CHAPTER-IX
FINDINGS, SUGGESTIONS AND POLICY IMPLICATIONS

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FINDINGS, SUGGESTIONS AND POLICY IMPLICATIONS

Introduction:

The present study is conducted to analyze the emerging trends and prospects of service tax in Maharashtra State, with special reference to Pune Zone. In all seven hypotheses were framed for this study. The primary data collected through the responses received by tax authorities/officials and tax professionals including tax consultants to the questionnaires administered to them. The secondary data relating to revenue collection, number of assesseses, taxable services tax-GDP ratio, rate of service tax etc have been collected through the official records and data published by various governmental agencies. The data so collected, have been analyzed by using simple statistical techniques like percentage, ratio, average, growth rate, co-efficient of variance and standard deviation. Based on the analysis of primary and secondary data, the summary of findings, suggestions and policy implications have presented in this chapter.

A) Findings of the study

In the light of data analysis, the major findings of the study have summarized as under.

I. Findings relating to Law of Service Tax

Considering the various provisions of the service tax law and after taking analytical review of the same, the present researcher makes the following observations.
1. The law relating to service tax has become so complex that understanding of the same has become a difficult task for a layman. The provisions relating to service tax are incorporated in various legislations and frequent amendments are made therein from time to time. Besides, notifications, circulars, orders, etc. are issued by the different authorities have made its nature even more complex. As a result, goal of smooth tax administration cannot be achieved and the assessee have to face various hassles.

2. Service tax with its own set of taxable services exceeding 110 has made understanding of the concepts extremely complicated. Moreover, the highly intricate definitions of what constitutes a ‘taxable service’ and the use of words like ‘in relation to’ in the definitions have created further complications.

3. It has been observed that the provisions of service tax law, relating to taxable event, CENVAT credit, associated enterprises, and valuation of services, self-adjustment of excess service tax paid, import service, export service and advance ruling are contentious and vague and therefore give birth to different kinds of litigations.

4. It is found that the service tax centralized registration scheme is helpful to the service provider or the receiver who are having business at more than one premises and having centralized accounting and billing system. Because of this, the burden of maintenance of records and details in different places is expected to reduce.
II. Findings relating to Trends of Service Tax collection in India

On the basis of information and data collected from secondary sources and after analyzing the same, following findings are derived:

1. It is found that there is fast growth in service tax revenue in India due to progressive increase in rate of service tax and number of assessees but its share in total tax revenue of the Central Government is much lower as compared to the other major taxes of the Central Government.

2. It is further observed that growth rate of service tax in India has been shown positive trend in comparison with the other indirect taxes and even total indirect taxes of the Central Government during the period under study. It is also observed that the service tax has been efficiently collected as against the budgeted targets.

3. The Service tax base in terms of taxable services in India has been broadened by the various Finance Acts, from 3 services to 103 services, during the period 1994 to 2009. Consequently, the number of service tax assessees under the tax net has significantly increased (i.e. more than 10 times) during the period of the study. However, growth rate of assessees base has not shown consistent increase during period of the study.

4. It may be inferred that average service tax collection per assessees and per service in India has phenomenally increased consistently with their corresponding bases nearly by 3 times and 7 times respectively during the period of study.
However, the growth in average service tax collection per assessee is larger than growth in average service tax collection per service.

5 Tax-GDP ratio of service tax has substantially increased, from 0.1 percent to 1.2 percent being 12 times during the period of study. However, it is found to be very less as compared to the tax-GDP ratios of the direct and other indirect taxes and even it is quite negligible in relation to the tax-GDP ratio of total tax of the Central Government.

6 Service sector is an average contributes more than 50 percent to the GDP of India, but the service tax collection from it is quite less. It is also evident that the tax-GDP ratio of service tax and its contribution to total revenue of the Government, both are insignificant. Hence, it can be undoubtedlly, said that there is huge scope for revenue generation from service sector.

III. Findings Relating to Trends of Service Tax collection in Maharashtra

On the basis of information collected from the secondary sources and analyzing the same, following findings are derived:

1. Service tax revenue and assessee base in the state of Maharashtra, both have increased by 34 times and 10 times respectively during the last ten years as compared to the base year 1999-2000. However, their growth rates during the same period have not shown consistent trend.

2. There is significant contribution of Maharashtra state in total service tax collection and assessee base of the country. As, it
is found that total service tax collection of Maharashtra state is more than 34 percent and the number of service tax assessee is more than 24 percent of the total service tax collection and total number of assessees of the country respectively.

3. Average service tax collection per assessee and per service in the State of Maharashtra is found to be higher i.e. 332 percent and 870 percent as against the averages of 269 percent and 720 percent in India respectively. Hence, it can be said that the state of Maharashtra is emerging as a large revenue generating state as far as service tax collection and assessee base are concerned.

4. Mumbai-I and Pune are the biggest Zones contributing significantly towards the Service tax collection and number of assessees in the State of Maharashtra. But the growth rate of the service tax collection in these Zones is found to be comparatively less as against the average growth rate in Nagpur and Mumbai-II Zones

5. Mumbai Service Tax Commissionerate and Pune-III Commissionerate are the leading among all the Commissionerates having substantial share in the total service tax collection and assessee base in the State of Maharashtra. But their growth rates have not shown progressive trend during the period of study.
IV. Findings relating to Trends of Service Tax collection in Pune Zone

By considering and analyzing the facts, figures and official records collected through the secondary sources, the following findings and analysis have made:

1. The overall revenue growth in total indirect taxes in Pune Zone is around 202 times during the period the present of study. However, the share of service tax in the same is found to be less than the share of central excise but higher than the share of customs.

2. Service tax collection and number of assessees in Pune Zone have increased in geometric progression and the same is found to be 4135 percent and 1086 percent respectively in the year 2008-09 in comparison with the base year 1999-00. However, their growth rates have not shown consistent increase with the same during the period of the present study.

3. The average contribution of Pune Zone in terms of service tax collection and assessee base in the State of Maharashtra is found to be approximately 9 percent and 21 percent respectively. However, its average contribution towards the total service tax collection and assessee base in the country is negligible.

4. The average service tax collection in Pune Zone in terms of both per assessee and per service has shown substantially positive growth and they are found to be 378 percent and 1047 percent respectively. However, both are very less as
against such averages of service tax collection in case of Maharashtra and India.

5. The Pune Zone has efficiently collected service tax revenue as against the budgeted targets during the last seven years. However, the efficiency in the same has not reflected thereafter.

6. The arrears of service tax outstanding every year in the Commissionerates under Pune Zone is the possible indication of administrative inefficiency of the Commissionerates in the collection of service tax.

7. Pune-III Commissionerate is emerged as a leading Commissionerate in Pune Zone from its inception i.e. 2003-04 having around 895 percent and 363 percent growth in service tax collection and assessee base respectively and has also been contributing substantially towards the total service tax collection and assessee base of Pune Zone as against the contribution of other Commissionerates.

V. Findings relating to Service Tax Administration in Pune Zone

On the basis of responses and information received from the respondents on the major component activities of the service tax administration the following inferences and findings are drawn:

1. Pune Zone has been dealing with more than 65 thousand of service taxpayers but its performance in the areas of taxpayer’s education and services is an average level since very limited taxpayer’s information programs were conducted over the period. Moreover, it is clear from the fact
that the provision for the expenditure on such service is less than one percent of its budget.

2. The functions of identification and registration of service taxpayers, monitoring service tax returns and their scrutiny, surveys and raids and service tax audits are not performed efficiently. Hence, it may be reasonably inferred that the performance of Commissionerates in Pune Zone is not encouraging.

3. There are 260 cases involving Rs.214.21crore of service tax revenue in Pune Zone pending for quasi-judicial or judicial remedy. Out of which 237 cases having 98 percent of the total revenue were pending with two Commissionerates i.e. Pune-II and Pune-III. This pendency of cases indicates slow dispute resolution mechanism.

VI. Findings Relating to Prospects of Service Tax in GST regime

From the further responses of the respondents on prospects of service tax in GST regime, following findings are derived:

1. The GST is the one of the biggest logical comprehensive indirect reforms to integrate tax levy on manufacture, sale and consumption of goods and services into national level and by its implementation it is expected that multiple rates of all existing indirect taxes will be reduced. However, there will be separate rates for goods and services in accordance with the practical applicability of Indian constitution.

2. The most of the respondents opined that the proposed GST should increase the revenue of Central Government. The
cited reason for the same is that its dual levy widens tax base by subsuming other taxes and phasing out CST and the tax rates decided by balancing tax administration considerations.

3. The responses revealed that the GST will overcome the cascading effects of CENVAT and service tax and removes the shortcomings in the present CENVAT scheme in large extent. This is due to its system, which allows input tax credit in the entire supply chain. As a result, agriculture, trade commerce and industry will get relief through the GST mechanism. Thus, it may be safely said that the GST will be an opportunity to businesses to consolidate their operations because the GST would accelerate export trade transactions.

4. The prices of goods and services will be increased by the implementation of GST because the present service tax rate 10.3 percent would go up by 16 percent. However, such increase will be a temporary phase.

5. Majority respondents have also stated that the dual levy of GST will widen the service tax base because it levied on every value addition transaction of supply of goods and services in the distribution chain. As a result, the tax compliance under the same is expected to be higher because various tax administrative functions would undertaken separately by Central authority for CGST and State authority for SGST and every taxpayer will have to pass through such machinery.

6. It is opined by the respondents that the GST will improve the prevailing tax administration to a certain extent because it’s uniform policy and design is to be accepted at national level
with a novel idea of IGST. In addition, the exemption limit of GST of Rs. 10 Lakh for services has been accepted by the central government with the consultation of states, this fact would ensure the tax authority to focus on specific categories of service providers.

7. The majority of respondents have said that the transition from existing indirect tax system to GST regime poses certain issues like IT accounting, public awareness, specimen of GST forms and declarations, etc. on which the Government and industry have to work jointly with unified approach to have a GST in operation without much adversities and challenges.

8. Most of the respondents highlighted the need to make taxpayers aware about the features of GST and procedural requirements before GST legislation actually comes into force.

9. The book keeping and accounting requirements under GST will be as usual like the same under service tax. However, there will be huge professional opportunities for lawyers, cost accountants and chartered accountants under the GST law, as the taxpayers base would be significantly increased and there will be certain complex issues to be addressed relating to inherent and intangible nature of services.
Testing of Hypotheses:

Through the analysis of data and findings derived there from, the hypotheses of the study are tested as under:

1. The law relating to Service Tax in India is not user-friendly due to its complex nature.

As the provisions relating to service tax in India are enumerated in various legislations such as Service Tax Rules, 1994, Service Tax Rules, Finance Act, 2004- Chapter VI for levy of Education Cess 2% on the Service Tax, Finance Act, 2007 for levy of Secondary and Higher Secondary Education Cess- 1% of the Service Tax, CENVAT Credit Rules, 2004, Taxation of Service (Provided from outside India and Received in India) Rules, 2006, Service Tax (Determination of Value) Rules.2006 ,Service Tax (Advance Ruling) Rules, 2003, Export of Service Rules, 2005, Service Tax (Registration of Special Category of Persons) Rules 2006, Service Tax (Removal of Difficulty) Order 2002, Provisions of Central Excise Act, 1994 as applicable to Service Tax, Custom, Excise and Service Tax Appellate Tribunal (Procedure) Rules, 1982, Works Contract (Composition Scheme for payment of Service Tax) Rules, 2007, and Service Tax Dispute Resolution Scheme, 2008. Moreover, frequent amendments are made in the basic legislations as well as amendments in the all other allied legislations. In addition, various circulars, notifications, orders, trade notices, exemptions are issued by various governmental authorities from time to time. Hence, the entire structure of service tax becomes cumbersome, complex, and sometime even ambiguous in nature. As a result, it becomes difficult for all the stakeholders to synchronize and harmonize the law relating to
service tax. Any legislation, for the purpose of achieving its objectives is expected to be simple, transparent and user-friendly. However, by taking into consideration all the above aspects and as the 82 percent of the respondents opined that the law relating to service tax is not user-friendly due to its complex nature and its provisions are incorporated in various other enactments and frequent amendments in the same. Hence, the above hypothesis is reasonably proved.

2. There is significant growth in service tax revenue in India due to increase in number of taxable services, rate of service tax and number of assesses, but its share in the entire tax basket of central government is minimal.

The number of taxable services and rate of service tax in India have increased from 26 to 106 services and from 5 percent to 10.30 percent respectively. As again, the number of assesses has also been grown up from 115495 to 221028 numbers. Consequently, service tax revenue has significantly increased i.e. Rs2128crore to Rs.60176crore. Despite, the overall growth in service tax revenue by 28.28 times and average contribution of service sector in the GDP of India is more than 50 percent. While it's share in total indirect tax revenue is less and even it is quite, negligible in the total tax revenue of the country, since they have accounted as 1.89 percent to 23.10 percent and as 1.49 percent to 9.68 percent respectively during the period of study. Besides, the average Tax-GDP ratio of service tax is also very low i.e. 0.48 percent as against the average tax-GDP ratios 4.41 percent and 10.13 percent in case of total direct taxes and total indirect taxes respectively. Based on analytical results derived from the tables (i.e. Table
No. 5.1, Table No.5.2, Table No.5.3, Table No. 5.7, Table No. 5.8, Table No.5.9, and Table No.5.13) and the fact and findings stated herein above, it may be said that the present hypothesis is confirmed.

3. Service tax contribution of the State of Maharashtra in the country in terms of per assessee and per service and in general is significant.

The state of Maharashtra contributed substantially by 32.33 percent to 38.55 percent and 24.92 percent to 24.64 percent towards the total service tax collection of Rs.2128 crore to Rs.60941 crore and the total number of assesses of 115495 to 1212028 numbers of the country respectively during the period of study. Thus, its average contribution in total service tax collection and assessee base of the country in that period have been accounted more than 34 percent and 24 percent respectively. However, the average service tax collection per assessee and per service in the same have recorded 870 percent and 332 percent respectively which are higher than these averages of service tax collection in India as they are accounted 720 percent and 269 percent respectively. As the results reflected in the tables (i.e. Table No. 6.7, Table No. 6.8, Table No. 6.9, Table No. 6.10, Table No. 6.11 and Table No. 6.12) it is clear that the service tax contribution of the State of Maharashtra towards the total revenue of the country is significant. Besides, its average service tax collection in terms of per service and per assessee is significantly larger than the average of each in case of India. Hence it may be said that the above hypothesis is proved.
4. Considering growing range of services and wide geographical areas of Pune Zone, its contribution towards the total service tax collection and assessee base in the State of Maharashtra is higher.

Service tax in terms of revenue collection and assessee base in Pune Zone during the period of study have significantly increased from Rs52.63 crore to Rs.2176.46 crore and from 6008 to 65270 numbers respectively, which have much less than the revenue collection of Rs.606.47 crore to Rs.20205.11 crore and assessee base of 18866 numbers to 178328 numbers in Mumbai-I Zone during the period of study. But its own average contribution during the same towards total service tax collection and assessee base in the State have been accounted to be 9.12 percent and 20.7 percent, which are found to be much less than the average contribution of Mumbai-I Zone. Besides, its contribution towards the total service tax revenue and number of assessee of the country is quite negligible and it is 3.13 percent and 5.03 percent respectively. Based on the analytical findings derived from the tables, (Table No.7.2, Table No.7.3, Table No.7.8, Table No.7.9 Table No.7.10, and Table No.7.11) it is clear, that the contribution of Pune Zone towards the total service tax collection and assessee base in the State of Maharashtra is comparatively less. Even it is quite negligible towards the total service tax collection and assessee base in case of India. Hence, it may be said that this hypothesis is not proved.
5. Average service tax collections in Pune Zone in terms of both per assessee and per service is comparatively less than the average service tax collection of per assessee and per service in the State of Maharashtra and India.

Average service tax collection per assessee has significantly increased from Rs.184250 to 536291 and Rs.239013 to 793933 in India and Maharashtra respectively during the period of study. Similarly, the average service tax collection per service in both India and Maharashtra have grown up from Rs.81.85crore to Rs.584.23crore and from Rs.26.46crore to Rs.228.10crore respectively during the same period. While on the other hand although, average service tax collection in terms of both per assessee and per service are increased with faster rate in Pune Zone from Rs 88216 and Rs.2.04crore to Rs.333384 and Rs. 21.13crore respectively. However, average service tax collection per assessee and per service are comparatively less than the same in case of India and are even quite negligible than the average service tax collection per assessee and per service in the state of Maharashtra. Based on the analytical findings, data and figures reflected in the tables, (Table No.7.12, Table No.7.13, Table No.7.14, and Table No.7.15) as mentioned above. It is clear, that the average service tax collection both in terms of per assessee and per service in Pune Zone are comparatively less than the average of service tax collection per assessee and per service in the State of Maharashtra and India. Hence, this hypothesis cannot be accepted and therefore, it is not proved.
6. Performance of Pune Zone in the revenue administration of Service tax is satisfactory.

As the extent of tax, collection is largely depending upon the efficiency of the tax or revenue administration of the department. While the efficiency of the revenue administration is depends on the performance of the administrative activities, which are conducted by the department to achieve its ultimate goals. In this connection, on the basis of analysis the performance of the Central Excise Commissionerates under the Pune Zone relating to the major administrative activities is enumerated as follows:

a) Limited number of programs is conducted for the taxpayer’s education and service and the provision made for the expenditure on the same is negligible.

b) The function of identification and registration of taxpayers is performed in the moderate level.

c) The system of monitoring service tax returns and their scrutiny is not so encouraging.

d) The function of conducting surveys and raids to tap the potential assessees is not satisfactorily performed.

e) Service tax audit cannot be conducted by the concerned authorities as per the prescribed norms and frequencies due to ever increasing number of assessees and limiting manpower at their disposal.

f) Larger amount of unrecoverable revenue is involved in service tax cases which are still pending for judicial or quasi-judicial remedy.
The Commissionerates in Pune Zone have been performing the administrative activities as mentioned above as routine work but not in efficient manner due to limited resources and voluminous increase in workload of service tax since a fraction of the manpower deployed in Central Excise for the same. Hence, considering the above mentioned limitations and problems and taking into account the entire revenue collection, it may be said that though the amount-wise, collection of revenue is satisfactory, which of course due to moderate performance of administrative machinery, the present researcher inclined to submit that the present hypothesis is partially proved.

7. There is substantial scope and prospects for service tax in proposed GST regime to generate large tax revenue to the governments.

The GST is a welcome change indicating a significant reform in indirect taxation. GST aims to simplify the regulations and making businesses more tax efficient. The introduction of GST at the Central and at the State level will comprehensively conclude multiple indirect taxes, wider coverage of input tax set-off and service tax set-off and phasing out central sales tax. Thus, additional burden of CENVAT and service tax would comprehensively removed and a continuous chain of set-off in the distribution of goods and supply of services will eliminate cascading effect of tax. It will overcome, all the present inefficiencies and inadequacies of the indirect taxes and will extended the tax base to all goods and services without any distinction between the two would generate large tax revenue through the dual of CGST and SGST to the government. After taking in to consideration all the
facts as mentioned above and based on majority opinions of respondents, in nutshell, it can be said that the service tax would have substantial scope and prospects in GST regime to generate large amount of revenue to both the governments. Hence, this hypothesis has been confirmed.

**Suggestions:**

On the basis of data analysis and the inferences derived thereon, the following suggestions are made for better working of service tax in general and Pune Zone in particular and boosting its collection as well as its contribution of service tax to the economy of nation for bringing it in the line of GST.

1. The term of ‘Service’ and ‘Taxable Service’ should be defined in simple manner and the use of the phrases like ‘in relation to’, ‘in connection with’, ‘direct or indirect manner’ etc in the definitions these terms be avoided.

2. CENVAT credit mechanism should seamless and it should allow on every receipt of services. For this purpose, the condition of payment to be effected for the availment of credit is discontinued.

3. The provisions related to levy of service tax on transactions between ‘Associated Enterprises’ should be properly addressed in order to avoid litigations arising out varied interpretations.

4. The provisions relating to valuation of taxable services under section 67 of Finance Act, 1994 should be properly and clearly phrased and for the purpose of valuation the consideration for rendering services should be cash or
equivalent to cash and it should not include debit or credit entries etc.

5. The Rules relating to self-adjustment of excess service tax paid under Rule 6(4A) of the Service Tax Rules, 1994 should be made business-friendly by allowing for self-adjustment of excess service tax paid without any limit.

6. The provisions relating to the levy of service tax on import services under section 66A of Finance Act, 1994 read with Rule 3 especially in terms of Foreign Service providers rendering services in India should be properly framed in order to avoid litigations and scope of multiple confusing interpretations.

7. The provisions in respect of export services under Rule 3(2) of Service Tax Rules, 1994 especially services provided by one EOU to another EOU, when payment received in foreign exchange, it should be clearly specified in order to provide exemption to it in all the cases.

8. Like foreign players the benefits of an advance ruling mechanism should be provided to domestics players, which may act as a good grievance settlement mechanism.

9. Recovery of arrears of revenue is of concern in the service tax collection process, the Commissionerates should initiate concrete steps to liquidate and realize arrears of revenue. For this purpose, the existing machinery should be strengthened at commissionerate and divisional levels by deploying addition competent and trended staff.
10. Overall picture of assessment under present structure and staffing position therein gives a feeling that some of the work presently being handled by the existing staff may be outsourced.

11. Assistant /Deputy Commissioner should identify the taxable service providers who are required to take registration by carrying regular surveys, tapping third party sources and taking resort of other tax returns and declarations.

12. Commissionerates should provide guidance to service providers and business entities and ensure trade facilitation. For this purpose, many other programs like audio, video cassettes, special television programs tele-refund, tele-info, volunteers, school and college programs and participation in seminars and conferences etc. should be conducted for tax payer’s education and should make adequate provision in the budgets for the same.

13. An effort should be made to tighten the grip on service tax evaders by incorporating appropriate provisions for assessment, audit, and scrutiny of returns in the Act should take essential steps to reduce the number of habitual evaders.

14. The disputes and complaints relating to service tax should be resolved at earliest possible time to benefit the taxpayers and at the same time to reduce arrears of service tax. For this purpose, certain quick settlement schemes like Lok Adalats, Fast Track Courts, Meditation, Conciliation and Arbitration etc should be adopted

15. Service tax should be made the E-Tax of the country by developing hundred percent Electronic Tax Administration
System (ETAS) in order to bring more transparency in the tax collection and increase voluntary compliance. In this direction, the scheme of E-filing of service tax returns has introduced by CBEC. But the facility of E-filing is an optional and does not bar in any way the manual filing of returns by the service provider.

16. The Government should take efforts to strengthen the internal control mechanism for monitoring for the submission of returns and their scrutiny by creating e-service tax cells in every zonal unit and by appointing trained staff for the same or be outsourced.

17. There is a need for a change in the mindset of excise officials. For this purpose, the Chief Commissioner should encourage and motivate the officers in such a manner that they should treat the assessees more fairly and friendly by considering them as real revenue collectors.

18. Restructuring of Commissionerates and its constituent units should be made at frequent intervals with adequate infrastructure and proper allocation of staff in order to implement the service tax more efficiently.

19. Department of Excise should do well in organizing seminars and educate service taxpayers about legal provisions, their obligations, rights and liabilities under service tax law, which is to be merged in GST.

20. The DGT should take initiative and notify the Commissionerates for regular audit of service providers having annual turnover of Rs. 50 crore or more. For this
purpose, man force should be increased along with allotment of assignment of audit to professional accountants.

21. The process of scrutiny of service tax returns should be regularly conducted by following certain risk parameters such as when turnover exceeds Rs.50 crore, every year, and Rs. 10 to Rs. 50 crore bi-annual and less than Rs. 10 crore once in five years.

22. Large taxpayers Unit as a self-contained tax administration office under Revenue department should be established at Pune in order to make clearance of all the matters relating to service tax by a single window.

Policy Implications:

On the basis of the review of provisions relating to service tax and the findings drawn therefrom, it would not be to say that the Service Tax Law is not only contains several unique but also controversial provisions which needs to be reviewed and unified eventually and then shall be subsumed into ‘Goods & Services Tax.’

Besides, the following procedural matters should be set forth before the GST regime arrives:

- Uniform classification of goods and services should be made on the basis of WTO classification of services
- Common Trade Facilitation Centers for GST taxpayers should be established across the country
- One common Centralized Portal for online registration, e-payment and e-return filing etc should be developed
- Common GST offices should be setup in till the states.
• Additional trained staff should be deployed at all the Commissionerates
• Practical approach should be adopted for tax audit of assessee
• Right mind set of tax administrators should be created by organizing seminars and conferences about GST administration.

If the GST introduced in letter and spirit, present researcher bonafied believes that it will certainly increase the volume of tax collection. In this support, experiences across the world suggest that more tax friendly regime helps in increasing tax collection without imposing newer taxes and increasing the rate of it. Hence, it is imperative that the Government should enhance the tax base of GST by notifying the negative list of goods and services with necessary exemptions and abatements, but the rates of GST in regards to goods and services should be kept as uniform as possible in order to raise revenue collection.

In nutshell, the proposed GST seems to be based on the very principle which is saying in Kautilya’s Arthashastra, the first book on economics, in the world, that the best tax regime is one which is “liberal in assessment and ruthless in collection.” Accordingly, we all wish implementation of GST as to be:

G-Good,
S-Simple and
T-Transparent
Scope for Further Research

Service Tax is such a wide area of research that no single study can cover different dimensions of the same. The study covering the impact and causes of tax evasion can be conducted in this area. There is a need to conduct comprehensive and systematic study covering the various component aspects of service tax administration. In addition, the impact of GST on tax base and tax compliance of service tax can also be an interesting and meaningful topic for further research.