

## An empirical analysis of views on goods and service tax

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### ABSTRACT

In the present chapter an attempt has made to analyze the views of the respondents on proposed GST. The analysis of data revealed that the GST is not a new tax system. It is only a further improvement over the prevailing consumption based tax system at centre and the states *i.e.* CENVAT and VAT. The GST as targeted should offer huge revenue potential to the central as well as the state governments. However, in implementing GST, the government and policy makers should take into consideration certain factors that can occur on both the sides of tax payers and tax administrators such as public awareness, transitional requirements, education and training to tax administrative staff, deployment of well-trained staff in assisting to the public, etc. If the GST is introduced, it will be certainly more tax-friendly and help in increasing tax collection. We all wish its implementation as to be G-Goods, S-Simple and T-Transparent.

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Taxation in India particularly after independence has been applied well-structured taxation policy with direct and indirect taxes for its economic development. However, the Indian taxation system since, from new economic policy in 1991 has undergone radical transformation due to changing fiscal reforms by Indian government. Many new laws and Acts were being introduced by replacing old laws and all related issues. As a result of such reforms, service Tax and VAT were introduced in indirect tax regime but taxes still form a barrier to interstate and international trading (Datey, 2010). Hence, in order to attain a secured market for the activities related to services and goods, India now look forward for a broad-based reform by the 'Goods and Service Tax' in accordance with the liberalization agenda (Abood Mohammad, 2009).

The government of India planned to implement GST from April 2010. Accordingly, a white paper was issued by the Empower Committee of State Finance Minister on Nov. 10, 2009 and the report of the task force on GST also constituted by the Thirteenth Finance Commission. However, due to miss-match of negotiations between centre and states and awaiting amendments to the

constitution, the date of implementation of GST get postponed to April 2011 and then again postponed further up to April 2012. The objectives of present study are as follows to understand the meaning and nature of GST, to study the objectives behind the GST, to highlights structural aspects of GST, to analysis the views of respondents on GST and to suggest certain measures for the successful implementation of GST.

### Background of GST:

The Goods and services tax (GST) known as the National VAT (value added tax) has been introduced more than 1450 countries. Most of these have a unified GST system. France was the first country in which GST system was traduced in 1954. Brazil and Canada are the two countries where GST is levied by Union and the state governments *i.e.* a dual system of GST. As far as the national GST is concerned, the basic idea of GST in India was first referred as back as 1974 when the Jha Committee recommended VAT in India. Further, it was mooted by Kelkar Task Force in 2004 and then GST is following baby steps. In the union Budget of 2006-07 Mr. P. Chidambaram announced decision that India would operate a Goods and Services Tax from April 2010. He said, "It is my sense that there is large consensus that the country should move toward a national-level goods and service tax (GST) that should be shared between the centre and the states, I propose that we set April 2010 as

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