

# **GST, THE BIGGEST TAXATION REFORM, LED TO INCREASE IN TAX BASE, HIGHER COLLECTIONS AND EASE OF TRADE**

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Ministry of Finance

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**Average GST collection in the current financial year stands at Rs. 97,100 crore per month as compared to Rs. 89,700 crore per month in the first year**

**GST council to appoint a group of ministers to examine and make recommendations to reduce GST burden on home buyers**

Posted On: 01 FEB 2019 1:26PM by PIB Delhi

The Goods and Services Tax (GST) reforms has resulted in increased tax base, higher collections and ease of trade. While presenting the Interim Budget 2019-20 in Parliament today, the Union Minister for Finance, Corporate Affairs, Railways & Coal, Shri Piyush Goyal said "The Goods and Services Tax (GST) reforms lingered on during the previous Government for almost a decade. Our Government implemented the GST, which is undoubtedly the biggest taxation reform undertaken since Independence."

Seventeen different taxes levied by the Central and State/UT Governments with cascading effect of tax on tax, were consolidated into one GST. India became a common market. GST has resulted in increased tax base, higher collections and ease of doing business. This will reduce the interface between the tax payers and the Government for day-to-day operations and assessments. The Minister said that now returns are fully online and e-way bill system is in place. Inter-state movements have become faster, more efficient, and hassle free with no Entry Tax, check posts, and truck queues among others.

The Finance Minister, Shri Goyal said, "The high taxation levied on multiple commodities in the pre-GST regime has been rationalised and the burden on the consumer, especially the poor and the middle class, has been significantly reduced." The GST Council, comprising the Centre and States/UTs, finalised the GST rates collectively mostly lower than pre-GST rates. Since then, GST has been continuously reduced providing relief of about Rs. 80,000 crore annually to consumers. Most items of daily use of the poor and middle class are now in the 0% or 5% tax slab. Cinema goers who were subjected to multiple taxes up to 50% are mostly paying much lower tax at 12% now.

The Finance Minister, Shri Goyal said that our Government wants the GST burden on home buyers to be reduced and accordingly we have moved the GST Council to appoint a Group of Ministers to examine and make recommendations in this regard at the earliest.

Shri Goyal said that GST aims to benefit small traders, manufacturers and service providers. Exemptions from GST for small businesses has been doubled from Rs 20 lakh to Rs 40 lakh. Further, small businesses having turnover up to Rs. 1.5 crore have been given an attractive composition scheme wherein they pay only 1% flat rate and have to file one annual return only. Similarly, small service providers with turnover upto Rs. 50 lakhs can now opt for composition scheme and pay GST at 6% instead of 18%. More than 35 lakh small traders, manufacturers and service providers will benefit from these trader friendly measures. Soon, businesses comprising over 90% of GST payers will be allowed to file quarterly return, the Minister added.

The Finance Minister asserted that in spite of such major rate reductions and relaxations, revenue trends are encouraging. He said, "The average monthly tax collection in the current year is Rs. 97,100 crore per month as compared to Rs. 89,700 crore per month in the first year. The State revenues are improving with guaranteed 14% annual revenue increase for the first five years."

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**GG/DSM/RM/SB**

(Release ID: 1562163) Visitor Counter : 337

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