

**GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:5054
ANSWERED ON:20.12.2002
COMMON LEGISLATION SERVICE SECTOR TAXATION
IQBAL AHMED SARADGI

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

- (a) whether the Government are contemplating to introduce common legislation service sector taxation, and an amendment to the Seventh Schedule of the Constitution in this regard;
- (b) if so, the details thereof;
- (c) whether the Government have also set up a task force on direct taxes for rationalising and simplifying procedures while strengthening enforcement to improve revenue mop up; and
- (d) if so, the time by when the task force is likely to submit its report?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE & COMPANY AFFAIRS (SHRI GINGEE. N. RAMACHANDRAN)

- (a) & (b) States have taken a unanimous decision to replace their existing sales tax system with Value Added Tax (VAT) system from 1st April, 2003. In this context and to also widen their resource base, the States have requested that they should be enabled to collect and appropriate the proceeds of tax on services. Action has already been initiated on this request of the States.
- (c) Yes, Sir.
- (d) The Task Force has made public on 2nd November, 2002 a consultation paper for wider discussion and comments.