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Jaipur



## **DTC and GST through the Looking Glass: A Panel Discussion**

**July 13, 2010 (0930-1300 hours)**

**Jaipur**

### **BACKGROUNDER**

#### ***Objective***

To elucidate and examine, through discussion and debate, the official proposal for introduction of the *Direct Taxes Code* (DTC) and *Goods and Services Tax* (GST), especially the economic desirability of the elements of this proposal; options being considered, in particular their feasibility; and the ability of the official machinery to meet proposed deadlines for enforcement.

#### ***Background***

The envisaged introduction of the DTC and GST represents a major reform in Indian tax policy. The objective is to introduce greater certainty and transparency in regard to the incidence of taxes for citizens in their diverse roles as producers, consumers and income earners.

The DTC, a bold attempt to simplify the payment of direct taxes by bringing all of these under one code, would replace the current Income Tax Act, 1961 and the Wealth Tax Act, 1957. The official target for enforcement, as of now, is April 2011. The DTC envisages major changes in the classification of individuals, according to residential status, for tax purposes; computation of capital gains; tax deductions permissible for an individual; and treatment of loans. Though major benefits are being anticipated from the simplification of direct taxation, critics have pointed out that proposed provisions on international taxation; and identical treatment of revenue and capital receipts could prove to be problematic.

The GST would be a tax which would be levied on purchase of goods and services at each level of the supply chain such that the incidence is uniform across all levels. The objective would be to do away with differential taxation of goods and services and the currently prevailing multiplicity of indirect taxes and thus evolve a harmonised consumption tax system in the country. Many issues are still being debated in regard to the formulation and implementation of the GST – whether there should be separate GSTs at the state and centre; whether certain items should attract a lower rate of taxation; whether real estate should be exempted from GST; the deadlines for enforcement and the associated extent of compensation etc.

In view of the great potential benefits from the introduction of the DTC and GST and at the same time, the multiplicity of issues needing resolution through dialogue among stakeholders, CUTS International and Department of Economics, University of Rajasthan, Jaipur are organising a panel discussion. Through the discussion, experts and representatives of government would elucidate the nuances of the GST and DTC so as to facilitate their comprehension by stakeholders, discuss the potential benefits resulting from their implementation, and provide their own perspectives for stimulation of discussion on issues deserving debate. The objective would be to enhance related awareness among stakeholders as well as obtain their feedback which would then be conveyed to the government to facilitate improved formulation and implementation.

#### ***The Event***

Sunil Mitra, Revenue Secretary, Ministry of Finance, Government of India would deliver the keynote address followed by a panel discussion and question/answers from the floor.