

## QUICK EDIT

# GST

## version 2.0

The grand federal bargain on the goods and services tax (GST) over the weekend will take the country a step closer to the eventual goal of a unified national market. A reform that was first proposed at the turn of the century is finally becoming a reality—an indication of how complicated policy change in India can be.

The details of the GST structure are disappointing to all those who have backed it because it promised a simple tax system that did not create distortions in the domestic economy. The GST that we are going to get is complicated. It is bound to create the sort of administrative confusion that the tax department loves.

The system being introduced is a far cry from the flawless GST structure that had been recommended by the 13th Finance Commission.

In other words, a new battle needs to begin. Reformers need to push for a simpler GST structure in the coming years, with all goods and services, barring very few exceptions, taxed at the standard rate.