One year after the GST anniversary

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Highlights

- Despite its glitches and snarls, the new tax has taken firm root and is altering the economic landscape positively.
- The strongest sign of this is the entry of over 4.5 million entities in the country's tax net, many of which would have so far been part of the cash-driven, informal economy.
- This expansion of the tax net will also help increase direct tax collections.

Should GST be a single tax?

If not a single rate, there is certainly room for collapsing at least two of the current rates. It is also imperative that rates not be tinkered with too often and pricing disputes not be a default option under anti-profiteering norms for industry.

Other changes suggested

- If cement, as a critical infrastructure input, must be taxed lower than 28%
- In its second year, the GST Council must pursue a time-bound approach to execute plans already announced to ease taxpayers' woes,
  - Such as an e-wallet for exporters and a simpler return form.
  - There must be a road map to bring excluded products — petroleum, real estate, electricity, alcohol — into the GST net.

This reform still has miles to go, and the government must stare down the temptation to take populist steps ahead of general elections.

Source: The Hindu