JOINT WORKING GROUP ON GOODS AND SERVICES TAX

Hon’ble Union Finance Minister during his Budget Speech, 2007-2008 announced that at his request, the Empowered Committee of State Finance Ministers has agreed to work with the Central Government to prepare a roadmap for the introduction of the Goods and Services Tax (GST) with effect from 1st April, 2010. In view of above, it has been decided by the Empowered Committee of State Finance Ministers, in consultation with the Central Government, to constitute a joint Working Group.

2. The Working Group would consist of the following:

(1) Dr. Parthasarathi Shome, Convener
    Adviser to Hon’ble Union Finance Minister.
    Permanent Invitee, Empowered Committee.

(2) Shri Satish Chandra, Convener
    Member Secretary,
    Empowered Committee of
    State Finance Ministers

(3) Shri L.K. Gupta. Member
    Joint Secretary (ST)
    Department of Revenue

(4) Shri Gautam Ray, Member
    Joint Secretary (TRU-I)
3. The Working Group would study the various models of GST existing globally and any other relevant material available on the subject. It would also identify the possible alternative models for introduction of GST in India and examine their various characteristics and assess their suitability in India’s fiscal federal context. After these studies, the Working Group should present its findings before the Empowered Committee for decision on the most appropriate model for introduction of GST in India.

4. The Working Group would identify the Central Taxes and State Taxes which possess properties to be appropriately subsumed under GST.

5. While suggesting a model for the base and rate structure of GST, the following should be kept in mind by the Working Group:

   a) GST should be so designed that it should be revenue fair with sufficient growth of revenue to the Centre and every State. Interests of the Special Category, North-Eastern States and Union Territories have to be especially kept in mind.
   
   b) The Group will examine different models and see the manner in which the power of levy, collection and appropriation of revenue should be vested in the Centre and the States by looking at the pros and cons of various models.
   
   c) The various models suggested by the Working Group should ensure that double taxation is avoided.
   
   d) The Working Group would ensure that the suggested models take into account the problems faced during Inter-State transactions and any revenue loss.
e) The Working Group should consider how exempted goods and services and Non-VAT items such as petroleum goods and alcohol might be treated under the new regime.

f) The models developed should reflect the interests of the Trade, Industry, Agriculture and Consumers, with due concern to the Centre-State relations.

6. The Working Group would be free to constitute sub-Working Groups and would also be competent to co-opt experts.

7. Commissioners of Trade Taxes of the States could join their Secretaries/Principal Secretaries of Finance/Taxation during the meetings.

8. All Secretarial assistance to the Working Group would be provided by the Empowered Committee Secretariat.

9. The Working Group would submit its report to the Empowered Committee within a period of four months.

(Satish Chandra)
Member Secretary
Empowered Committee
of State Finance Ministers