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GOODS AND SERVICE TAX – AN EMERGING AND CHALLENGING ISSUE : INDIAN PERSPECTIVE

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Abstract

Goods and Services Tax (GST), the biggest reform in the taxation era of Indian economy facelifts the brands of India in world’s business friendly countries and boosts the economy by eliminating obstacle in the present indirect taxation structure. GST being an important, strategic and most practical step in the rationalization of Indian taxation structure, in the present globalised scenario, GST is a *sine qua non* for keeping Indian economy competitive not only within the country but also outside the country. The varying taxation structure across the states within India is creating unhealthy competition among the states and impeding the overall growth with increased compliance cost to the business environment. GST has far reaching consequences and implication and effects particularly on the attainment of cost effectiveness.

The urgent need to change over from the dual value added tax (VAT) system at the centre and the states to an integrated GST, with a provision of tax levy only on the value added and input tax credits seamlessly available across the value chain is expected to bring the desired degree of transparency along with tax efficiency which is the crying need of the hour.

In this backdrop, the present paper is a humble attempt being made to capture the essence of GST in India, the developments on policy front as far as GST enactment is concerned, prospects of GST regime of the Indian economy as a whole and the challenges lying on the road ahead in a brief and constant manner.

Keywords: - Indian economy; Dual value added tax; Input tax credits seamlessly; Indirect taxation structure; Goods and Services Tax.

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1. Introduction

Goods and Service Tax (GST) being an important, strategic and most practical step in the rationalization of Indian tax structure, in the present globalized scenario, GST is a *sine qua non* for keeping Indian economy competitive within the country and outside the country (Iqbal, 2016). India follows federal structure of tax system consisting of two categories namely direct tax and indirect tax. Direct tax is borne by the assessee and cannot be shifted to any other person while indirect tax is imposed at various stages of production or supply chain and finally this tax is borne by the final consumers. In India, different types of indirect taxes are levied and collected at different points in the supply chain system. As per the Constitution of India, the Centre and the States have been empowered to levy respective taxes. Hence, the indirect tax structure gradually becomes complex and needs reform on a top priority basis. Value Added Tax (VAT) was introduced as a first major step with a clean, aggressive and agreed objective in the Centre and the States like Uniform rates of VAT for all states to make the tax system simple and uniform and hinder unhealthy tax competition among states. However, even after long years' of implementation of VAT, the indirect taxation of goods and services has been characterized by the cascading effect on tax resulting in separation of national market into state economies.

Therefore, the necessity has arisen to replace the prevailing indirect tax regime by a single new regime i.e. GST (Bhowmik, 2016) . This new regime will surely help in reducing the cascading effect of tax in making the entire nation to be a single market for sound governance and transparency.

This paper is a modest attempt to highlight the different aspects of GST.

2. Research Methodology

The study being conceptual, expresses the author's own opinion and the opinion of different authors and analysts. Despite different opinions existing in the country, the concept of GST is expected to provide valuable step to attain the MAKE-IN INDIA Mission. This paper is concerned with what the various aspects of GST usually reveal and what they ought to reveal or are expected to reveal through GST.

3. Conceptual Framework of GST

GST revolutionizes the face of fiscal federation in the country and there must be a fundamental deviation from the existing powers relating to the tax structure between centre and states. GST will revoke the powers to work out and impose excise duties, service tax, sales tax and purchase tax which are under the purview of Centre and States. GST is a comprehensive tax levy on manufacture, sale and consumption of goods and services at the national level. Like GST, VAT system means tax on goods with an Input Tax Credit (ITC) mechanism with the only addition that GST also includes services. GST is a value added tax levied at all points of the supply chain with credit allowed for any tax paid on input, input services used or intended to be used in the course or furtherance of business. Actually, GST is not a single taxation system but it has emerged in India as a dual taxation system, viz. CGST for Central Govt. and SGSTs for State Govts. Under GST neither the centre nor the states could unilaterally impose taxes on goods and services, but the same will be exercised by GST Council, a collective body both in nature and contents. The very purpose of GST is to bring to end existing tax administration which is based on adhocism and non-transparent tax management.

4. Key Features of GST

1. GST levied concurrently by the central and state governments would result efficient and sustainable growth to attain the MAKE-IN INDIA Mission.

2. GST with its resolute element of simplicity in levy and collection of taxes is contrary to multiple/multi-point levy and collection of indirect tax.
3. No distinction is made between goods and services under GST.
4. Both Centre and State have been empowered to levy tax under the dual indirect tax structure of GST.
5. GST has common threshold limit and few exemptions.
6. GST will allow 'Input Tax Credit' to the business houses without any denial or restrictions.
7. GST is payable at the time of supply and hence the determination of time and place of supply is crucial so far levy of GST is concerned.
8. GST facilitates common Indian Market, Efficient Factor Market, Economies of Scale, and Zero-Rated Export.
9. GST is seamless flow of credit across the Supply Chain Tax System and Administration.
10. Time limit for Show Cause Notice (SCN) ranges from 3-5 years.
11. The tax payer needs to submit periodical return in common format to both the Central and State GST authority.
12. GST rate is fixed keeping in view that it would yield at least the same revenue to the centre and states as collected through the various indirect taxes that would be subsumed under GST. Such rate is known as Revenue Neutral Rate (RNR).

5. Composition

Due to federal structure, emergence of GST in India as a dual taxation system is levied both by the Central Government and the State Governments. Composition will be as under:-

i. Central GST (CGST) levied by the Centre;
ii. State GST (SGST) levied by the State;
iii. Integrated GST (IGST) levied by the Central Government on the inter-state supply of goods and services.

In the existing Indirect Tax System, Schedule-VII of Article 246 of the Indian Constitution empowers Union Government and State Government separately by way of List-I - Union List, List-II - State List and List-III - Concurrent List; but under GST Regime, Article 246A of the Indian Constitution provides for concurrent power of the Central Government and the State Governments on the same supply of goods and services.

Pursuant to Article 279A, the Honorable President of India would constitute the GST Council within 60 days from the date of commencement of the Constitution (115 Amendment), 2015 for examining issues relating to goods and service make recommendation to the Union and the States Union Finance Minister - Chairman, Union Minister of State in charge of Revenue/Finance – Member, Finance Minister or nominated minister of State-UTS-Member.

The entire exercise of initiating the new reform involves a astounding amount of ground work by the Finance Commission, the Joint Working Group constituted by the Empowered Committee (EC) of State Finance Ministers, the Standing Committee, Sub-Committees and Study Groups, IT teams and all other stakeholders including Indian companies. The amendment of the Constitution for implementing GST before legislative associated provisions was a big challenge to the Government. Lack of consensus between Centre and States and a few other practical difficulties resulted in deadlocks and delay in the implementation process. However, the enthusiasm of the trade and industry geared up heavily after the formation of New Government in the Centre in 2014 with absolute majority. The new Government set the revised deadline for introduction of GST with effect from 1.4.2016. But due to political situation, implementation of GST could not be imposed in time.

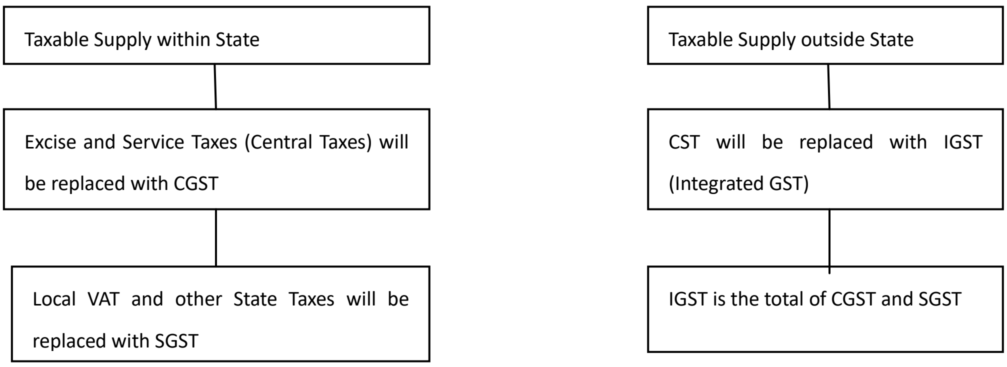
6. GST Taxation Structure

Article 246, Seventh Schedule of the Indian Constitution empowers Union Government and State Government to make the laws with respect to any of the matters enumerated in List-I (Union List) and List-II (State List) respectively. In case of List-III (Concurrent List), both Union and State Governments can make the laws. However, the law enacted by central government shall prevail over the state government where the laws are conflicting on the subject matter of concurrent list (except that the state law may prevail in that state subject to Hon'ble President Assent). Central GST or Unified GST is the ideal form of taxation structure from business perspective as it removes the cascading effect to a large extent and drastically reduces the compliance cost. However, the states may not agree for single and unified tax by central as it gives up the constitutional power granted to levy and collect the taxes. Though an attempt was made by the central government in the initial stage for implementation of single tax at central level but the same was not acceptable to most of the states. Hence, a compromise is made on Concurrent Dual GST where both states and centre will impose and collect tax on a single transaction of sale and service in the form of State Goods and Service Tax "SGST". At present, the Central has the constitutional power to tax goods only up to manufacturing stage and further has the power to tax services. States have the power to tax Goods up to the stage of sales but not have the power to tax services. Hence, constitutional amendment is required to give power to the central as well as the states. Under the proposed concurrent dual GST model for India, the following taxes shall be levied on the supply of goods and services:-

- CGST - Central Goods and Service Tax
- SGST - State Goods and Service Tax
- IGST - Integrated Goods and Service Tax / (CGST + SGST)

Additional Tax will be levied in case of inter-state supply of goods, which is a non-vatable item. Hence, no input credit is available on such.

Indirect Tax Structure



Taxes to be subsumed under GST structure:-

As GST would be levied on all the transactions of goods and services made for a consideration, new regime would replace almost all of the indirect taxes. In particular, post implementation, the following Central and State indirect taxes would be subsumed in GST and existing indirect taxes would take the form of CGST, SGST and IGST. Various Central and State taxes (e.g. Central Excise Duty, Service tax, State VAT/Sales Tax, Luxury Tax, Purchase Tax, etc.).

Some of the taxes that would be continued under GST regime are basic customs duty, property tax, Stamp duty, vehicle tax, etc. Alcoholic liquor for human consumption is exempted from the purview of GST and tobacco products would be subject to separate excise duty in addition to GST. Further, the petroleum products would be continued to be taxed as per the existing laws and would be transitioned into GST regime from a future date to be notified by the GST Council (Venkat, 2016). However, certain items/sectors would be outside the GST regime. Products such as alcohol, petroleum products would remain outside GST Regime or Purview. Further, land and properties may remain outside since they are neither goods nor services.

7. Distinction between Current Indirect Tax System and GST Regime

Model GST is different from the current tax structure in a variety of ways. Currently, taxes treat goods and services differently. Goods attract Excise at manufacturing level and VAT at the time of sale. In contrast, services attract only one levy i.e. services tax on provision of taxable services. In GST regime, this distinction would disappear as both goods and services would be treated at par for taxing purposes. A transaction in goods and services for a consideration would attract Central GST (CGST) and State GST (SGST). Also, the State Government now gets the power to tax services and Central Government gets the power to levy tax at the distribution and retail levels. The taxable event for the GST will be the supply of goods and the supply of services. The current taxable events such as manufacture, sale of goods and rendering of services will not be relevant for GST. In case of Central taxes (Excise Duty & Service Tax), there is no question of originating state or consumption state. It always forms part of Central Government's Revenue. However, in case of VAT & CST, it generates the revenue for the originating state. Under GST Regime, in case of inter-state supply, consuming state will get tax revenue and originating state will lose its revenue. Simply, consumption base states' revenue would be affected positively and source base states' revenue would be affected negatively. Hence, the need arises to come out with the compensation bill.

Currently indirect tax system results in cascading effect of tax but most of the cascading effects would be eliminated by GST. Under Current Indirect Tax System, records, registers etc. are required to be maintained; no concept of matching the tax credit is in place under excise duty and service tax. The concept of preparation of the back dated RG register as and when required is going to be eliminated under the GST Regime. Heavy tax burden on consumer due to cascading effect of tax is imposed under current indirect tax structure but under GST tax burden would be reduced due to abolition of most of the cascading effect. Lots of compliances regarding filing of returns, payment of taxes, getting number of registration, under different laws, etc. have become the second business of the business organization; but only single point compliance would satisfy the purpose and business organization would have to deal with the single tax administration.

8. Analysis and Major Findings

8.1. Future Prospects or Benefits of GST

Replacing the multiplicity of indirect taxes prevailing in India GST aims at bringing 'harmonized system of taxation' in the country whereby uniformity in terms of procedure and rate of tax imposed both on goods and services sold within the country can be ensured. The transparent and seamless 'Input Tax

Credit' system provides incentive for more tax compliance. Hence, GST, internationally known as general turnover tax on consumption is basically destination based consumption tax, which is levied on the value added at various stages of all taxable products that are consumed domestically. Under GST regime, exports are zero rated but imports are taxed under the destination principle. The notable benefits arising out of introduction of GST are stated below:-

1. Elimination of Multiplicity of Taxation: - The main reason to alleviate GST is to abolish the cascading effect on tax. The current tax system allows imposing tax on tax.
2. Reduction in prices of Goods and Services:- Due to full and seamless input tax credit, manufacturers or traders do not have to include taxes as a part of their cost of production and thus abolishing cascading effect of tax will lead to reduction in prices of goods and services for the customers.
3. Increase in Government Revenues: - GST is expected to widen the tax base because many people resorted to paying taxes rather than evading the same and thereby contribute positively in the government revenue generation. Apart from the increase in tax compliance, the GST rate as proposed recently is much higher than the RNR proposed by the 13th Finance Commission and thus, will yield much more revenue. According to experts, with the implementation of GST, India will create more employment opportunities and boost growth. Experience suggests that during the implementation of VAT, public revenues actually went up instead of falling owing to many people's reported to paying taxes rather than evading the same. Another prospect of the current GST model is that it would encourage the distributors to sell goods or provide services with invoice as compared to current set up where they prefer to go for sale without invoice and naturally in the process Government ends up with less revenue.
4. Low compliance and procedural cost: - Under GST a single registration and a single compliance will suffice for both SGST and CGST which will ease out burden of maintaining big records, returns and reporting under various different statues. All taxpayers will find comfort under GST as the compliance cost will be reduced. Notwithstanding the fact, it should be noted that the taxpayers are required to keep records of CGST, SGST and IGST separately.
5. Booster for Economic Growth: - Introduction of GST is considered to be a remedy for Indian economy as international experience suggests that GST helps corporations focus on their core business processes which, in turn, help them produce goods at competitive prices both for domestic and international market. On the other hand, it will help increase the saving rate and facilitate the economy grow. The Government of India is of the opinion that GST can help increase the growth rate. Even then the Task Force under leading economist Kelkar had pointed out that it will increase growth. However, there are certain counter-arguments wherein it has been pointed out that if the rate of GST exceeds 20% limit, there would be very minimal impact on the economic growth and prosperity.
6. Reduction of Average Tax burden for Customers: - The tax burden of customer will be certain under GST regime and the international evidence suggests that average tax burden for the customers can be reduced.
7. Facilitate Ease of Doing Business: - GST will remove the worries about taxation that may crop at later stages. This will facilitate business community to focus on supply chain, pricing modalities, business intelligence and innovation rather than taxation as prices will no longer be the function of tax after the migration to GST regime. Overall introduction of GST will be crucial for Indian economy in the long run. GST would also make Indian products competitive

in the domestic and international markets. From the consumer point of view, the biggest advantage would be in terms of a reduction in the overall tax burden on goods. Last but not the least, this tax, because of its transparent character, would be easier to administer.

8. Challenges on the GST:- Like any other reform measures, the introduction of GST faces some challenges like lack of political consensus, lack of infrastructure, non-creditable levy on inter-state sale, high revenue neutral rate, sector specific issue, international experience, etc.
9. GST in India is envisaged to be the greatest indirect tax reform in the country post-independences with its firm element of simplicity in levy and collection of taxes as opposed to multiple/multi-point levy and collection of indirect tax.
10. GST would facilitate to eliminate the tax distortions besides reducing the cost of goods and services in the hands of the final consumer. Thus, the Economy will getting geared to shift the tax-incidence from Origin to Destination Principle. GST system would have fundamental basis to tax on final consumption than existing practice of tax on production and distribution.
11. GST - a new tax reform system would result decline in prices of all manufacturing sectors within certain range and is expected to ensure seamless and uniform tax regime besides lowering inflation and promoting growth in the long run.
12. GST reform would result gains to various key areas such as GDP, Export, Import, real return to land, wage rate, real return to capital, etc.
13. IGST Model would encourage maintenance of uninterrupted ITC chain on inter-state transactions.
14. No upfront payment of tax or substantial blockage of funds for the inter-state seller or buyer is to be made.
15. Self monitoring mode is done.
16. Level of computerization is limited to inter-state dealers and Central & State Governments should be able to computerize their process expeditiously.
17. As all inter-state dealers will be e-registered and correspondence with them will be by e-mails the compliance level will improve substantially.
18. Model can take "Business to Business" as well as "Business to Consumer" transactions into account.
19. Implementation of GST would result national common market (Souvenir, ICAI, 2016) and least incentive for traders on the basis of area based tax-incidence.
20. GSTN would facilitate the introduction of online information input at each check post and thus eliminating need for entry permits or ways bills.

8.2. Critical Evaluation of GST Model

1. Dual tax incidence - VAT & Service Tax in course of work contract, would result tax disputes about classification and tax liability.
2. The Current Mechanism of check post or entry permits would result insalubrious growth of industry. It would increase transaction costs and delays lead time.
3. The pernicious underestimation of the price and quality of goods entering through porous border would result loss of revenue to the exchequer.
4. Commercial trucks in India will be forced to pay certain price on an average as bribe for every kilometer. Around 14 lakh trucks operate in the country with inter-state permits. They would pay an average bribe of Rs. 79,920 a year to a variety of authorities of the Central and State

Governments. Total bribe would stand at above Rs. 11,198.68 crore a year and on any given day, each truck plying on Indian roads ends up paying Rs. 235 as bribe.

5. The road transport sector supported the movement of goods by paying 17 types of taxes and other incidental/hidden cost.
6. The exempted sector like Construction Sector in India would suffer from non-creditable of input credit. Thus, it forces real estate developer to resort non-reporting of transaction at the correct values resulting substantial loss of tax of tax revenues and fuels the parallel economy (Vijay, 2016).
7. GST results national common market and transparency would result to eliminate such means for black money creation.
8. Existence of Uniform Market throughout the nations would result slippage and tax revenue loss to exchequer.
9. Tax payers and a section of enforcement officials may act in collusion to evade taxes due to the State through under assessment and short-levy.
10. Implementation of GST would result national common market and least incentive on the basis of area based tax incidence.
11. The study of implications under GST law on the aspects related to valuation of job-work transactions is very crucial having regard to various issues and wherever there is a scope for uncertain situation, necessary classification is required to be implanted in the GST Act, in order to save the job work industry from possibility of litigation in future.
12. In the existing regime, Government does not allow credit on input construction services or goods used for office or factory; or on the motor vehicles used for business purposes; or for input services procured for employees like group medical insurance and the like. These expenditures are legitimate business expenditures and in the existing regime the respective input credit has been denied on these expenditures based on technical construction as the economic end would have not vindicated such disallowances.
13. The time period granted for claiming credit of goods or services is improperly short especially in the Indian business scenario.
14. Introduction of a new era tax regime needs an just preparedness if the transition has to be smooth. To gear up for GST, it is important to undertake the impact analysis of GST and to ascertain the effect of GST for different sectors.
15. GST Bill indicates only a minimal framework for the levy for GST and the other important issues arising out from it will be resolved by the GST Council.
16. GST Council which is empowered for the structure and operational issues of the tax, the possibility of keeping and following harmony in emerging tax structure and its operations is very much doubtful.
17. The major issue is additional tax on the inter-state supply of goods and services and the exclusion of petroleum goods from the purview of GST.
18. It is of great importance that states would lose the autonomy to bring change in the tax structure and operational details.
19. It is more hypothetical or myth that entire process of decision making in the GST Council could be finalized within given period of time.

9. Concluding Observation and Suggestion

GST hailing from the high-point of post-independence tax reforms cradles in the hands of a new and unprecedented demonstration of political will to "Transform, Energize and Clean India" by a non-so-knew Government. The Constitution 101st Amendment Act, 2016 demands the introduction of GST not later than 15th September, 2017. Article 265 of the Constitution prohibits levy or collection of tax except by the authority of law and Article 300A prohibits bereavement of the property of any person for collection of this tax save by authority of law. "Time of Supply" and "Place of Supply" is the two legs upon which the levy of GST stands. A good grasp on these two pillars of law will hold us in good stead as we welcome GST in 2017. GST is one of the biggest tax reforms of federal economy of India as it goes by the nation "One Nation; One Tax". GST is set to subsume present 17 indirect taxes into a single tax scheme. This much anticipated tax scheme collectively intends to benefit all and in line with the Central Government's slogan "Sabka Saath Sabka Vikas" by encouraging the parallel economy into the mainstream. The business and industry will benefit on account of a uniformity in tax rates, removal of cascading of taxes leading to higher credit, generally lower cost and increased export competitiveness. Similarly Government will see easy administration, improved compliances, reduced revenue leakages and better efficiency. The consumers would have a single, lower and transparent tax with less cascading on the value of goods and services consumed. Our Economy, which is tenth-largest in the world by nominal GDP and the third-largest by purchasing power parity, remains irrefutably robust even in present times of uncertain global growth. However, the grand underlying vision and path of national economy are riddled with formidable challenges of the present complex indirect tax laws. Here in this new GST era, the professional bodies like CA can contribute to all stakeholders and society. Inevitable move of the Government towards GST is welcome for eliminating the cascading effect of tax, elimination of multiple taxes, maintaining the entire indirect tax records through online electronic system for transparency and good governance with reduction in the administrative and compliance procedures. Due to our federal structure, we have to satisfy our self with dual taxation system instead of a single tax for the entire economy of the nation. GST reform would facilitate fiscal consolidation, thus reducing the debt burden of citizens. It would generate high ends job opportunities about 20 million in the country. Such remarkable initiative would result set-back to the underground economy. Tax Reform - GST would be frugal for our economy to go back to double digit GDP growth. The GST roll out is a matter of time. Though it is widely accepted view that the indirect tax regime in India is complex, but it is also inefficient, obscure and characterized by non-credibility of taxes paid either due to restraints in the law or because there is no clear-cut division between central and state levels. Moreover, multiple levies of taxes induce businessman to comply with payment, reporting and audit requirements under different tax authorities. Undoubtedly, migration to GST regime will overhaul the present indirect tax regime. GST has the potential to push India's GDP and as rightly pronounced in Economic Survey 2015-16. GST is a reform perhaps unprecedented in modern tax history. With the implementation of GST, the taxpayers will breathe a sigh of relief as they are likely to get free from the requirement of multiple compliances under various states, as the GST Regime provides for a single registration and a single return. Moreover, it provides major impetus to MAKE IN INDIA initiative of Government of India by attracting new foreign investments and by reducing manufacturing cost in the form of reduced compliance cost and taxes. The Parliament of India on 29/03/2017 has passed crucial GST Bills i.e. Central GST (CGST), Integrated GST (IGST), Union Territory GST (UTGST) and Compensation Cess Bill. The Rajya Sabha on 06/04/2017 has passed all the four supplementary GST legislations without amendments by a voice vote (Jain, 2017) in the presence of all parties on the Board.

9.1. Suggestion

The varying taxation structure across the states within India has created unhealthy competition among the states and obstructed the overall growth. Goods and Services Tax (GST) is an important strategic and most practical step in the rationalization of Indian tax structure. In the present globalized scenario, the implementation of GST is a bold step for keeping Indian economy competitive within the country and outside the country. In spite of these positives, the present GST Model leaves few issues wide open for serious deliberations from policy perspective. These are as follows:-

i. Though, India is adopting Dual GST looking into the federal structure, it is still a good move towards a Unified GST which is regarded as the best method of Indirect Taxes and internationally accepted.
ii. The building of adequate infrastructure both at administers level and taxpayers level should be a priority area and efforts need to be taken at priority and emergency basis in this direction.
iii. RNR should be within the reasonable range otherwise GST may prove to be counterproductive.
iv. As the relative contribution of service sector is increasing with the passage of time, the Government stands to gain now and in future in terms of higher revenue from the service sector but the consumers, from the overall point of view, would be marginally benefitted because the gain arising out of the falling commodity prices will be balanced, to a great extent, by the increase in prices of services.
v. The most critical issue namely GST rate which is based on RNR, the vital for the economy in general and industry in particular have shown greater degree of earnestness. The industrialists feel that there is dilemma on it and the same remain till the rate is not finalized. This is because RNR is most critical issue as it directly affects profitability and volume of business of the corporate world.
vi. In the present scenario, the most desirable thing for which Indian government is making out concerted efforts how to attract more foreign investment. This could only be possible when foreign investors looking at return on investment for which GST rate for goods and services is *sine qua non*.
vii. Indian Government needs to take into consideration the GST rates applicable in the world market while setting the issue of RNR. It is imperative to point out here that at the global map the GST/VAT rate across the world is within the reasonable range.
viii. Indian planners and policy makers should keep world available indicators in mind while determining the Indian requirements of revenue when they fix RNR. For maintaining the same level of economic and social development, it is necessary that Indian Government must fix the RNR that must match the government's revenue similar to the current tax rate structure.
ix. Various exemptions available currently will be abolished under GST and hence, the tax base shall be increasing in totality which is the need of the hour. Thus, RNR should be within the range and may go a long way in meeting the needs of government and the industry.
x. Tobacco, alcoholic and petroleum goods should be brought under GST and a different rate of excise may be levied on them as many other countries across the world have made out. As more than 35% of the central excise and state VAT revenues are collected from motor spirit and high speed diesel, including them in GST regime, tax base will push up the general rates. But a separate green tax on the above mentioned items could meet the revenue segment.
xi. An additional levy by the states may be devolved to local urban bodies because with the implementation of GST regime, the existing sources of revenue namely - octroi, local body tax

and entry tax will become superfluous and therefore, the additional levy may provide much needed cushion to the local bodies. The burning example in this case is that when Gujrat Government abolished octroi, the VAT rate was increased equally to match the loss of local bodies.

xii. All services must come under CST regime and there should be a minimum level of exemption to the services. Corporate firms carrying self supply of goods and services should have been included in GST net. However, corporate firms may not get hurt as these cam claim credit for all input taxes paid by them.

xiii. Roll out of goods and services tax (GST) may go a long way in benefitting the corporate firms by not only simplifying the existing indirect tax structure but also provide them the required cut down in the existing logistic cost as much as by a considerable margin.

xiv. Phasing out of the 2% CST for companies who move goods across the country may be made.

xv. Optimization of ware housing and consolidation of inventories for companies that have established multiple ware houses across the country to avoid CST is to be made.

xvi. A sound, effective and easy GST regime is suggested for implementation to all sectors of the economy. If the government wants to exclude any sector and item from GST regime, the same should be made out by GST Council with full care and cautiousness. There must be a rational for the exclusion. Certain supplies, even if made without a consideration such as self supply of goods and services should have been the part of GST regime. These measures may go a long way in transforming GST as a myth to reality.

xvii. The positive efforts on our part would be to find best possible solutions of these issues for further turning of the GST modalities. The issue of widening the tax base by enforcing strict vigilance and compliance is a pre-requisite for the success of GST in India.

xviii. The proper implementation of GST claims standardized procedure and efficient information technology infrastructure. The experience of implementation of GST can be a guiding point. Infrastructure both at the Central level and the State levels needs to be developed in harmonic manner which is presently not in place.

xix. The issue of widening the tax base by enforcing strict vigilance and compliance is a prerequisite for the success of GST in India.

xx. An applicant of refund has to be watchful while filing refund application under GST Regime.

xxi. Following announcements about the imposition of cess on luxury cars, people will eagerly await about the clarity of the definition of luxury cars. However, the schedule allowing room to impose cess on the entire entry 8703 heightens the concern until 8 (2) notification (Christopher, 2017) is issued. All inter-State and intra-State supplies are exposed to levy of cess except being rescued by above notification. This requires clarification.

xxii. The levy derives power from same Article 246A and 269A of the Constitution. The authority to collect the cess from the taxable person is ensured by the Government but the remedy to adjust this levy still remains contractual. Government should ensure this adjustment.

xxiii. The remarkable investment in technology does not seem to ease restoration of the recovery in the event of surplus in the fund. This requires justification. Any measure minimizing the distortion may go down in history that no class of consumers "paid for" any more than what was credited.

xxiv. Levy of cess under the GST (Compensation to States) Bill, 2017 is no less a tax requiring the basic attention of members, tax administration and industry (Christopher, 2017) as a whole. Due attention is of urgent requirement for examining the levy of the cess. Uniformity in law and removable of interface with tax administration can bring much revenues to the exchequer by improving voluntary compliance.

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