

**Memorandum on Goods & Services Taxes (GST)**

1. 1% non-cenvatable Tax on Inter state supply of goods will have a high cascading impact. In fact many times goods are transferred from one state to other multiple times. In such a case the impact will be 2-4% for such transfer.
2. The concept of Way Bill and Octroi check post to be withdrawn. At present goods are detained at the check post and incur demurrages and take long time for clearance.
3. At present there are many restrictions for availing Cenvat Credit/Input tax credit. For example tax on inputs used directly in the process of manufacture is allowed as credit. However there are many inputs including services which are used for business and may not have a direct link with the manufacture. For example tax on Furniture & Fixtures, Electrical equipments, Motor Vehicles, R&D equipments etc is not allowed as input tax credit Under GST, input tax credit on goods/services used for the purpose of business should be available as credit.
4. Electricity Duty paid by the Industry is to be covered within the ambit of GST.
5. Purchase Tax/Entry Tax/Octroi are to be allowed as Input Tax Credit.
6. Industries are to be given at least 6 months (from the date of passing legislation) time for proper implementation of GST.
7. The input tax paid by the Exporters are to be refunded automatically;
8. The threshold limit for applicability of GST may be fixed at Rs. 50 lacs.
9. Tax Rate on Goods and Services is to be same to avoid disputes;
10. Merchant Exporter to be allowed in procuring goods without payment of GST.
11. Tax on interstate supply of goods from one state to other of the same company may be exempted from the purview of GST.
12. GST Rate may be kept in the range of 16-18%.
13. There should be a one consolidated Return which will take care of CGST, SGST and IGST.

14. The Act and Rules with regard to SGST,CGST and IGST for all states to be uniform.
15. Education, Health, Residential real estate and Agricultural products to be kept outside the ambit of GST.
16. Entertainment Tax, Luxury Tax, Amusement tax are to be subsumed within state GST.
17. There are cases where inputs ( Naptha) are taxable under GST whereas the output (Motor spirit commonly known as Petrol) is outside the purview of GST. In such cases suitable arrangement to be made for refund of input tax credit.
18. The concept of Works Contract Tax is to be discontinued.