changes in the taxation system. During that decade, a practical group set up to review and rationalize the central excise duties and this led to foreword happening of Modified System of Value-Added Tax (MODVAT) being introduced in 1986. To trim down the custom duties, the harmonized system (HS) of the categorization of goods was introduced. The following reforms were tuned under the various expert committee for improvement of Tax regime in India. The following as follows:-

A. Raja Chelliah Committee
B. Vijay Kelkar Committee
- Administration of Direct Tax
- Personal income tax
- Corporation Tax
- Wealth Tax

C. Key Direct Tax Reforms
- Tax Information Network (TIN)
- Online Tax Accounting System (OLTAS)
- Other Initiatives in Direct Taxation
- Sevottam: Efficient grievance redressal
- Faster refunds

D. Indirect Tax Reforms
- Reduction In Custom Duties
- Central Excise
- Service Tax
- Goods And Services Tax

A. Raja Chelliah Committee

The then Government appointed a Tax Reform Committee under the head of **Prof Raja Chelliah** to lay out agenda for reforming India's tax system. This committee came up with three reports in 1991, 1992 and 1993 with several measures and points

1. Reforming the personal taxation system by reducing the marginal tax rates.
2. Decrease in the corporate tax rates.
3. Dropping the cost of imported inputs.
4. Lowering the customs duties.
5. Reduction in Customs tariff rates and its rationalization.
6. Simplifying the excise duties and its incorporation with a Value-Added Tax (VAT) system.
7. Bringing the services sector in the tax net within a VAT system.
8. Expansion of the tax base.
9. Building a tax information and computerization.
10. Improving the excellence of tax administration.

The tax reforms that began with the Chelliah Committee recommendations are still going on. Later on, government appointed the Vijay Kelkar Committee in 2002 which further provided direction to the tax reforms in the country.

B. Vijay Kelkar Committee

The latest Impetus to direct tax reforms in India came with the recommendations of the Task Force on Direct & Indirect Taxes under the chairmanship of Vijay Kelkar in 2002. The main recommendations of this task force related to the direct taxes related to increasing the income tax exemption limit, rationalization of exemptions, abolition of long term capital gains tax, abolition of wealth tax etc. Its key recommendations were as follows:

a) Administration of Direct Tax
- The taxpayer services should be extended both in quality and quantity wise , further the taxpayers should get easy access through internet and email.
- PAN (Permanent Account Number) should be expanded and it should cover all citizens.
- Block assessment of search and seizure cases should be abolished.
- To clear the backlog, the department should outsource the data entry work.
- All returns and issue of refunds should be completed in a four month period. Dispatch of refunds should be outsourced.
- Government should establish a Tax Information Network to modernize, simplify and rationalize tax collection, particular TDS and TCS.
- Abolish the requirement of Tax Clearance Certificate on leaving the country.
- Empower CBDT with appropriate administrative and financial powers.

b) Personal income tax
- Increase in exemption limit to Rs.1 lakh for the general categories of taxpayers and further exemption for senior citizens and widows.
- Rationalize income tax slabs, eliminate surcharge on personal income tax.
- Incentivise home loans by providing interest subsidy on home loans @2%.
- Increase deduction under Section 80CCC for contribution to pension funds.

c) Corporation Tax
- Reduce the Corporate tax to 30% for domestic companies and 35% for foreign companies.
- The listed companies should be exempted from tax on dividends and capital gains.
- Increase rate of depreciation for plant and machinery.
- Abolish Minimum Alternate Tax.

d) Wealth Tax
- Abolition of wealth tax.

The main idea of the recommendations is the removal of non-natural allowances and deductions presently

available under the various sections. With this, the committee envisages that the effective rate of tax will be closer to the actual rate of tax. It's view that this will reduce litigation considerably, as these allowances that give rise to a numerous of appeals.

Further, this will also reduce the cost of compliance from the corporate point of view, and the cost of collection from the tax collectors point of view. The view of the committee is that deductions and exemptions are only justified in an period of high tax rate.

The Committee has adopted two Options. First option is the complete removal of certain exemptions and deductions presently available, while the other is to remove some of these deductions in a phased manner over a period of three year. The Applicable changes in an option II as compared to option I are as follows:

- The deduction under Sections 10A and 10B to be reduced to 60 per cent in the year 2003-04, 30 per cent in the year 2004-05 and NIL in the year 2005-06.
- The deduction under Sections 80IA and 80IB to the extent suggested for removal to be reduced to two-third of the income in the year 2003-04, one-third in the year 2004-05, and NIL in the year 2005-06.

The subsequent further stage off suggested under the second option:

- The dividend tax to be paid by the company on distribution is 15 per cent in the year 2003-04, 7.5 per cent in 2004-05 and NIL in 2005-06.
- The rate of tax on corporate is to be reduced to 34 per cent for domestic companies and 38.5 per cent for foreign companies for the year 2003-04, 32 per cent for domestic companies and 37 per cent for foreign companies for the year 2004-05. For the year 2005-06, the rate of tax on corporate is to be abridged to 30 per cent for domestic companies, and 35 per cent for foreign companies.

The above recommendations were made 13 years ago. Today, we see that many of them have been implemented. The DTC and GST have been so far biggest reforms initiated by the Government in direct and indirect tax regime respectively. However, DTC has never arrived and government does not seem to go seriously after it because most of its provisions are already incorporated in the Income Tax Act whereas now GST has come into force from July 1st, 2017.

Recent Reforms in Tax System

The Recent reforms are, in fact a persistence of the reforms initiated in 1991. In this sense, tax reform in India has been steady and although not always reliable from year to year, the overall route has been to widen the tax bases, reduce the rates, reduce rate discrimination and make the tax simple and transparent.

The Important initiative in term of reform is that, the case of the states is the substitute of the cascading type sales tax with the state level VAT. With significant progress has been made in converting central excise duties into a manufacturing stage VAT, the reform in the states sales tax systems has lagged at the back. This is critical for minimising distortions, for they contribute over 65% of the sales tax revenues and to develop a synchronized consumption tax system in the country. A systematic discussion on coordinated consumption tax system

Towards a New Direct Tax System

Indian tax revamp has been flagged off in the year 2017. The Narendra Modi government has appointed a committee headed under the chairmanship of Arbind Modi to review the Income Tax Act of 1961. Arbind Modi is a good choice to head the committee that will take a fresh gaze at the direct tax system. He was one of the brainpower behind the Direct Tax Code prepared in 2009 unfortunately, did not construct it to Parliament. Some of the principles that were proposed to be entrenched in that document need to be reiterated.

All direct taxes were to be brought under a single code with combined compliance procedures. The code was drafted in simple language to minimize ambiguities; every subsection was a short sentence to convey a single point. The code aimed at flexibility by keeping only general tax principles in the law, while details were found in the income-tax rules.

A new direct tax system can serve two very important political economy functions. First, it is no secret that too few Indians pay direct taxes. There is only one Indian filing annual tax returns for every 16 voters, and the fact that millions of voters do not earn income because of their age or gender. Secondly, the incapability to grow the direct tax base rapidly enough—and this is what a cleaner direct tax system can achieve, that the Indian state has to depend a lot on indirect taxes, which are fundamentally regressive. It becomes true even in the case of a value-added tax such as the GST. A clean direct tax code will help achieve. The three key goals of Direct Tax Code will be.

1. It will help the Indian economy more competitive through tax stability, minimal exemptions and the focus on allocation efficiency.
2. Second, it could increase the number of people paying income taxes.

3. Third, elevated direct tax collections could lower the tax burden on the poor, thereby creating financial space for a lessening in GST rates.

Composition of Direct Tax Reforms - Information Network

A. Tax Information Network (TIN)

On behalf of the Income Tax Department, the National Securities Depository Limited (NSDL) established Tax Information Network (TIN). This is a source of the countrywide tax related data. The basic idea behind establishing TIN was to modernise collection, processing, monitoring and accounting of direct taxes using information technology. TIN has three subsystems viz. ERACS, OLTAS and CPLGS.

a. Electronic Return Acceptance and Consolidation System (ERACS)

ERACS consists of a system for interface with the taxpayers and an internet supported system for upload of electronic returns of Tax Deduction at Source (TDS) and Tax Collection at Source (TCS) and Annual Information Return (AIR) to the central system of TIN.

b. Online Tax Accounting System (OLTAS)

OLTAS was introduced in the year on June 1, 2004. A new System relating to payment of taxes called OLTAS. It includes single copy challan instead of the four copy challan. Every Challan will have a unique Identification number called CIN (Challan Identification Number). It enables online transmission of details of tax payment by the banks to the Income Tax Department.

c. Central PAN Ledger Generation System (CPLGS)

It is the central system that merges the details of TDS/TCS and advance tax into the PAN.

d. e-TDS & e-TCS

Tax Deduction at Source refers, payments made by organizations or individuals to third parties attract TDS or tax deducted at source and this tax should be deposited to authorized tax collection agencies. The TIN NSDLP put effort of such entities, providing them an online platform to upload their returns. Similarly, entities can also upload their TCS returns online. Since 2004–2005, it has been made mandatory to file TDS returns electronically

B. Other Initiatives in Direct Taxation

i. eSahyog : Paperless Assessments

Esahyog introduced on 27th October 2015. The e-Sahyog is aimed at reducing compliance cost, especially for small taxpayers. It is to provide an online mechanism to resolve mismatches in I-T returns of taxpayers whose returns have not been selected for scrutiny, without visiting the I-T Office. E-Sahyog pilot project furthers CBDT's commitment to work in an e-environment and reduces the need for the taxpayer to physically appear before tax authorities. Pilot projects in this direction have been launched in Mumbai, Delhi, Chennai, Bengaluru and Ahmedabad.

ii. Sevottam: Efficient grievance redressal

To bring new life to the sluggish grievance redressal system, the department is using 'Sevottam' platform that connects all income tax offices in the country. The idea is to address the queries and grievances in real time.

iii. Faster refunds

The IT department is working towards processing and sending tax refunds within 10 working days. The initiative to verify Income Tax Return (ITR) by Aadhaar or bank database has been taken.

iv. Pre-filled ITR forms

Despite of online forms, many people still use offline downloaded forms for tax purpose. The Department is now taking an initiative to offer pre-filled forms which automatically populated with user / taxpayer data and are downloaded with most information filled already.

v. PAN camps

Pan Camps been introduced on 27th October 2015. The main theme to increase coverage of the PAN, the government has been conducting PAN camps across India. There is also a proposals to launch Income Tax Business Application-Permanent Account Number (ITBA-PAN) portal, through which anyone can apply for PAN online and get it within 48 hours. The PAN camps are aimed at expanding the coverage of number of people through Permanent Account Number (PAN). While 23 crore PAN card have been issued, only 5 crore people file income tax returns.

According to Hon'ble Finance Minister Arun Jaitley Budget Speech on Feb 1, 2018, the growth rate in the Direct Tax registered in the year 2017-18 was 12.6%. The tax payer base has risen from Rs. 6.47 crore in 2014-15 to Rs. 8.27 crore in 2016-17. Tax returns increased by 41% this year.

Direct Tax Collections for F.Y. 2017-2018 show Growth of 18.7% up to 15th January, 2018. The provisional figures of Direct Tax collections up to 15th January, 2018 show that net collections are at Rs. 6.89 lakh crore which is 18.7% higher than the net collections for the corresponding period of last year. The net Direct Tax collections represent 70.3% of the total Budget Estimates of Direct Taxes for F.Y. 2017-18 (Rs. 9.8 lakh crore). Gross collections (before adjusting for refunds) have increased by 13.5% to Rs. 8.11 lakh crore during April, 2017 to 15th January, 2018. Refunds amounting to Rs.1.22 lakh crore have been issued during April, 2017 to 15th January, 2018. (Sources Income Tax Department dt. 17th January 2018)

State Wise Filing Counts For Current Financial Year (As January 2018)		
S. No.	State / UTs	Count
	Total	**4,60,35,179**
1	Maharashtra	77,87,708
2	Gujarat	43,64,490
3	Uttar Pradesh	40,07,594
4	Tamilnadu	29,48,501
5	Karnataka	29,03,632
6	West Bengal	28,20,947
7	Rajasthan	28,09,230
8	Delhi	27,20,686
9	Punjab	21,28,359
10	Haryana	17,64,683
11	Madhya Pradesh	16,64,808
12	Andhra Pradesh	15,98,575
13	Telangana	15,69,793
14	Kerala	13,02,528
15	Bihar	10,82,262
16	Orissa	7,65,863
17	Jharkhand	7,59,692
18	Uttaranchal	5,60,237
19	Chhatisgarh	5,36,048
20	Assam	4,69,461
21	Himachal Pradesh	4,06,703
22	Jammu & Kashmir	3,40,868
23	Chandigarh	2,23,918
24	Goa	1,74,514
25	Pondicherry	69,160
26	Tripura	53,317
27	State Outside India	35,561
28	Manipur	31,524
29	Meghalaya	27,720
30	Dadra & Nagar Haveli	23,442
31	Andaman And Nicobar Islands	21,432
32	Arunachal Pradesh	16,153
33	Daman & Diu	14,925
34	Nagaland	13,538
35	Sikkim	12,071
36	Mizoram	2,679
37	Lakshadweep	2,557

(Sources: Income Tax Department, Government of India)

Indirect Tax Reforms

The Indirect Taxation Enquiry Committee which is popularly known as L.K. Jha Committee defined Value Added Tax as "Value Added Tax (VAT) in its comprehensive form is a tax on all goods and services (except export and government services), its special characteristics being that it falls on the value added at each stage from the stage of production to retail stage".

For years, India has been making it best efforts to rationalise the present tax structure. Some eminent economists and experts committees have also looked to VAT as a prospective substitute of the present tax system in those days. Obviously, VAT has some attractions in India where the structure of Commodity taxation has been much too complicated and where multiple of taxation is a major evil. A Study Group appointed by FICCI has pleaded strongly for adopting VAT in place of excise duties, Sales Tax, Octroi and terminal tax.

In order to mitigate the problem of cascading, i.e., ill effects of indirect taxes, and minimise the overlap of excise duties and sales taxes, the LK Jha Committee, 1977 suggested that there ought to be lowering of excise levies on one hand and on the other restriction could be imposed on the power of the State Government to levy sales tax. Each state essentially taxes its own residence without jeopardising national priorities.

First Indirect Tax Reform occurred in India when the Modified Value Added Tax (MODVAT) was introduced for selected commodities in 1986 to replace the Central Excise Duty. It was gradually extended to all commodities through Central Value Added Tax (CENVAT). The states also followed the suit and enacted the VAT acts to replace the sales tax with Value Added Tax.

The Tax Reforms Committee (TRC) which was set up in 1991 under the chairmanship of Prof. Raja J Chelliah has come out with wide ranging measures to improve the system of both direct and indirect taxes. Many of the recommendations particularly for direct taxes and taxes on foreign trade have since been implemented. The main focus of the Tax Reform Committee was, however, on the taxes levied by the Centre. Comprehensive reform of domestic trade taxes including the taxes levied by the States as well remains to be undertaken. The TRC had felt, would not call for any constitutional change, rather the TRC proposed would only be a variant of concurrent VAT and adopted the best practice of broadening the base, lowering marginal tax rates, reduce rate differentiation, simplifying the tax structure and to administer more effectively.

The TRC has recommended numerous measures to broaden the tax structure by minimising exemptions and concession, simplification of laws, advancement in information system like computerization of tax returns and administrative measures.

Recent Reforms in Indirect Tax Reforms

When we turn back the history pages of India before and after 1991, many reforms has happened for the enrichment of this Indian Economy. These pavements made the Global economies turn back and witness as India is an Emerging Economy rather an underdeveloped Economy. The Country has witnessed quite important measures towards the development of the Economy. The tremendous inclination of economy's growth witnessed after the Liberalisation, Privatisation and Globalisation of Indian Economy in 1991 during Shri. P.V. Narasimha Rao Government and Shri. Dr. Manmohan Singh, the then Union Finance Minister of the Country. Presently 2018, India termed as the 3rd largest economy in terms of purchasing power parity and seventh largest economy in the world in terms of growth relating to Agriculture, Manufacturing and Service Sectors.

India being an emerging economy has been striving to fulfil the obligation of a Welfare State with its limited resource. The Government's Primary sources are direct and indirect taxes. Central Excise duty on the goods manufactures/produced in India and Customs Duties on imported goods constitute the two major sources of indirect taxes in India. However, revenue receipts from customs & excise has been declining due to World Trade commitments and rationalisation of commodity duties.

Service Sector has been growing phenomenally all over the world, though it may vary in degree and magnitude among the various countries. The growing importance of this sector can be gauged from the ever increasing contribution made by the service sector to GDP, thereby pushing back the contribution of traditional contributors like agriculture and manufacturing sectors. India is also not an exception to this changed phenomenon.

In present context, services are so widespread and encompass almost all activities like management, banking, insurance, hospitality, administration, communication, entertainment, travel, wholesale distribution, retailing, research and development activities, other professional services etc. This service sector is now occupying the centre stage of the economy. This service tax was first introduced in India in 1004 and today its envisaged as the tax of the future.

Genesis of Service Tax in India

In sequel to the Report of the Chelliah Committee on Tax Reforms, on these recommendations, Dr. Manmohan Singh, the then Union Finance Minister, in his Budget Speech (1994-95) introduced the new concept of tax services thereby indicating" There is no sound reason for exempting services from taxation, when goods are taxed and many countries treat goods and services alike for tax purposes. The Tax Reforms committee has also recommended imposition of tax on service as a measure for broadening the base of indirect taxes. I, therefore, propose to make a modest effort in this direction by imposing a tax on services of telephones, non-life insurance and stock brokers." Thus service tax was imposed on only 3 services initially.

The baton then passed on to successive finance ministers who widened the service tax net in their rein. With the introduction of the Finance Act 2012, India has embraced the New System of Taxation of Services by way of the introduction of negative list. Henceforth, with effect from July1 2012, there will be comprehensive taxation of the entire service Centre. Article 265 of the Constitution of India prohibits arbitrary collection of tax. It can be read out as **"No Tax shall be levied or collected except by authority of law"**

Service Tax was introduced in the year 1994 but till date; there is no independent statute for levying service tax. But, following sources provide statutory provisions relating to service tax and can be broadly grouped under these categories:

(a) Finance Act, 1994: The Statutory provisions relating to levy of service tax on services first promulgated through Chapter V of the Finance Act, 1994. It came into force from 01.07.1994 vide Section 64(1), the provisions of the Act extends to the whole of the country except the State of Jammu and Kashmir - read with Article 370 of the Constitution of India.

In the year 2004, the provisions relating to levy of "education cess" on the account of service tax were made applicable through Chapter VI of the Finance Act (No.2) Act, 2004.

The Amendments made by the Finance Act 2015, Service Tax has been increased from 12 % to 14%. The Education Cess @ 2% and Secondary and Higher Education Cess @ 1% have been subsumed in the revised rate of service tax. Thus effective rate is from the existing 12.36 (inclusive of cess) to 14%, subsuming the cesses. After the bill got enacted on 14.05.2015, Notification No.14/2015 dated 19.05.2015 has notified June 1, 2015 as the date to become effective.

Further Amendments by the Finance Act 2016, A Krishi Kalyan Cess (KKC) will be levied as service tax @ 0.5% on the value of all or any of the taxable services. This

cess will be in addition to any cess or service tax leviable on such taxable services. Therefore, w.e.f 01.06.2016, the effective rate of service tax would be 15% [14%+0.5% SBC + 0.5% KKC].

(b) Rules on Service Tax: In order to make more effective thereby giving the central government confer powers for making rule provisions of those chapters, vide such as Service Tax Rules 1994; Service Tax (Advance Rulings) Rules, 2003;, Service Tax (Registration of Special Category of Persons) Rules, 2005;, Service Tax (Determination of Value) Rules, 2006; Point of Taxation Rules, 2011 and Place of Provision of Service Rules, 2012.

Emergence of VAT across World and India

A really progressive and welfare oriented country should balance the requirement of direct and indirect taxes in a fair manner. Too much dependence on direct taxes will be repressive but at the same time passing heavy burdens to the general public by way of Indirect Taxes will constitute hardships to the common citizen. Economic administrators throughout the world have been constantly engaged in the exercise of lightening the burden of indirect taxes on the ultimate consumers. This leads to origin of VAT in India.

In simple words, the tax will be levied and collected at each stage of manufacture only on the value added by the manufacturer represented by the purchase value and the value of the work performed on such purchased commodities. This will not only result in cost reduction but will also ensure equity in the structure.

VAT is a tax on the value added to the commodity at each stage in production and distribution chain. Further, when tax is levied on tax i.e, tax leviable at each stage is chargeable on a value which includes the tax paid at earlier stages; it leads to cascading of taxes. Under VAT, tax is not levied on tax paid at earlier stage; it is levied only on the value added as credit of tax paid at earlier stages is allowed to be set off against the tax payable at the next stage. Thus, VAT helps in eliminating cascading of taxes.

Ever Since 1954, when the tax on value added was introduced in France it has spread to a large number of countries. This tax was proposed for the first time by Dr. Wilhelm Von Siemens for Germany in 1919 as an improved turnover tax. In 1921, VAT was suggested by Professor Thomas S Adams for the United States of America who recommended “Sales-Tax with a credit or refund for taxes paid by the Producer or Dealer on goods bought for resale or for necessary use in the production of goods for sales”. VAT was also recommended by the Shoup Mission for Japanese Economy in 1949. However, it was introduced by the county in the year 1953. France led the way in 1954 by adopting a VAT that covered the industrial sector alone and the tax was limited up to the wholesale level. VAT has been spreading since sixties. Ivory Coast in 1960, Senegal in 1961, Brazil, Denmark in 1967, followed by European Union (the then European Economic Community). In 1968, France extended VAT to the retail level while the Federal Republic of Germany introduced it in its tax system. The Netherlands, Sweden in 1969, Luxembourg in 1970, Belgium in 1971, Ireland in 1972, Italy, UK, Austria in 1973, Portugal, Spain in 1986, Greece in 1987, Finland in 1994.

VAT has been spreading across the Asian region as well. South Korea introduced VAT in 1977, China in 1984, Indonesia in 1985, Taiwan 1986, Philippines in 1988, Japan in 1989, Pakistan in 1990, Bangladesh in 1991, Thailand in 1992, Singapore in 1944, Nepal in 1997, Sri Lanka in 1997, Mongolia in 1998, Vietnam in 1999. In the South Asian Association for Regional Cooperation, VAT has been considered in great depth in INDIA.

In India 1986, the biggest democratic India introduced VAT in a different way under the name of Modified Value Added Tax (MODVAT). Unlike the VAT system of other countries, the Indian MODVAT system was designed to cover Manufacturing of Goods by giving credit of excise duty paid on inputs. The Scope of MODVAT has been extended over the years and has since been renamed as Central Value Added Tax (CENVAT) which cover services also. As VAT termed less distortive and more revenue cum productive.

Merits of VAT

No Tax Evasion is said to the VAT logical beauty. Under VAT credit of duty paid is allowed against the liability on the final product manufactured or sold. Therefore, unless proper records are kept in respect of various inputs, it is not possible to claim credit. Hence, suppression of Purchase or Production will be difficult because it will lead to loss of revenue. A perfect system of VAT will be a perfect chain where tax evasion is difficult.

Better Revenue collection and stability in term of VAT formulation. The Government will receive its due tax on the final consumer/retail sale price. There will be a minimum possibility of revenue leakage, since the tax credit will be given only if the proof of tax paid at an earlier stage is produced. This means that if the tax is evaded at

one stage, full tax will be recoverable from the person at the subsequent stage or from a person unable to produce proof of such tax payment. Thus, in a particular, an invoice of VAT will be self enforcing and will induce business to demand invoices from the suppliers. Another attribute of VAT is exceptionally stable and flexible source of Government Revenue.

Transparency, the buyer knows, out of the total consideration paid for purchase of material, what is the tax component. Thus, there if full transparency will enables the State Government to know the exact amount of tax at each stage. **Better Accounting System** in term of VAT procedures. Since the system promotes better accounting system, the tax paid on earlier stage is to be received back. **Effect on Retail Price** may also be pointed out that with the introduction of VAT, the tax impact on raw material is to be totally eliminated. Therefore, there may not be any increase in the Prices. **Certainty** is system based simply on transaction. Thus there is no need to go through complicated definitions like sales, sales price of purchase and turnover of sales. The tax is also broad based and applicable to all sales in business leaving little room for different interpretations. This system brings certainty to a great extent.

Demerits of VAT

The merits accrue in full measures only under a situation where there is only one rate of VAT and VAT applies to all commodities without any questions of exemptions whatsoever. Once concession like differential rates of VAT, composition Schemes, exemption schemes, exempted category of goods etc., are built into the system, distortions are bound to occur and the fundamental principle that VAT will totally eliminate cascading effects of taxes will also be subject to qualifications. In the Federal structure of India, in the context of Sales Tax, so long as Central VAT is not integrated with the State VAT, it will be difficult to put the purchases from other states at par with the state purchases. Therefore, the advantage of neutrality will be confined only for purchase within the State.

Another Possible weak point in the introduced of VAT, which will have an adverse impact will be increase in the Working Capital of the firm and the interest burden thereon will is unbearable. From the point of view, it is considered non-beneficial as compared to the single last point taxation system. Further, VAT is a form of consumption of tax, tends to regressive. Due to VAT, the administration cost to the state can increase as the number of dealers to be administered will go up significantly.

VAT in Indian Context

The Indian Union is a federal structure under the Constitution of India. The Central Government and the State Government derive their powers through the instrumentally of the Union List, the State List and the Concurrent List. So for as powers of taxation are concerned there are clearly specified areas confined therewith. While Income Tax, Excise Duty and Custom Duty constitute the major sources of tax revenue to the Central Government, the State Governments substantially depend on Sales Tax as main source of income. The Government of India undertook various measures of reforms in indirect taxes, the major among which was the introduction of Modified VAT, which is currently in operations as CENVAT. It is applied to goods and Services but not to sales tax and State Level VAT.

The Central Government levies excise duties on all the goods manufactured or produced in the country. Such duty is paid by the manufacturer or the producer at the time of removal of goods from the factory at prescribed rates. The prevailing structure of such duties includes CENVAT, SED, Additional ED on good of special importance, Additional Excise Duty on goods of special importance AED (GSI), Additional duty of excise on textiles and textiles articles, AED (T&TA). With effect from March 1, 1986, MODVAT was introduced under the Union excise duty as a system of giving credit for excise duty on inputs. Initially, it was introduce for a selected number of commodities. Over time, MODVAT was extended and was finally replaced by Central VAT, known as CENVAT in the Budget 2000-01. The Finance Act 2004, marked a beginning for integrated goods and services tax system where in the duties of excise paid on inputs/capital goods and service tax paid on input services could be adjusted against a manufacturer's excise duty liability or a service provider's service tax liability.

The Empowered Committee of State Finance Minsters brought out a White Paper on 17.01.2005 which provided a base for the preparation of various State VAT legislations. It has been considered that VAT is a state subject and therefore, the states will have the freedom to appropriate variations consistent with the basic design as agreed upon at the Empowered Committee. As a consequence of all these steps, the state started implementing VAT from 1st April 2005 covering all States and Union Territories of India. This was closely monitored by Empowered Committee the process of implementation. The rate of growth of the revenue doubled from the average annual rate of growth in the pre-VAT five year

period after the introduction of VAT. Thus a significant inclination in the reform of trade taxes in India. Thereby it acknowledged the broadening of the Tax base further.

Steps to Goods and Service Tax

Goods and Service Tax is India's most ambitious indirect tax reform aimed at attaining a comprehensive and harmonized tax structure. The then Finance Minister P. Chidambaram in Union Budget 2006-07 had proposed the roll out of GST. In a federal system like India, GST is aimed at accomplishing a common domestic market, removing multiplicity of taxes, eliminating the cascading effect of tax on tax, making the prices of the Indian products competitive and benefiting the end consumers. First discussion on Good and Service Tax in India was proposed by Empowered Committee of State Finance Ministers on 10th November 2009. The thirteenth Finance Commission for gave its Task Force Recommendations on GST on 12th December 2009. The GST model is expected to be dual so that the State and Central Government can collect taxes to fulfil its sovereign obligation duties. It will subsume most of the Indirect Taxes being levied in India.

Roll Out of Good and Service Tax – Major Tax Reform

Ever since independence 1947, with notable 18 Council meetings, India that is Bharat a Union of States experienced a Nationwide Goods and Services Tax (GST) rollout from midnight of 1st July 2017, overhauling India's elaborate indirect taxation system, unifying the $2-trillion economy with 1.3 billion people into a single market. The Historic moment is culmination of a 14-year-long journey in Indirect Tax Reforms, which made to turn back the whole world to admire at India – a biggest democratic county.

During GST launching ceremony, President Pranab Mukherjee addressed "It is remarkable that 18 meetings held so far, all decisions have been taken by consensus in the council. GST is a tribute to the maturity and wisdom of India's democracy", while our Prime Minister Narendra Modi expressed his deep satisfaction at the launch said" "GST is a good and simple tax regime that will eliminate the compounding effects of multi-layered tax system".

GST, which will replace more than a dozen central and state levies including factory-gate, excise duty, service tax and local sales tax or VAT, is India's biggest tax reform in 70 years of independence and will help modernise Asia's third largest economy.

GST Commencement and stages of history

The CGST Act has come into operation on the date appointed by the Central Government by means of notification in the Official Gazette 1st July 2017 through the implementation of One Hundred and First Amendment of the Constitution of India. Its implementation with receipt of president assent to four GST Acts viz, Central Goods and Service Tax Act (CGST), Union Territory Goods & Service Tax Act(UGST), Integrated Goods and Service Tax Act (IGST) and the GST (Compensation to States) Act, 2017. The Goods and Service Tax Network, is developed under IT platform. The tax rates, rules and regulations are governed by the Goods and Services Tax Council which comprises finance ministers of centre and all the states.

The reform process of India's biggest indirect tax regime started in 1986 by Vishwanath Pratap Singh, Finance Minister in Rajiv Gandhi's government, with the introduction of the Modified Value Added Tax (MODVAT). Afterwards, the then Prime Minister P V Narasimha Rao and his Finance Minister Manmohan Singh, initiated early discussions on a Value Added Tax at the state level. A single widespread "Goods and Services Tax (GST)" was proposed and agreed to a go-ahead in 1999 during a meeting between the Prime Minister Atal Bihari Vajpayee and his economic advisory panel, which includes three former RBI governors IG Patel, Bimal Jalan and C Rangarajan. Atal Bihari Vajpayee had set up a committee headed by the finance minister of West Bengal, Asim Dasgupta to design a GST model. In 2005, the Kelkar committee recommended rolling out GST as suggested by the 12th Finance Commission.

The then new Finance Minister P Chidambaram in February 2006 continued work on the same and proposed a GST rollout by 1 April 2010. However, in 2010, with the Trinamool Congress routing CPI(M) out of power in West Bengal, Asim Dasgupta resigned as the head of the GST committee. Dasgupta admitted during an interview while stating that 80% of the assignment had been done relating to GST.

During in 2014, NDA government was back into power under the leadership of Shri. Narendra Modi. With the consequential dissolution of the 15th Lok Sabha, the GST Bill – approved by the standing committee for reintroduction – lapsed. Seven months after the formation of the Modi government, the new Finance Minister Arun Jaitley introduced the GST Bill in the Lok Sabha. In February 2015, Jaitley set another deadline of 1 April 2017 to implement GST. In May 2016, the Lok Sabha passed the Constitution Amendment Bill paving way for GST. Finally in August 2016, the Amendment Bill was passed. Over the next 15 to 20 days, major 18 states ratified the GST Bill and the President Pranab Mukherjee gave his assent.

A 22-members select committee was formed to look into GST laws. State and Union Territory GST laws were passed by all the states and Union Territories of India except Jammu & Kashmir, paving the way for smooth rollout of the tax from 1 July 2017. The Jammu and Kashmir state legislature passed its GST act on 7 July 2017, thereby the entire nation was brought under an unified indirect taxation system.

Taxes subsumed

The GST (goods and service taxes) replaced several earlier taxes and levies which includes Central Excise Duty (CED), Services Tax (ST), Additional Customs Duty (ACD), Surcharges, State-level value added tax (VAT) and Octroi. Other levy which were applicable on inter-state transportation of goods have also subsumed in GST regime. GST is levied on all transactions such as sale, transfer, purchase, barter, lease, or import of goods and services.

Administration structures are being done away with by the Union and State Governments. Transactions which are made within a single state levied with Central GST (CGST) by the Central Government and State GST (SGST) by the State governments. For inter-state transactions and imported goods or services, such an Integrated GST (IGST) is levied by the Central Government. GST is a consumption-based tax and destination-based tax, therefore, taxes are paid to the state where the goods or services are consumed not the state in which they were produced. IGST complicates tax collection for State Governments by disabling them from collecting the tax owed to them directly from the Central Government. In previous system, a state would have to deal with single government order to collect tax revenue.

Harmonized System of Nomenclature – HSN Code

HSN (Harmonized System of Nomenclature) is an 8-digit code for identifying the applicable rate of GST on different products as per CGST rules. If a company, has total turnover up to RS. 1.5 Crore in the preceding financial year then they need not mention the HSN code while supplying goods on invoices. However, composition dealers may not be required to specify HSN at 2-digit level also. If a company has turnover more than 1.5 Cr but up to 5 Cr then they need to mention the 2 digit HSN code while supplying goods on invoices. If turnover crosses 5.0 Cr then they shall mention the 4 digit HSN code on invoices. For the export turnover, 8 digit HSN code is mandatory irrespective of any of the above 3 categories. Eligibility criteria mentioned by the India Government is to boost up and benefit the small and medium enterprises (SME'S). These SME'S is expected to contribute country's GDP and will help in eradicating the unemployment.

GST Tax Rates

Initially at the time of launching, Goods and services are divided into five tax slabs for collection of tax - 0%, 5%, 12%, 18% and 28%. Petroleum products and alcoholic drinks are taxed separately by the individual state governments. There is a special rate of 0.25% on rough precious and semi-precious stones and 3% on gold. In addition a cess of 22% or other rates on top of 28% GST applies on few items like aerated drinks, luxury cars and tobacco products. Some industries and products were exempted by the government and remain untaxed under GST, such as dairy products, products of milling industries, fresh vegetables & fruits, meat products, and other groceries and necessities. GST Council fits over 1,200 goods in one of the four tax slabs of 5, 12, 18 and 28 %. Over 80% of goods of mass consumption either exempted or taxed under 5% slab.

During 23rd GST Council meeting held on November 10, 2017 recommended extensive changes in the Goods and Services Tax (GST). The council has decided to keep the highest 28% tax on luxury and depraved items as a result 177 items have been moved to the 18% bracket. GST on many items have also been reduced. Thus the government has categorised items in five major slabs - 0%, 5%, 12%, 18% and 28%.

Exemption from payment of tax

Taxpayers with an aggregate turnover of Rs. 20 lakhs would be exempted from tax. For, North Indian states and Sikkim, the exemption would be Rs. 10 lakhs. Aggregate turnover shall include the aggregate value of all taxable and non-taxable/ non-GST supplies, exempt / nil-rated supplies and exports of goods and/or services and exclude taxes under GST.

Composition Scheme

During 23rd GST council meeting held at Guwahati dated on 10th Novemebr 2017, the council has decided to increase the limit for Composition Scheme again to Rs. 1.5 Crore from 1 Crore and also decided to amend the law to increase the statutory threshold to Rs.2 Crore which may be extended in later period.

The increase in the threshold to Rs 1.5 crore is a welcome relief for small traders/ manufacturers who would now have a simple compliance and this move should not result in significant revenue loss to the Government, as the

dealers opting for the composition scheme would have to forgo the input tax credit available. A large no of taxpayers have opted NIL category. It was estimated about 15.5 lakh who have opted for the composition scheme and the increase in threshold is expected to lead to an increase in that number. Under composition scheme the returns have to be filed quarterly returns GSTR 4. Further, these category group there will be uniform rate of 1% (0.5% Central tax plus 0.5% State tax) on composition scheme for dealers and manufacturers. Manufacturers under this scheme earlier pay 2% (1% Central tax plus 1% State tax) of the turnover. Restaurant Services pay 5% (2.5% CGST, 2.5% SGST) of the turnover and this remains unchanged.

This composition levy is an option method of levy of tax intended for small taxpayers whose turnover is up to Rs. 1.5 crore and pays a flat rate of tax despite of what they manufacture, provide as a service or trade they carry on. Moreover, it is elective and the eligible person opting to pay tax under this scheme can pay tax at an agreed percentage of his turnover every quarter, instead of paying tax at standard rate.

As per data on GST returns filed by companies opting for composition scheme, as many as 5 lakh companies reported such a turnover which works out to annual sales of Rs 5 lakh only. Out of 10 lakh businesses which opted for the composition scheme during the July-September period, about 7 lakh have filed GST returns for the quarter.

GST Registration Criteria

Every supplier shall be liable to be registered under this Act in the State or Union territory, other than special category states, from where he makes a taxable supply of goods or services or both, if his aggregate turnover in a financial year exceeds twenty lakh rupees. Provided, that where such person makes taxable supplies of goods or services or both form any of the special category states, he shall be liable to be registered if his aggregate turnover in a financial year exceeds ten lakh rupees.

Every person who, on the day immediately preceding the appointed day, is registered or holds a licence under an existing law, shall be liable to be registered under this Act with effect from the appointed day. Where a business carried on by a textile person registered under this Act is transferred, whether on account of succession, or otherwise, to another person as a going concern, the transferee or the successor, as the case may be , shall be liable to be registered with effect from the date of such transfer or succession. Notwithstanding anything contained in sub-section (1) and (3), in case of transfer pursuant to sanction of a scheme or an arrangement for amalgamation or, as the case may, demerger of two or more companies pursuant to an order of High Court, Tribunal or otherwise, the transferee shall be liable to be registered, with effect from the date on which the Registrar of Companies issues a certificate of incorporation giving effect to such order of the High Court or Tribunal.

For the purpose of the section, the expression “aggregate turnover” shall include all supplies made by the taxable person, whether on his own account or made on behalf of all his principals; the supply of goods, after completion of job work, by a registered job worker shall be treated as the supply of goods by the principal referred to in section 143, and the value of such goods shall not be included in the aggregate turnover of the registered job worker; the expression “special category states” shall mean the States as specified in sub-clause (g) of clause(4) of article 279A of the Constitution.

a. Compulsory Registration / Categories of Persons who shall be required to be registered under this Act irrespective of the Threshold

The following categories of persons shall get registered compulsorily under this Act.

1. Every person who is registered under an earlier law (i.e., Excise, VAT, Service Tax etc.) needs to register under GST,
2. Persons making any inter-State Taxable Supply;
3. Causal Taxable persons making taxable supply;
4. Persons who are required to pay tax under reverse charge;
5. Persons who are required to pay tax under sub-section (5) of section 9;
6. A Non-Resident Taxable Persons making Taxable Supply;
7. Persons who are required to deduct tax under section 51 (Tax Deduction at Source) whether or not separately registered under this Act.
8. Person who supply goods or services or both on behalf of other registered taxable persons whether as an agent or otherwise;
9. Input Service Distributor, whether or not separately registered under this Act.
10. Persons who supply goods and/or services, other than supplies specified under sub-section (5) of section 9, through such electronic commerce operator who is required to collect tax at source under section 52;
11. Every Electronic Commerce Operator.
12. Every person supplying online information and database access or retrieval services from a place outside India to a person in India, other than a registered taxable person: and

13. Such other person or class of persons as may be notified by the Central Government or a State Government on the recommendation of the Council.

b. Persons not liable for registration

The following person shall not be liable to registration,

1. Any person engaged exclusively in the business of supplying of Goods or Services or both that are not liable to tax or wholly exempt from tax under this Act or under the Integrated Goods and Services Tax Act;
2. An agriculturist, to the extent of supply of produce out of cultivation of land.
3. The government may, on the recommendation of the council, by notification, specify the category of persons who may be exempted from obtaining registration under this Act.

Tax Invoice, Credit and Debit Notes

Tax Invoice: A registered person supplying taxable services shall, before or after the provision of service but within a prescribed period, issue a tax invoice, showing the description, value, the tax charged thereon and such other particulars. A registered taxable person may, within one month from the date of issuance of certificate of registration and in such manner as may be prescribed, issue a revised invoice against the invoice already issued during the period beginning with the effective date of registration till the date of issuance of certificate of registration to him. A registered person may not issue a tax invoice if the value of goods or services or both supplies is less than two hundred rupees subject to such conditions and in such manner as may be prescribed. A registered person supplying exempted goods or services or both or paying tax under the provisions of section 10 shall issue, instead of a tax invoice, a bill of supply containing such particulars in detail. Provided a person may not issue a bill of supply if the value of the goods or services or both is less than two hundred rupees. If on receipt of advance payment with respect to any supply of goods or services or both, issue a receipt voucher or any other document.

Credit And Debit Notes : When a Tax Invoice has been issued for supply of any goods or services or both and the taxable value or tax charged in that tax invoice is found to exceed the taxable value or tax payable, in respect of such supply or where the goods supplied are returned by the recipient, or where goods or services or both supplied are found to be deficient, the registered person, who has supplied such goods or services or both, may issue to the receipt a credit note containing such particulars of details. In the same way, is the tax invoice is found to be less than the taxable value or tax payable in respect of such supply shall issue to the recipient a debit note.

Accounts and Records

Every registered person shall keep and maintain, at his principal place of business as mention in the Certificate of Registration a true and correct account of production or manufacture of goods, inward and outward supply of goods or services or both, stock details of the goods, input credit availed and output tax payable thereon. Further, whose turnover during a financial year exceed the prescribed limit shall get his accounts audited by a Chartered Accountant or a Cost Accountant and shall submit a copy of the audited annual accounts, the reconciliation statement to the competent authority. The law requires every registered person to maintain accounts and records along with relevant details at each place of business and for each place of storage failing which the proper officer shall determine the amount of tax payable on the goods or services or both that are not accounted for. Provision of Sections are in relation to demands and recovery of tax so determined by way of short payment or excess credit availed or utilised with or without wilful misstatement or fraudulent intention.

Returns

Every registered taxable person, other than an input service distributor, a non-resident taxable person, and a person paying tax under the provisions, shall furnish, electronically through GSTN portal, the details of outward supplies of goods or services or both effected during a tax period on or before the tenth day of the month succeeding the said tax period. As per recent notification, the respective date to file along with payment of tax through GSTR 3B is 20th succeeding month till upto March 2018. Those taxpayers with an annual aggregate turnover upto Rs. 1.5 crore has to file on monthly / quarterly basis, through GSTR-1. The deadline for Quarter-2 July-September 2017 is 31st December 2017, Quarter-3 October-December 2017 is 15th February, 2018 and Quarter 4 January-March, 2018 is 30th April 2018. In the same way, those taxpayers with aggregate annual turnover more than Rs. 1.5 crore need to file on monthly basis by GSTR-1. The respective dates as per recent notification the deadline for July-October 2017 is 31st December 2017, and for other months till upto March 2018, is 10th of every succeeding month. Further, for those taxpayers who have opted Composition Scheme is to file the return on every quarterly basis by GSTR-4. For Non

Resident Taxable person the required return to comply therewith is GSTR-5, those person providing online information database access or retrieval services from a place outside India to a person in India other than a registered person is GSTR-5A and finally for Input Service Distributor is GSTR-6.

Any registered person who fails to furnish the details of outward or inward supplies required to a late fee from October 2017. The Government in its recent notification has waived of the late fee from July – September 2017. For, where such late fee was paid for July to September 2017, it was re-credited to their Electronic Cash Ledger under "Tax" head instead of "Fee" head so as to enable them to use that amount for discharge of their future tax liabilities. This was updated in the GSTN Portal. From October 2017 onwards, those taxpayers whose tax liability for the concerned month was "NIL", Rs. 20 per day (Rs. 10 per day each under CGST & SGST Acts) and for all other taxpayers Rs. 50 per day (Rs. 25 per day each under CGST & SGST Acts)

Payment of Tax / Refunds

Every deposit made towards tax, interest, penalty, fee or any other amount by a person by internet banking, or National Electronic Fund Transfer (NEFT) or Real Time Gross Settlement or by such other mode and subject to such conditions and restrictions as may notified by the Council. There are three kinds of ledger available. First, Electronic Cash Ledger, Electronic Input Tax Credit Ledger and Electronic Tax Liability Register. Electronics Cash ledger shall contain details of every deposit from towards tax, interest, penalty or any other amount. Cross Utilization means utilizing IGST/CGST/SGST/UTGST liabilities against Electronic Credit Ledger may be used for making payment towards output tax payable under the act. In the same manner, any such person claiming refund of any tax and interest, paid on such tax or any amount paid, may make an application before the expiry of two years from relevant date.

GST Collection Target - One Lac Crore

Collections under the GST, implemented from July 1 2017, were over Rs 95,000 crore for the first month, while in August the figure just over Rs 91,000 crore. In September, it touched over Rs 92,150 crore, October Rs 83,000 crore, November Rs 80,808 crore and December Rs 86,703 crore. As of December 2017, 98 lakh businesses were registered under the GST regime.

The Government will soon start matching of the turnover shown in GST returns with the income returns filed with the I-T department. It could begin by second half of next financial year as per sources. Once these measures are put in place, there is no reason GST revenues would touch an average of Rs 1 lakh crore every month," according to sources. Further the focus of the department will also be on plugging the gaps in the gold and jewellery industry. "Gold imports have been rising every month despite a 10 per cent customs duty. But where is this imported gold channelled to? With GST in place, the revenue authorities now have the power to seek details about end supplies. Import of gold attracts a 10 per cent basic customs duty. On top of that a 12.5 per cent countervailing duty (CVD) was levied prior to GST. Since GST subsumed CVD, hence the GST rate on gold at 3 per cent has to be paid at the time of imports in the form of Integrated GST with effect from July 1.

India is the world's second biggest gold consumer after China. The import mainly takes care of the demand of the jewellery industry That once the system stabilises, the intelligence agencies within the revenue department could better monitor end usage of the imported gold.

E-way Bill

Check Posts across the country were abolished ensuring free and fast movement of goods. E-Way Bill, a GSTN project under the Goods and Services Tax, is required to be generated for every inter-state movement of goods beyond 10 kilometres (6.2 miles) and the threshold limit is Rs. 50,000. The effective date of implementation is from 1st February 2018.

Currently, there is little tracking of goods movement from one state to another and the e-way bill would act as a tool to check tax evasion as then movement of stock and its end use would be monitored. E-way or electronic way bill is for the movement of goods and can be generated on the GSTN (common portal). Movement of goods of more than Rs 50,000 in value cannot be made by a registered person without an e-way bill.

Conclusion

Goods and Service Tax is India's most ambitious indirect tax reform aimed at attaining a comprehensive and harmonized tax structure. GST is a major biggest Indirect Tax in India ever since Independence 1947. GST is aimed at accomplishing a common domestic market, removing multiplicity of taxes, eliminating the cascading effect of tax on tax, making the prices of the Indian products competitive and benefiting the end consumers. The transparency in the New System turned back the whole world to admire at Indian Economy. Thus a significant

inclination in the reform of trade taxes in India. It acknowledged the broadening of the Tax base. The collection of Tax made under this regime proves once again the limit it has touched. The Government has stepped up with various measure in improving its revenue collection base by setting a target of One Lac Crore before end of March 2019.

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