KEY WORDS

Cascading- Means payment of tax on tax.

Consumer- A person who ultimately consumes goods.

Declared goods- goods declared under section 14 of the Central Sales Tax Act to be of special importance in inter-state trade or commerce.

Direct tax- Taxes which are levied directly on the income of a person.

Empowered committee - The committee of State Finance Ministers to review sales tax reforms.

General benefit theory- It postulates that the government acts as a factor of production for the business community.

General welfare theory- This theory postulates that tax is collected from citizens as price for the general welfare services performed by the state.

GST- means Goods and Service Tax. It is a broad based and a single comprehensive tax levied on goods and services consumed in an economy.

Indirect tax - Those, whose incidence is borne by individuals who purchase goods and services for consumption.

Input tax credit- means credit will be available on tax paid on inputs within the state.

Manufacturer- A business enterprise producing commercial goods or capital goods.
**MODVAT**- means Modified Value Added Tax. It was designed to cover manufacturing of goods by giving credit of excise duty paid on input.

**Quid pro quo** – Something in return for some thing.

**Social expediency theory**- It represents that a general business tax is more expedient and advantageous to be imposed than other taxes.

**Tax exportation**- It means the taxes on inputs are ultimately borne by the purchaser outside the State even when the final output being exports is not subjected to tax.

**Trader**- A business enterprise engaged in buying and selling of capital goods or consumer goods.

**VAT**- Means Value Added Tax which is a tax on the value added to the commodity at each stage in production and distribution chain until it reaches to the final consumer.

**White Paper**- Is a policy document indicating basic policies to be adopted by the states in formulating VAT Acts and Rules.