

Note: Address of Hon'ble Mr. Justice Pankaj Mithal at the Technical Session on proposed Goods and Services Tax on the Silver Jubilee Celebrations of the Allahabad Sales Tax Bar Association, at N.C.Z.C.C. On 17.4.2010.

Namaskar,

Mr. R.K. Tandon, President and the other office bearers of the Allahabad Sales Tax Bar Association;

My Esteemed Mr. Bharat Ji Agarwal, Sr. Advocate;

Learned Members of the Bar;

Ladies and Gentlemen.

I am proud to be a part of this seminar on proposed Goods and Service Tax organised on the Silver Jubilee of the Allahabad Sales Tax Bar Association.

Generally, I value my visits to such seminars to hear and share the views expressed very often by people of wisdom. Today, for the first time I found young budding personalities speaking with confidence opening new vistas for the generation to come. I am impressed.

I know that the others present and who spoke have far greater knowledge and greater achievements on Taxation side. So I feel humbled in their presence. But I accept the responsibility and proceeds to share my little thoughts on the subject.

India is in a process of revamping its direct and indirect taxation system through introduction of the new direct tax code and goods and service tax.

Goods and services, world over attract the same rate of

tax but in India two systems of indirect taxation run parallel to each other. One at the Centre and the other at the State level. In the union budget for the year 2006-07 it was proposed that India should also move towards national level goods and service tax and it should be shared between the Centre and the State.

Goods and services tax is a part of the proposed tax reforms. It is proposed to be a comprehensive indirect tax on manufacture, sale and consumption of goods as well as services at the national level. Thus, it is hoped that integration of goods and services tax would give India a world class tax system and improve the collection of tax.

It proposes to abolish octroi, Central and State sales tax, entry tax, turn over tax, tax on consumption of sale of electricity, taxes on transportation of goods and services, stamp duty and Telecom licence fees. It also proposes eliminate cascading effect of multiple layers of taxation.

The goods and service tax was initially proposed to be implemented w.e.f. April 1, 2010 but it has been delayed.

The goods and service tax considered to be the biggest reform in history of Indian taxation, is marred with confusion on account of disagreement on various issues between the Central and State Governments. The States are not agreeable to surrender their right to tax and share the revenue out of the national goods and service tax with the Centre. This probably has ruined the prospects of the goods and service tax, as promised to be a single national level tax replacing the State level Value Added Tax and two major Central taxes i.e. central

excise and service tax. Instead a dual goods and service tax for the state and the centre is likely to be introduced. This comprised format of goods and service tax is also not free from controversies and confusion. It would be a dichotomy to have reforms in indirect taxation and then again to have goods and service tax at two levels i.e . at the Centre and the State and with different rates on different items.

To switch over to a flawless goods and service tax system a single point flat rate of goods and services tax on all items at the national level and sharing of the same in a particular ration between the Centre and the State would be the simplest method of taxation.

I call upon all those present and Sales Tax Bars all over the country to press for the debate on the proposed Goods and Service Tax Act as a whole, chapter wise chapter, section by section and then word by word so that we have a comprehensive and a lasting statute suiting to the needs of the people vis.-a-vis. the Government.

With the hope that this seminar would in some way prove to be an awakening, I take your leave.

Thank you.

Vandemataram.

Note:Inaugural address of Hon'ble Mr. Justice Pankaj Mithal at the on the Silver Jubilee Celebrations of the Allahabad Sales Tax Bar Association, at N.C.Z.C.C. on 17.4.2010.

Namskar,

Hon'ble Chief Guest of the function Mr. Justice Katju of the Supreme Court;

Hon'ble Mr. Justice R.K. Agarwal;

My other esteem brothers/sisters present;

President of the Allahabad Sales Tax Bar;

My friends at the Bar;

Ladies and gentleman.

Indeed, it is a pleasure and honour both for me to be in the midst of this august gathering of tax experts.

I thank the organisers of this seminar to have given me this privilege.

Allahabad Sales Tax Bar Association has now lived for 25 Golden Years. This is a historic occasion in the annals of any association. I wish the Silver Jubilee Celebrations a grand success.

After completing my education, I had the option of going into business and follow the suit of my maternal uncles or to fall into the footsteps of my father and grand-father by entering the legal profession. I decided to set-up an industry. I did set-up one but it was primarily the taxation laws which drove me out and

compelled me to initially pick-up practice on the taxation side. Soon I realised that it was not my cup of tea. I confined myself on the civil side.

This may be the story with many of us. People do shy-away from tax laws for their complexity. The plight of an ordinary trader or businessmen can very well be imagined. He is neither so educated nor does he have sufficient time to devote to understand the intricacies of taxation laws.

I do not have much of experience of the taxation laws other than that as a common man. My personal impression is that people by and large are not happy at all with the present day taxation system. It virtually reminds everyone of us of the tyranny of taxation which prevailed during in the Mugal period as well as during the British Raj.

The British monopoly to produce and sell salt during the pre independence era lead to 'Namak Satyagrah'. There was so much of resentment that Mahatma Gandhi in opposition to it undertook the famous Dandi Yatra. Today we are silently paying tax on purchase of salt.

We all know, water is most essential for life. No one can ordinarily live for more than three days without water. 75% of our blood comprises of water. It is being taxed but no opposition.

I take this opportunity to appeal to all those present to utilise their knowledge, expertise and other means to impress upon those who govern to avoid unnecessary taxation, streamline the taxation laws and to simplify the manner of

taxation so that a common man who is the biggest contributor to revenue may feel at ease and happily contributes for the development of socio economic order in the country.

With these words, I once again extend my thanks to the organisers.

Thank you.

Vandemataram.
