

## **GST will boost states revenue make industry competitive**

The implementation of goods and services tax (GST) will make industry more competitive through dismantling of the complex indirect tax structure and boost the tax revenue of states, the Reserve Bank of India said on Thursday.

Cumulatively, these measures are likely to propel states on the path of fiscal consolidation without compromising on expenditure quality, the apex bank said in a report titled 'State Finances: A Study of Budgets of 2015-16'.

GST is expected to simplify and harmonise the complex indirect tax regime in the country and reduce the cost of production, thereby making industry more competitive, it said. The proposed dual GST envisages taxation of supply of goods and services simultaneously by the Centre and the states, the report said.

By unifying the tax structure across states, the new tax regime would pave the way for a common national market for goods and services. According to the report, GST will broaden the tax base and result in better tax compliance, enabled by a robust IT infrastructure developed for the purpose.

Due to the seamless transfer of input tax credits from one stage to another in the value chain, there is an in-built mechanism that would incentivise tax compliance by traders. In short, GST is the next step forward towards wide-ranging indirect tax reform after the introduction of value-added tax (VAT), the report said.

The Bill for a pan-India roll-out of GST has been passed by the Lok Sabha, but is stalled in the Rajya Sabha, where the BJP-led government lacks a majority.

*(Business Standard)*