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Coverage –

« **BULLION**



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Bullion industry roots for uniform GST

The Goods and Service Tax (GST) is a comprehensive Value Added Tax that is levied on goods and services. It is collected on each stage of sales and purchase in the supply chain, without state boundaries. The GST would integrate all taxes that are currently levied in India by the Central and State governments on goods and services like excise duty, service tax, state VAT/sales tax, octroi, state excise duty etc.

Under the GST structure, all the different stages of production and distribution can be interpreted as a mere tax pass through and the tax essentially sticks on final consumption within the taxing jurisdiction.

Objectives behind GST

- The incidence of tax falls on domestic consumption.
- The efficiency and equity of the system is optimized.
- There should be no export of taxes across taxing jurisdictions.
- The Indian market should be integrated into a single common market.
- It enhances the cause of co-operative federalism.

We have always favoured uniform GST and wanted it to get implemented in this budget. This would have given some breathing space to all the stakeholders, i.e. the government, industry and the consumers.

The benefits of a uniform GST would include;

- While moving precious commodities from one state to another VAT is charged. This VAT is refundable in some states and non refundable in some. Hence carrying business in different states becomes difficult. Implementation of GST would have demolished VAT and hence if GST was introduced, we could freely move commodities from one state to another. There is no requirement of opening different offices in each sector.
- The main problem faced by jewelers is in selling the jewellery that is manufactured. For example if he is manufacturing the jewellery in Mumbai and selling that in Kerala then additional VAT is chargeable. This results in ambiguity in the system as the jeweler will make only manufacturing bills or treat it as unaccounted trade. The introduction of the GST would have helped in bringing about transparency in the billing and payment system. GST is indeed far more complex than the VAT. Moreover, for a rational GST, multiplicity of taxes and local levies and area-based tax incentives will need to be rationalized. The IT infrastructure for administering the GST; the tax identification number procedures, and other administrative setups including audit procedures will also require significant time once the GST Bill is passed and becomes law. It is imperative that the government and empowered committee learn from the implementation of VAT and not repeat the mistakes committed earlier. However, the government has not implemented the GST in this budget as internally the government is facing a lot of problems in doing so. Moreover there are a few loop holes too. The state governments are not ready to introduce GST. However one will be able to avail the true benefits of GST only if the GST and VAT rates are same. If GST is more than VAT then there is no benefit to traders, manufacturers or jewelers.

