

# FM says April-May receipts show higher **tax** compliance

**THE GST EFFECT** 'Undeclared goods have started coming into the system'

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**NEW DELHI:** Finance minister Arun Jaitley said on Tuesday that the planned shift to the goods and service tax (GST) from July 1 has already led to higher tax compliance, pointing to the benefits the unified indirect tax will bring to the economy.

Briefing reporters on the ceremonial transition to GST planned at Parliament House at midnight on June 30, Jaitley said that revenue receipts from indirect taxes have shown a sharp increase in the months of April and May, suggesting that goods which previously used to enter the value chain undeclared are now being traded legitimately.

"Indications from the pre-GST months of April and May are that what were 'undeclared goods' have started coming into the system," said the minister.

Data from the Controller General of Accounts (CGA) said that excise duty receipts in April 2017 stood at ₹1,323 crore, compared with an excise duty receipt deficit of ₹402 crore in the same month a year ago. Tax receipts become negative when refunds exceed collections.

Revenue secretary Hasmukh Adhia tweeted on June 9, without giving absolute numbers, that indirect tax receipts in April and May had risen 36.7% from a year ago.

Defending the decision of the GST Council — the federal indirect tax body of state finance ministers chaired by Jaitley — not to



■ Finance minister Arun Jaitley (right) with parliamentary affairs minister Ananth Kumar during a press conference on GST, in New Delhi on Tuesday

PTI

defer the July rollout of the tax reform, the minister said it was important to stick to the deadline in the case of large reforms. "When you go in for reforms, the first principle is that you should never blink. If you do, you get derailed."

GST is expected to increase tax compliance as it is nearly impossible for a business to clear goods from a factory without paying taxes and keep it entirely out of the legitimate supply chain till the final consumer.

Jaitley said that with GST, the

economy will become more efficient and tax evasion would come down.

He added that revenue receipts would grow and the spending capacity of both central and state governments go up, accelerating the gross domestic product growth rate.

GST will be launched at a formal function at the central hall of Parliament, where MPs, chief ministers, state finance ministers, all former chairpersons of the empowered committee of state finance ministers and GST

Council officials will be present.

President Pranab Mukherjee, vice-president Hamid Ansari, Prime Minister Narendra Modi, Lok Sabha speaker Sumitra Mahajan and former prime ministers Manmohan Singh and HD Deve Gowda have been invited.

All state governments and Union territories with legislative assemblies, except Kerala and Jammu & Kashmir, have passed state GST laws. Kerala is expected to pass the bill in a week while J&K is working on the legislative framework.