

## **No deal on GST, state FMs head to study European model**

It's going to be a tough September for finance departments across the country with finance ministers from around 20 states - despite all of them not agreeing with the proposed Goods and Services Tax (GST) rollout - going to Europe to study the indirect tax regime.

On September 7, the 20-odd finance ministers - the number was initially limited to 15 - would fly to Paris and Spain to study how GST works. They would then visit Brussels (Belgium) and Luxembourg, where the central focus is going to be on dispute resolution.

From Bihar deputy chief minister Sushil Kumar Modi, who in his role as the head of the empowered committee is trying to push its implementation from April, to Raghavji, Madhya Pradesh finance minister and the most vocal critic of the scheme, the entire spectrum of state finance ministers will go to study the tax practice in Europe.

Sources said that all states were invited to be on board the flight but around 20 have confirmed so far. In several states such as Uttarakhand, Assam, Meghalaya and Manipur, the chief ministers are in-charge of the finance portfolio and have deputed others to go for the study tour. Although progress has been a little slow on getting everyone on board, the sources said that speed is expected to pick up in the coming weeks. Three sub-groups on legislation, Central GST and State GST have been asked to submit their reports at the earliest.

Modi is also due to meet Yashwant Sinha, chairman of the standing committee on finance that is studying the constitutional amendment Bill on GST, towards the end of September to, among other things, request for an early report. While it is unlikely that GST would be implemented from April, the latest in a series of missed deadlines, states have been asked to gear up for implementing an information technology network that will help plug leakages.

States are expected to move to the new IT network even if GST is not implemented as they hope to improve their VAT collections. A pilot run in Maharashtra has shown that the state lost around Rs 1,000 crore through leakages. Now, 200 traders each in 11 states would move to the pilot stage to test the network. "The biggest advantage is that you can cross-check the data for the seller and the buyer, who may be in different states, and check if there has been any tax evasion. At the moment, crossverification for inter-state transactions is difficult," said an official.

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