



One Nation, One Market, One Tax

Department of Revenue - Government of India

The dawn of July 1, 2017 brought with it the rays of economic freedom in the country with the roll out of the Goods and Services Tax (GST). This event will go down as one of the biggest milestones in our history when the political class united in favour of the economic integration of the country as a whole.

The launch of GST liberates us from the strangles of black economy and corruption. Various taxes have been subsumed in GST, which will be levied on supply of goods or services, or both, at each stage of the supply chain, starting from manufacture or import till the last retail level. Uniform laws, procedures, practices and tax rates throughout the country will lead to an increased ease of doing business. The Department of Revenue, Ministry of Finance, with



isteam of officers, played an extremely critical role in the roll out of GST. Also, the Central Board of Indirect Taxes and Customs (CBIC) played a very pro-active role in the drafting of the GST laws and procedures, particularly the CGST and IGST law, which is the exclusive domain of the Centre. The existing IT infrastructure of CBIC has been suitably scaled up to handle the large volumes of data. The name of the IT project of CBIC under GST is SAKSHAM, which will lead to greater transparency and accountability of the tax administrations and improved compliance levels, and the total project is valued at ₹2,256 crore.

From the consumer's point of view, the biggest advantage would be in terms of a reduction in the overall tax burden on goods, which was earlier around 25-30%. Introduction of GST would also make Indian products competitive in the domestic and international markets. Studies indicate that the introduction of GST would instantly spur economic growth and can potentially lead



CHALLENGES FACED

- A myopic view led to initial opposition and non-acceptance of indirect tax reform; people take time to adapt to a revolutionary market-change
- Based on the legal provisions and procedure for GST, a common portal has been set up by GSTN, a Special Purpose Vehicle (SPV) set up to provide the IT infrastructure and services to various stakeholders including the Centre and the States

FINAL OUTCOMES

- GST helps to create a unified common national market for India, giving a boost to foreign investment and the Make in India campaign
- It will boost export and manufacturing activity, generating more employment and thus increase GDP with gainful employment leading to substantive economic growth and poverty eradication
- Reduction of the multiplicity of taxes, which had huge tax cascading effects like lack of uniformity of provisions in state VAT statutes, inability of state to levy tax on services, distortion of tax base with multitude of exemptions, complexities in tax administration, etc.



to GDP growth in the range of 1-2%. The seamless flow of input tax credit in GST, coupled with an increased competitiveness on account of nation-wide uniformity and harmonisation encouraged a large number of taxpayers to get registered voluntarily.

GST creates a common national market by freeing the inter-state trade from the chains of forms and anachronistic procedures, and more importantly, from the cascading of taxes that have been contributing towards the increased cost of carrying out business without any resultant benefits. GST achieves the economic unification of our country by breaking down the artificial walls of tariff and non-tariff barriers between the states. It is a booster dose for the immunity of our economy from the vagaries of world developments and a platform for meteoric growth of the country. Besides being a 'One Nation, One Market, One Tax' reform, it also provides a framework for realising the dream of 'Swachh Business, Samruddh Bharat'.