

## **Tax-terrorism must not resurface**

The Centre and states are said to be embroiled in a turf-war over who has powers to nab traders evading the goods and services tax. Hardly surprising, given that tax sleuths from the Centre and states have been armed with enforcement powers. So, industry's worry that it could get caught in the cross-fire between the two authorities on enforcement action is legitimate. The threat of tax terrorism in any form must not re-surface. It would defeat the goal of GST that is meant to raise compliance.

Audit trails are already being created now, with manufacturers getting credit for the taxes that they pay on inputs. All the data is housed in the goods and services tax network or GSTN that retains a copy of the challans and returns, does reconciliation and mines data for fraud.

This leaves mainly audit functions, and tax authorities are likely to examine books of accounts only when a fraud is detected. Yet, there are worries of traders colluding with corrupt officials to evade the tax. It's a reflection perhaps of the lack of trust over the state-administrative machinery.

Some tax experts therefore suggest a single administrative machinery to oversee GST. That's a good idea. Canada (with the exception of Quebec), for example, has a single administrative agency that collects the tax and is accountable to the Centre and the provinces. Similarly in Australia, the administration is done by the Centre.

India can create a single cadre of officials, pooled from the Centre and states to administer GST. That could help assuage industry's worries.

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