

The Economic Times 14 Dec 2009

The Goods and Services Tax (GST) regime would have four slabs and it is likely to be unveiled within 15 days, chairman of empowered committee of state finance ministers Asim Dasgupta said on Sunday.

“It (GST) will have four slabs. I hope the rates will be released in the next 15 days,” Dasgupta said.

GST slabs would include exempted items list, one standard rate for majority of the goods and services and another having a moderate rate, he said.

Precious metals are likely to continue to attract 1% tax. This has to be done to bring uniformity in tax compliance for the business community and to facilitate them to maintain a single book of accounts for both state GST and Central GST tax payment, Mr Dasgupta said.

The implementation of GST is scheduled for April 1, 2010. However, there are doubts at various quarters whether the new tax regime would come into effect at the targetted date because differences of opinion over the rates among states and the items to be included under GST.

The Empowered Committee of state finance ministers had released a discussion paper on GST on November 10. It proposes to replace central levies like excise duty, service tax, special additional duty, countervailing duty by GST.

State levies like VAT, sales tax, entry tax etc would also be subsumed. Besides all this, central and state cesses and surcharges would be out once GST comes into effect.

Finance minister Pranab Mukherjee had last month said that “proposed GST would help achieve common market for goods and services at lower tax rates, avoiding cascading effect of these taxes”.

Dasgupta said once the Law Ministry cleared the draft amendments required for the GST, it would be placed before Parliament for approval.

The legislation would empower the state to levy taxes, but care should be taken that it was uniform, he said.

Dasgupta had earlier said all forms like C form would be done way from day one of GST roll out, but way bill would continue for the first year to allow the IT infrastructure for inter-state goods and services transfer to be in place.

The states released a discussion paper prepared by the Empowered Committee of their finance ministers last month which said the GST should also replace cesses and surcharges at both central and state levels.

The much-talked about discussion paper did not give any idea about rates and the items to be included in it.

However, it made some specific suggestions such as alcohol and petroleum tax should be out of GST, while tobacco be included in it.

Some states like Madhya Pradesh, Gujarat and Haryana had sought extension in the GST introduction.