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One year of GST: The switch to the new indirect tax regime — the Goods and Services Tax (GST) — will complete one year soon. The GST was passed after over a decade-long deadlock and the transition failed to be smooth. However, experts say that overarching teething issues have largely been resolved and now the time is to fix the next-level problems to ensure that GST achieves its target of simplifying the taxation system.

The GST has made India's indirect tax system simpler and has stabilised to a large extent, Abhishek Rastogi, Partner at law firm Khaitan & Co said in an interaction with FE Online. Now, he said, the government must take up these three issues in the second year of arguably India's biggest tax reform.

- **Compliance:** There should be ease of compliance. The tax return filing should be eased and a simpler system should be put in place. In May, the GST Council said that a new single return filing system will be put in place in 6-12 months. While the concept of uploading sales invoices along with 4-digit HSN code could be burdensome initially, it was inevitable. "The concept of matching invoices had to come to ensure better reconciliation but keeping it simpler is the way to go," Abhishek

Rastogi said.

- Interpretation: There are issues that are open to interpretation, arising mostly out of multiple tax rates and exemption. Rate rationalisation of 12% and 18% into a 16% rate could be one way to ensure that there are fewer classifications leading to fewer interpretations.
- Legal landscape: There is GST, but there is no tribunal to address the issues arising out of the indirect tax. There is Authority for Advance Rulings (AAR) to address the issues, but for better decisions, there has to be a dedicated tribunal (as a judicial body) to look into issues arising out of the GST. AAR is an independent quasi-judicial body comprising of retired Judge of the Supreme court and two members of the rank of Additional Secretary to the Government of India. “AAR tends to be pro revenue,” Abhishek Rastogi said.

Another partner at Khaitan & Co, Kabir Bogra said that under the GST, the fraud is not transitional, it is largely about the manipulation of the input credit. Under these circumstances, the easier the filing system is, the better it is. Under the GST, over a dozen different taxes were subsumed. The concept of GST allows one to offset the tax paid on raw material from the final tax paid on the final product known as the input tax credit (ITC).

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