

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:162
ANSWERED ON:18.07.2014
GOODS AND SERVICES TAX
Kataria Shri Rattan Lal;Roy Prof. Saugata

Will the Minister of FINANCE be pleased to state:

- (a) whether the Goods and. Services Tax (GST) roll out is a major milestone in the indirect tax reforms in the country;
- (b) the benefits likely to accrue, as a result of the roll out and if so, the details thereof;
- (c) whether some States have expressed their concerns over implementation of GST and if so, the details thereof along with reaction of the Government thereon;
- (d) the action taken by the Government to address the States` concerns and arrive at consensus over the issue; and
- (e) the time by which GST regime is likely to be implemented?

Answer

FINANCE MINISTER (SHRI ARUN JAITLEY)

- (a) to (e): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO, `162 FOR ANSWER ON 18 JULY. 2014

- (a). Yes, Madam.

(b). GST is likely to bring about a fundamental change in the tax structure by redistributing the burden of taxation equitably between goods and services. It will broaden the tax base by taxing supplies of goods and services comprehensively. Switching completely to the destination principle will reduce distortions. It will create a tax neutral supply chain. It will foster a common market across the country and reduce compliance costs. It will simplify the indirect tax procedures and would impact scope of manufacture, valuation, input stage credit entitlement, classification and scope of exemptions etc. It will promote exports as hidden costs in the form of multiple taxes will be eliminated. Thus, it will have positive impact on the foreign trade. These will help in spurring growth and employment and consequent increase in country`s GDP.

- (c). States` concerns with regard to the GST mainly relate to loss of revenue, fiscal autonomy, compensation, keeping certain items out of GST, subsuming of certain taxes in GST etc.

(d). Government has modified the draft of the Constitution Amendment Bill in accordance with the recommendations of the Parliamentary Standing Committee on Finance and the Empowered Committee of State Finance Ministers to address the issues like fiscal autonomy, revenue loss, keeping certain items out of GST, subsuming of certain taxes in GST etc. Government has also assured the States to compensate for any revenue losses incurred by them, from the date of introduction of GST, for a period of three years.

- (e). In the spirit of co-operative federalism, no decision to introduce GST will be taken without consulting the States. It is the constant endeavour of the Government to engage with the States on the introduction of this vital reform in the country. Government targets to find a solution in the course of this year and approve the legislative scheme which enables the introduction of GST.