

Better late than never

GST course correction in the right direction

FINANCE Minister Arun Jaitley and his GST team are doing what they could have done eight months ago, at the time of introducing the indirect tax reform. Initially, the government had shrugged off suggestions to make the GST regime simple, have two or less tax slabs and impose lesser compliance burden. It is, however, accepting reality and gradually implementing those very suggestions. Had it eschewed its stubbornness, it could have introduced a practical and high-yielding taxation system right from the beginning. After launching the GST in July last year, the government has tinkered with it too many times. Gradually, several items from the top slab — 28 per cent — have been removed, making the tax bracket almost redundant. There is a scope to trim the four-slab structure into three. The sin items and luxury goods are, anyway, attracting higher levies. The government should have dispensed with this slab, instead of making it a prestige issue.

However, it has been heartening to note FM Jaitley's admission that filling only one return "seems to be the course". This shows his maturity. Instead of wasting time in filing three returns, one is enough. There is no need to keep businessmen busy in unnecessary paperwork when tax administrators can easily detect instances of evasions by tallying GST returns with suppliers' invoices. This does not require taxmen to possess any exceptional intelligence since computerised systems are capable of detecting evasions.

Indeed, the GST is a major tax reform in the making. Falling revenue collection is, however, a concern for several states. The Centre must devise a mechanism to disburse the huge sum collected under Integrated Goods and Services Tax among states. There is merit in voices of non-BJP-ruled states like Punjab. They have demanded the inclusion of petrol and diesel in the GST on the lines of "one nation, one tax". Currently, fuel prices differ from state to state. Petrol in Mumbai costs Rs 10.60 more per litre than in Chandigarh. A uniform GST on fuels will not only end competitive pricing by states, but also give respite to consumers from rising petrol and diesel rates.