

Additional 1% tax against principle of GST: CRISIL

The implementation of the goods and services tax (GST) will have maximum benefit if the central sales tax (CST), now imposed on interstate movement of goods, was completely phased out, research firm CRISIL said in a report.

It also said the proposed one per cent additional tax was against the principle of GST.

“To get states on its side, the government has proposed allowing them to levy an additional tax of 1 per cent on supply of goods in lieu of CST for two years. We believe this is against the core principle of GST, and will defer full benefits of the rollout,” the report said.

GST will be rolled out from April 2016 and will subsume all indirect taxes. The GST Bill has been passed by the Lok Sabha and is now with a select committee of the Rajya Sabha after the Opposition objected to changes the government made in the previous Bill.

The government is planning passage of the Bill in the coming monsoon session of Parliament.

The CRISIL report analysed the impact of GST on various industries and stated it would reduce logistics costs of companies producing non- bulk goods by as much as 20 per cent.

(Business Standard)