VAT Revenue In Major States Of India A Critical Analysis
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Abstract

Value added tax (VAT) is a form of indirect tax on goods and services. India has finally issued a number of value added tax (VAT) in 21 states from 1 April 2005, one of the most important reforms in national finances over the last 50 years. The VAT has replaced the existing local sales taxes in almost every Indian state. The Indian VAT levy is generally advocated for the higher revenue efficiency in comparison with the combined revenues from different types of sales / purchase taxes. In this study we try to analyze the effect of VAT on import, buoyancy and sales tax / VAT.

Introduction

Tax deduction is one of the most important sources of income for the government. Taxes in India are in fact two types of direct taxes and indirect taxes. Direct taxes are paid directly to the government by the individual. Income tax is a good example of this type of tax. Indirect taxes (such as sales tax, value added tax or tax on goods and services) are taxes levied by intermediaries (retailers, etc.) of those who bear the final economic tax burden.

Value added tax (VAT) is settled with tax payments with a multi-point cost that offers tax relief for purchases at each stage. With the exception of some states, there are 0%, 1%, 4%, 5% and 20% sales. Goods that are not subject to the above costs are regularly charged between 12.5% and 15%, except in some states. However, liquor, petrol or diesel taxed at least 20% and varies from state to state and gold and silver bullion are taxed at a rate of 1%. Three Central (CST) sales from June 2008 was reduced to 2% gradually being phased out, you can free goods from one country to another. If you pay VAT for goods purchased in the state under the VAT system, VAT is applicable. Import VAT allowances can be used for VAT / CST for the sale of goods. It is guaranteed to avoid the cascade effects of taxes and only value added tax.

At the moment no VAT is charged on imports into India. Export is zero degree. On the other hand, it does not impose a tax levied on orders entry meaning that VAT is used in production to get export products or export buyers refund (Hills, 2012, p4).

Value added tax seeks to avoid both the execution level and the level of execution. One of the most important requirements is the transparency of VAT in all states of India. Similar channels for VAT distribution can be found at wholesalers, retailers and consumers. Tax returns and e-filling play an important role in the VAT system. It provides mutual benefits for consumers and governments. Service taxes, sales taxes and other taxes can easily come into play because of the
implementation process. However, transparency is required at all levels in all Indian states to be
effective in the VAT system. The introduction of a nationally uniform product classification
requires a process that is equally applicable to effective returns and benefits for buyers and
sellers.

Single window system and the abolition of CST data may not be indispensable to achieve
success (cent percent) (Jayakumar, 2012, p29) of VAT to the second important requirement is
the gain in this context. According to various studies, the income is very encouraging. The
turnover growth in VAT systems is higher than the previous sales tax. Many countries such as
Andhra Pradesh, Bihar, Karnataka, Kerala, Maharashtra, Orissa Punjab and West Bengal with
annual average growth are high in the VAT system. The annual turnover tax in these states was
only 10.94%, an increase of 18.68% in five years after the introduction of VAT. This clearly
shows that VAT was a provincial tenant. Like the extension of the tax base it seems to be a
function of other factors, such as its policy due to the increase in administrative, information and
communication technology (ICT) making use of efficiency and added value (VAT) contributed
to the improvement of the effectiveness of taxes (Sebastian 2011, p29).

In this context, this document attempts to analyze the impact of VAT on the growth, the base and
the efficiency of the main economies of India. This document consists of five parts. Chapter 2
presents a short literature study. The third part deals with the research methodology used in this
White Paper. The fourth part describes the VAT forecast for India. The fifth and final part relates
to conclusions and some suggestions.

Instead of sales tax or sales tax, the profitability of VAT is subject to broader coverage,
minimum exemption, high standard tax rates, presence of large formal sector, high degree of tax
compliance and efficient tax management. Since all these conditions are not available at the
same time, the income prospects for taxes are not the desired range (Purohit, 2001, page
22). Case for the Indian state VAT receipts was mainly defended the high efficiency of the
combined sales of the national sales tax are expected as an alternative to different types of sales /
purchase tax and the phase of reasons are abolished. Between 1980-81 and 1996-97 the side-
effect of the sales tax in several countries was more than 1 in most countries with an average of
1.02. The buoyancy of the sales tax for GSDP for factor costs of all countries collected between
1993-94 and 2004-05 was 1.1. The buoyancy of sales tax revenues was generally higher than
other provincial taxes, as were taxes on customs duties or taxes imposed by the central
government. Important issue of the state financing is that the efficiency of the main importers
Value Added Tax (VAT) remains the same with respect to the same tax and general sales tax
(GST) and Central Sales Tax (CST) (Gupta, 2005, p. ).

Many states currently carry out five-year VAT tests. In this article, I tried to show the impact of
VAT on sales, buoyancy and efficiency. To analyze the impact of VAT in the main Indian states,
we randomly selected six large states at 28. These shares (i.e. Andhra Pradesh, Karnataka,
Kerala, Maharashtra and ducks live almost represent all areas.) Bihar, Karnataka, Kerala, Maharashtra and Orissa. India VAT every week in April 2005, 1 it was performed on the day.

**Andhra Pradesh:** Andhra Pradesh Value Added Tax (APVAT) Bill 2003 was awarded the president's bill eumyeoyi agreed in December 2004 was abolished on April 1, 2005 Andrra Pradesh General Sales Tax (APGST) Act 1957 year. A prominent feature of the APVAT method: The APVAT Act comprises 81 sections and 6 schedules, each with a specific tax rate. According to the APVAT Act, dealers fall into three categories: (a) Dealers with an annual turnover of more than 40lah can be registered as VAT dealers. (b) Rs. 5 lakh and Rs.40 lakh must be registered as sales tax (TOT) dealers. UPON dealers must pay 1% compound tax on the total taxable turnover. (c) Dealers with a turnover of less than Rs.5 lakh have no registration obligation. All VAT agents are assigned a unique 11-digit VAT number (TIN) and a TOT dealer as the general registration number (GRN). VAT dealers can claim credits for taxes paid at the time of purchase of a previously purchased item at an ITC (Value Added Tax Dealer). On the other hand, TOT dealers are not eligible for ITC. APVAT is superior to APGST. APVAT is based on the added value of goods and related VAT liability of the dealer is calculated by deduction of the input tax deduction of taxes collected at the time of sale of the taxable period (month) value. The idea that APVAT deducts the taxes paid for purchases has been introduced by preventing double taxation. Tax on the first and subsequent sales within the state. In other words, the cascading tax imposed by the APGST law was abolished by the APVAT Act. APGST Act (Audit Report, Andhra Pradesh, 2009, p.15 ~ 16) self-assessment of the dealer to replace the mandatory assessment for the return of all suppliers on the basis of.

**Bihar:** The Bihar government abolished the Bihar Finance Act in 1981 and in 2005 adopted the Bihar Value Added Tax (BVAT) Act. In the early days of the VAT Act, there were no VAT and no additional taxes. Since September 2007, the case of certain goods dealer who (Gross Turn Over) exceeds GTO Rs.250 crore additional tax will be imposed. So although the mandated commission wanted to abolish all other taxes, there was a deviation after the divisions according to the BVAT Act. Depending on how BVAT product is divided into four programs according to its social and economic importance, it will be taxed at a rate of "no" (Annex I), one (Annex II), four (Annex III). A scheme (Scheme IV) and all other products not mentioned in the diagram (audit reports Bihar, 2009, page 16) is 12.5%.

**Karnataka:** According to government has established April 1, 2005 Karnataka VAT Act (2003 (KVAT) Act). The main features of KVAT legislation are as follows. All dealers registered under the KST Act must register in accordance with the KVAT Act. All distributors whose gross sales exceed Rs.2 lakh or are reasonably expected, as calculated for the year ending March 31, 2005, must register in accordance with the KVAT Act. KVAT law that belongs to KVAT law and there conducted a voluntary registration, investigation, inspection or equity capital of less than the specified limit after the retailer offered to defend Orientation motto by the competent authorities of the department. All dealers registered under the KVAT Act will receive a VAT
number (TIN). Under the KVAT Act, all dealers must pay tax on the sale of taxable goods after deduction of the taxes paid for the purchase with certain restrictions.

All registered dealers must pay tax on the taxable turnover, both 1%, in the third calendar year for the products listed in the second list is 4%, the fourth program at the rate of 20% in 1 April 2006 With a speed that is mentioned in the sixth scheme from the date of sale of the goods in connection with the transfer of real estate in connection with the execution of employment contracts at a rate of 12% and half.

**Kerala:** Kerala General Sales Tax (KGST) Act, 1963 (until 31 March 2005). 2003 Tax Act Kerala (KVAT Act, introduced on April 1, 2003) and in 1956 the national sales tax (Central Sales Tax Act, 1956) the tax will govern and levied on the sale or purchase of your product weeks. KGST law by claiming that a tax exemption declaration traders can only be processed in certain branches of non-taxation of goods purchased for sale or sales, imposed in accordance with the conditions set, or a certificate / proof based on. KVAT tax on sales of goods sales can be charged at any time. Credit rating agency (AA) must take advantage of the data collected in the validation checks before crossing reports from other distributors / countries to confirm this message or the authenticity of the document and complete the assessment.

**Maharashtra:** on January 23, 2002, the Indian meeting of finance ministers decided to implement VAT. Accordingly, in March 2005 the President of India received approval for the Maharashtra VAT (MVAT) Act. At its meeting of 7 March 2005, the committee, which was authorized, decided to levy VAT from 1 April 2005 in different countries. Maharashtra (GOM) government abolished the Bombay Sales Tax (BST) Act 1959 and laws promulgated MVAT 2002 from 1 April 2005. The most striking features of MVAT: - VAT in Maharashtra is charged according to the MVAT Act, MVAT rules decreased in 2002. VAT is due for the sale of goods, including intangible goods. Value added tax (VAT) is a tax system that prevents double taxation. Value Added Tax (VAT) in addition to the buyer determine the price paid for the purchase tax offers a variety of benefits for both business and government, such as promoting economic efficiency of the cascade effect of double taxation. This is primarily a self-assessment system that gives the dealer more confidence. We can also strengthen our production base and make export prices competitive. Improved mechanisms have improved compliance.

**Orissa:** Orissa government on 1 April 2005 abolished the Orissa (Orissa) Sales Tax (OST) and came into force in 2004 in Orissa VAT Act (OVS).Because OVAT is a multi-point detergent system, it is superior to the OST method because a one-point detergent is applied to the abolished method. The OVAT system is more dependent on paying the full tax by the seller and submitting a self-assessment. On the other hand legal support documents must be produced with refunds. The OVAT Act requires that 20% of traders be identified for tax audits. There is no fixed standard for individual evaluation and 100% dealers are evaluated according to repeated laws, while the number of assessments depends on the outcome of the tax audit. Management under the OVAT system had no control over the dealers, but under the OST system the dealers
were better controllable. According to the OVAT Act, no additional levies are imposed on the four tax groups of 1%, 4%, 12.5% and 20% on two schemes (Audit Report, Orissa, 2009, p.19).

After a short VAT import for the countries mentioned above, we will now analyze the effect of VAT on imports, fundamentals and efficiency in all the countries mentioned above.

**Conclusions**

In the profit outlook we can say that Bihar performs better in the period after the VAT. Andhra Pradesh, Kerala and Orissa are interim taxable VAT. Karnataka and Maharashtra are poorly performing countries after VAT.

**References**

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