

## **ICAI studying effects of GST regime**

The Institute of Chartered Accountants of India (ICAI) is serious on its role as India prepares to usher in the goods and services tax (GST). Apart from seeking inputs from various users such as traders, commerce organisations and associations, ICAI has also asked its chartered accountant members to conduct independent studies on the net financial gains or losses that each state across the country would end up once GST becomes a reality.

The idea of embracing GST regime was mooted in Union budget for 2006-2007, when the Union finance minister proposed that India should move towards national level GST that should be shared between the Centre and the states. While the initial deadline of April 1, 2010, set for the purpose has gone by, it is now expected to come in to force from April 1, 2012. A study on exact implications of GST would bring about more clarity on the issue, opines ICAI.

Sharing this view with TOI here, ICAI president G Ramaswamy said while some states are willing to implement GST, other states have reservations about it. State finance ministers need to be told whether they are gaining or losing (revenue) post GST, Ramaswamy said, adding this is where a study becomes important. Apart from requesting members to help with the study, ICAI is organising workshops to educate all concerned on GST, he said.

A proper revenue model has to be prepared state wise and given to the respective states. The study should be based on sales tax collection of each state, value added tax and central excise and the state wise contribution. The share of states should be worked out based on this study, he said adding only such an exercise would convince the finance ministers of the respective states on what the benefits are, and what they are losing initially for a long term gain.

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