

GST : to migrate from a complicated and multi tax system to a simpler tax system

The tax rates on goods and services have been fixed taking into consideration, inter alia, the total indirect tax incidence in pre- GST regime, including cascading of taxes. The GST rates so notified are lower than the pre-GST tax incidence on most of the items of mass consumption, such as cereals, pulses, milk, tea, vegetable edible oils, sugar, toothpaste, hair oil, soap, footwear, Childrens' picture, drawing or coloring books, etc. In addition, the objective of GST was to migrate from a complicated and multi tax system to a simpler tax system. The GST thus, is a much simpler tax regime as compared to tax regime it has replaced. In fact, GST has replaced several taxes which were being levied and collected by the Centre, including Central Excise Duty; Duties of Excise (Medicinal and Toilet Preparations); Additional Duties of Excise (Goods of Special Importance); Additional Duties of Excise (Textiles and Textile Products); Additional Duties of Customs (commonly known as CVD); Special Additional Duty of Customs (SAD); and Service Tax. In addition, a number of State taxes have also been subsumed in GST, including State VAT; Central Sales Tax; Purchase Tax; Luxury Tax; Entry Tax (All forms); Entertainment Tax (except those levied by the local bodies); Taxes on advertisements; Taxes on lotteries, betting and gambling. Besides, a number of cesses have also been abolished vide the Taxation Laws Amendment Act, 2017. GST has only five rational rates (0%, 5%, 12%, 18%, and 28%) as against multiple excise duty rates, rate of cesses and surcharges and multiple rates of VAT (varying across the states in many cases). Therefore, overall the GST is much simpler to earlier tax regime it has replaced.

This was stated by Shri Santosh Kumar Gangwar, Minister of State for Finance in written reply to a question in Rajya Sabha today.

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