

J&K fin min is new GST chief

Finance minister of Jammu and Kashmir (J&K) and National Conference leader Abdul Rahim Rather was on Monday elected the new chairman of the empowered committee of state finance ministers to steer the implementation of goods and services tax (GST).

Rather will replace former Bihar CM Sushil Kumar Modi, who resigned last month after the split of BJP-Janata Dal (U) alliance in Bihar. He was elected as the new chairman at a meeting of the empowered committee here.

GST is India's most ambitious indirect tax reform plan, which aims to stitch together a common market by dismantling fiscal barriers between states. It is a single national uniform tax levied across the country on all goods and services.

The indirect tax system in India is currently mired in multi-layered taxes levied by the Centre and state governments at different stages of the supply chain such as excise duty, central sales tax (CST), VAT and octroi tax, among others. In GST, all these will be subsumed under a single regime, thus giving a one-shot solution to a welter of levies

It can be rolled out only when Parliament passes the constitution amendment bill, which has been pending since March 2011.

A constitution amendment bill can be passed in Parliament only if at least two-thirds of the members vote in favour. In addition, at least half of the state assemblies will have to pass the bill. The Parliament's standing committee on finance has finalised its report on the bill.

State governments, however, point out that the Centre has been unconvincing about GST protecting them against potential revenue losses.

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