



GST : One country, One tax

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GST: After 17 years of brainstorming, India wakes up to historic tax reform

'Tonight, we are rewriting the destiny of our country, PM Modi' said at the midnight launch event

[Dilasha Seth](#) & [Indivjal Dhasmana](#) | New Delhi July 1, 2017 Last Updated at 10:31 IST

President Pranab Mukherjee and Prime Minister Narendra Modi launch the GST at the Central Hall of Parliament in New Delhi on Saturday. Photo: PTI



The biggest tax reform in Independent India, the [goods and services tax](#) (GST), was finally rolled out at the midnight hour on Friday, with President [Pranab Mukherjee](#) and Prime Minister [Narendra Modi](#) pressing a button to mark the occasion in the historic central hall of Parliament.

Calling the [GST](#) “a good and simple tax”, Modi said the country was moving towards a modern taxation system, much simpler and more transparent than the existing one. “From Gandhinagar to Itanagar, from Leh to Lakshadweep, the dream of one nation, one tax will come true,” he added.

The [GST](#) replaces 17 central and state taxes, including services tax, value-added tax, octroi, duties and other charges, except Customs levy, across the country except in Jammu and Kashmir. The tax will create a common market in the \$2-trillion economy with 1.3 billion people. It is expected to curb “tax terrorism and inspector raj”.

At the hour-long event, former prime minister H D Deve Gowda, industrialist Ratan Tata, and Reserve Bank of India Governor Urjit Patel were present. Star invitees such as the brand ambassador for the indirect tax, Amitabh Bachchan, and Lata Mangeshkar did not make it.

Former PM Manmohan Singh as well as former finance minister P Chidambaram, who had proposed the [GST](#) in the 2006-07 Budget, and other Opposition leaders were conspicuous by their absence. They had decided not to attend as they felt the [GST](#) is not ready to be rolled out. However, former West Bengal finance minister Asim Das Gupta, also the former chairman of the empowered committee of state finance ministers, was present even as the Communist Party of India (Marxist), of which he is a member, boycotted the event.

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tax regime was rolled out, agitating farmers in the kharif sowing fertilisers to 5 per cent from 12 per cent cent from 28 per cent.

“There was uncertainty around the proposed [GST](#) rate for fertilisers. The [GST](#) Council has given approval to additional laws needed for its implementation,” said Finance Minister Arun Jaitley.

On the initial difficulties businesses might face, Modi said they would have to swiftly align themselves with the [new tax regime](#).

President Mukherjee, who was finance minister when the first Constitution amendment Bill on the [GST](#) was moved in the Lok Sabha, said the [GST](#) was a disruptive change. However positive it might be, there was bound to be some teething troubles and difficulties. He called upon the [GST](#) Council to continue improving the design of the tax.

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He also said the [GST](#) would make India’s exports more competitive and provide a level playing field to domestic industry to compete with imports.

Traders, who have been protesting various provisions of the [GST](#) laws, also escalated their agitation on Friday, observing a daylong Bharat Bandh.

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WHAT THEY SAID

“LIFE WILL BECOME SIMPLER WITH GST. HOWEVER, THE TRANSITION WILL HAVE TO BE MANAGED WELL.”

HARISH MANWANI
Chairman,
Hindustan
Unilever



The PM, however, claimed the [GST](#) would benefit businesses.

“Businesses will no longer be harassed by tax officers, as all grey areas have been removed,” Modi said, adding black money

creation and corruption will be curbed. The PM also said the [GST](#) would yield more resources for the poor, with an increased tax base.

“INDIA WILL AWAKE AS A COMMON MARKET FOR THE FIRST TIME. TO DO THE OBVIOUS IS OFTEN THE MOST DIFFICULT”

ANAND MAHINDRA
Chairman,
M&M



Hours before the new indirect the [GST](#) Council gave relief to season by lowering the rate on and on tractors parts to 18 per

Jaitley said the [GST](#) would rein in inflation, and make it difficult to evade taxes, besides enhancing the gross domestic product growth.

The Parliament building and the [GST](#) Bhavans across the country were lit up on the eve of the roll-out. Restaurants billed consumers differently before and after midnight.

All goods and services have been slotted under six tax slabs: 0 per cent, 3 per cent (for bullion), 5 per cent, 12 per cent, 18 per cent, and 28 per cent. There is also a cess, over and above the highest rate, for demerit goods.



The long road

The GST, originally slated to be rolled out on April 1, 2010, missed successive deadlines over seven years. Assesseees will enjoy some relaxations for filing returns for July and September.

- **2000:** PM Atal Bihari Vajpayee introduces the concept, sets up a panel headed by then West Bengal FM Asim Dasgupta to design a [GST](#) model
- **Feb 2006:** FM P Chidambaram proposes April 1, 2010, as the target date to roll out GST
- **Dec 2014:** After years of discussions, and several panels, working groups and discussion papers, the Constitution Amendment to [GST](#) Bill introduced by FM Arun Jaitley in the Lok Sabha
- **May 2015:** The Lok Sabha passes the Constitution amendment Bill
- **Aug 2016:** The Rajya Sabha also passes the Bill
- **Sep 2016:** President [Pranab Mukherjee](#) gives his assent to the Bill; [GST](#) Council formed
- **Mar 2017:** Four Bills — central GST, integrated GST, Union Territory GST, and compensation to states — passed by the Lok Sabha
- **Apr 2017:** The Rajya Sabha passes the Bills
- **Jul 1, 2017:** [GST](#) comes into effect