Abstract:

India is the 7th largest economy (in terms of GDP) in the world where uniform indirect tax system like GST has been implemented. The country where federal economy prevails and where diversity is the unique feature, it was not easy to introduce a uniform tax structure. Though introduction of GST in India is a step towards simplification of our indirect tax system but its efficient administration was a complicated and challenging task. Perhaps this was the reason that it took around seventeen years in taking final shape and getting successful implementation. The first reason in its complicated tax administration was that GST is a destination based tax system. The GST is levied on final consumption of goods or services so the whole supply chain involves number of transactions which has to be tracked for adequate tax administration. Secondly, the GST has been introduced in India subsuming many indirect taxes like VAT, CENVAT, Service Tax, Additional Excise Duty, Additional Custom Duty, Luxury Tax, Octroi, Purchase Tax etc. These subsumed taxes were earlier levied by central and state governments. So GST has brought a substantial impact over state and centre distribution of tax revenue. In order to overcome centre and state controversy over revenue distribution, the complete GST was divided in three parts namely SGST, CGST and IGST.

The Goods and Service Tax Network (GSTN) is responsible for digital tax administration of GST. This tracks every taxable transaction and movement of goods and services across the nation. The GSTN is the mother database of centre and state governments. This portal provides the tax information, online return filing facility to assesses as well as efficient tax governance to the nation. The GSTN is the complete digital solution to administer GST in India

Key Words: GSTN, SGST, CGST and IGST

Major chronological events that have led to the introduction of GST

GST is being introduced in the country after a 13 year long journey since it was first discussed in the report of the Kelkar Task Force on indirect taxes. A brief chronology outlining the major milestones on the proposal for introduction of GST in India is as follows:

• In 2003, the Kelkar Task Force on indirect tax had suggested a comprehensive Goods and Services Tax (GST) based on VAT principle.
• A proposal to introduce a National level Goods and Services Tax (GST) by April 1, 2010 was first mooted in the Budget Speech for the financial year 2006-07.
• Since the proposal involved reform/ restructuring of not only indirect taxes levied by the Centre but also the States, the responsibility of preparing a Design and Road Map for the implementation of GST was assigned to the Empowered Committee of State Finance Ministers (EC).
• Based on inputs from Govt of India and States, the EC released its First Discussion Paper on Goods and Services Tax in India in November, 2009.
In order to take the GST related work further, a Joint Working Group consisting of officers from Central as well as State Government was constituted in September, 2009.

In order to amend the Constitution to enable introduction of GST, the Constitution (115th Amendment) Bill was introduced in the Lok Sabha in March 2011. As per the prescribed procedure, the Bill was referred to the Standing Committee on Finance of the Parliament for examination and report.

Meanwhile, in pursuance of the decision taken in a meeting between the Union Finance Minister and the Empowered Committee of State Finance Ministers on 8th November, 2012, a ‘Committee on GST Design’, consisting of the officials of the Government of India, State Governments and the Empowered Committee was constituted.

This Committee did a detailed discussion on GST design including the Constitution (115th) Amendment Bill and submitted its report in January, 2013. Based on this Report, the EC recommended certain changes in the Constitution Amendment Bill in their meeting at Bhubaneswar in January 2013.

The Empowered Committee in the Bhubaneswar meeting also decided to constitute three committees of officers to discuss and report on various aspects of GST as follows:-

- Committee on Place of Supply Rules and Revenue Neutral Rates;
- Committee on dual control, threshold and exemptions;
- Committee on IGST and GST on imports.

The Parliamentary Standing Committee submitted its Report in August, 2013 to the Lok Sabha. The recommendations of the Empowered Committee and the recommendations of the Parliamentary Standing Committee were examined in the Ministry in consultation with the Legislative Department. Most of the recommendations made by the Empowered Committee and the Parliamentary Standing Committee were accepted and the draft Amendment Bill was suitably revised.

The final draft Constitutional Amendment Bill incorporating the above stated changes were sent to the Empowered Committee for consideration in September 2013.

The EC once again made certain recommendations on the Bill after its meeting in Shillong in November 2013. Certain recommendations of the Empowered Committee were incorporated in the draft Constitution (115th Amendment) Bill. The revised draft was sent for consideration of the Empowered Committee in March, 2014.

The 115th Constitutional (Amendment) Bill, 2011, for the introduction of GST introduced in the Lok Sabha in March 2011 lapsed with the dissolution of the 15th Lok Sabha.

In June 2014, the draft Constitution Amendment Bill was sent to the Empowered Committee after approval of the new Government.

Based on a broad consensus reached with the Empowered Committee on the contours of the Bill, the Cabinet on 17.12.2014 approved the proposal for introduction of a Bill in the Parliament for amending the Constitution of India to facilitate the introduction of Goods and Services Tax (GST) in the country.