ABSTRACT

“Reforms in Sales Tax Structure- A Study with Special Reference to VAT in Kerala” has been undertaken to assess the reforms in Sales Tax structure and the perception of manufacturers/traders, consumers and government officials on VAT, working of VAT Machinery and to assess the impact of VAT on the State revenue in Kerala.

The study covers a period from 2001-02 to 2008-09. Both the primary and secondary data were used for the study. The primary data were collected from manufacturers/traders, consumers and VAT officials, based on a structured interview schedule. The secondary data were collected from books, periodicals, committee reports, official records, government publications and the Internet. The data collected were classified and analysed suitably, keeping in view the objectives of the study.

On the basis of the findings of the study, it is deduced that the majority of the manufacturers/traders, consumers and VAT officials are aware of the VAT system. Unlike VAT officials, most of the manufacturers/traders say that the VAT system favours the government. At the same time they say that VAT is more beneficial than KGST. VAT officials say that the VAT system favours dealers and there are no shortcomings in the system. Again, most of the manufacturers/traders, consumers and VAT officials opined that the government should not go back to KGST. In the meantime, most of the consumers are of the view that introduction of VAT has not resulted in any decrease in the price of goods. But, the introduction of VAT has shown a significant improvement on the state revenue in Kerala. Moreover, the disputes under the VAT are only minimal compared to disputes under KGST.