

# Goods And Services Tax - A Journey of More than 2 Decades

India had a very complex tax system in place. The need for reform in taxation rose way back in the 1980's and the idea of exploring GST rose in 1990's. The below points give the sense of chronology on the long winding road that was taken before implementing GST in India.

1. Former Finance Minister VP Singh introduced the measures to modify the indirect tax regime in India, in 1986.
2. Hence the Rajiv Gandhi Government introduced the Modified Value Added Tax (MODVAT).
3. The Succeeding Government under Prime Minister Narashimha Rao and Finance Minister Manmohan Singh initiated steps towards Value Added Tax (VAT).
4. In 1999, the next Government of India under Prime Minister Atal Bihari Vajpayee proposed Goods and Services Tax (GST) after due deliberations were conducted with his economic advisory panel consisting of former Reserve Bank of India (RBI) governors C Rangarajan, Bimal Jalan, and I.G.Patel.
5. To design a GST model for a complex nation like India, former Prime Minister Atal Bihari Vajpayee set up a committee headed by former Finance Minister of West Bengal, Asim Dasgupta.
6. The committee headed by Asim Dasgupta was also given the mandate to explore the logistics and necessary technology required for the smooth functioning of GST. The back end technology which was being explored is now known by the name GST Network or GSTN.
7. In 2002, once again the Government of India headed by Former Prime Minister of India Atal Bihari Vajpayee formed a task force under the chairmanship of Vijay Kelkar with a mandate to come out with reforms in Indian taxation system.
8. 3 years later in 2005, the committee headed by Vijay Kelkar recommended introducing the Goods and Services Tax (GST).
9. In 2006, the former Finance Minister of United Progressive Alliance (UPA) Government, P. Chidambaram continued the work on GST and proposed a tentative timeline of April 2010, for the rollout of GST.
10. In 2011, former Finance Minister of West Bengal, Asim Dasgupta resigned as the head of GST committee, he was appointed as the head of GST Committee in Vajpayee Government.
11. In 2014, after the formation of Government led by Prime Minister Narendra Modi, Former Finance Minister Arun Jaitley introduced the GST bill in the Parliament.
12. In 2015, the former Finance Minister set the deadline of April 2017, to introduce Goods and Services Tax (GST).

13. In May 2016, to pave the way for GST, Lok Sabha passed the Constitution Amendment Bill. However, there was criticism from the Opposition, hence the GST bill was sent back for review to the select committee of Rajya Sabha.
14. After the go ahead from the Select Committee of Rajya Sabha the GST Amendment bill was passed in August 2016.
15. After the passage of the GST amendment bill, over the duration of 2 weeks to 3 weeks, 18 states ratified the Constitution Amendment Bill.
16. Finally former President of India, Pranab Mukherjee gave his assent to the bill.
17. To work on the GST laws, a 21 member Select Committee was formed to analyse and give its proposals and recommendations.
18. The Central Goods and Services Tax Bill (CGST), the Integrated Goods and Services Tax Bill (IGST), Union Territory Goods and Services Tax Bill (UTGST), Goods and Services Tax Compensation Bill was passed on 29th March, 2017 in the Lok Sabha. These bills were passed in the Lok Sabha after it was approved by the GST Council.
19. The above-mentioned bills were passed in the Rajya Sabha on April 6, 2017 and they became an act 6 days later, on April 12, 2017.
20. Further the State Goods and Services Tax Bill was by respective State Legislatures.
21. After the passage of various GST laws at the Central and State levels, on 1st July 2017, Goods and Services Tax was Launched all over India.
22. Jammu and Kashmir legislature was the last state to pass its GST act on 7th July, 2017, thus the entire country of India came under 1 unified Indirect Taxation system; thus closing the chapter of long winded journey of GST in India.

## GST Journey - Constitution Amendment Bills Introduced

1. 115th Constitution Amendment Bill Introduced in Lok Sabha in 2010.
2. 122nd Amendment Bill was Introduced and passed in Lok Sabha on 6th May, 2015.

## Types of GST

### **Central Goods and Services Tax (CGST)**

Revenue under CGST is collected by the Central Government. CGST subsumes the below given central taxations and levies.

1. Central Excise Duty
2. Services Tax
3. Central Sales Tax
4. Excise Duty
5. Additional Excise Duties Countervailing Duty (CVD)

## **State Goods and Services Tax (SGST)**

Revenue under SGST is collected by the State Government. SGST subsumed the following state taxations.

1. Luxury Tax
2. State Sales Tax
3. Entry tax
4. Entertainment Tax
5. Levies on Lottery

## **Integrated Goods and Services Tax (IGST )**

IGST is charged when there is movement of goods from one state to another state. The revenue will be collected by the central government and accordingly will be shared between the Union and states in the manner prescribed by Parliament or GST Council.

## **Union Territory Goods and Services Tax (UTGST)**

The GST council decided to have UTGST that would be similar to SGST. The reason behind introducing UTGST is, SGST cannot be applied in Union Territory without legislation. However there is an exception with respect to Delhi and Puducherry. SGST can be applied in both the Union Territories as they both have legislatures. UTGST will be applied in the following Union Territories.

1. Andaman & Nicobar Islands
2. Lakshadweep
3. Chandigarh
4. Daman & Diu
5. Dadra & Nagar Haveli