GS-II: Seeking to Secure

News

The move to link Aadhaar with GST registration is a tentative step in the right direction. Since the Centre and States passed the landmark legislation in 2016 adopting the single countrywide GST.

What is GST?

- It is a destination-based taxation system.
- It has been established by the 101st Constitutional Amendment Act.
- It is an indirect tax for the whole country on the lines of “One Nation One Tax” to make India a unified market.
- It is a single tax on supply of Goods and Services in its entire product cycle or life cycle i.e. from manufacturer to the consumer.
- It is calculated only in the “Value addition” at any stage of a goods or services.
- The final consumer will pay only his part of the tax and not the entire supply chain which was the case earlier.
- There is a provision of GST Council to decide upon any matter related to GST whose chairman in the finance minister of India.

GSTN to make Aadhaar authentication mandatory for new dealers from January 2020:

- The Goods and Services Tax (GST) Network has decided to make Aadhaar authentication or physical verification mandatory for new dealers from January 2020 so as to check malpractices in GST. Aadhaar authentication was earlier optional.
- This decision was taken after noticing in last two years that there are a good number of fly-by-night operators, who make fake invoices.
- For those who do not want Aadhaar authentication, physical verification will be carried out, which will be completed in 3 days.
- As refunding is a big issue, the GST Network has also decided on complete online refunding from 24 September 2019 from a single source, either by Central GST or State GST.
- Moreover, no State government is in favour of slashing the GST slab for Automobile sector from 28% to 18%, fearing loss of revenue.

Way Forward:

In its 37th meeting in Goa the council also agreed to appraise the possibility of making the also agreed to appraise the possibility of making the bio-metrics unique identifier mandatory for claiming refunds. GSTN the information technology backbone on which the whole tax systems runs. The council too needs to follow the network’s lead and move swiftly to recommend mandatory link for refunds especially since that has proved to be the main sources of most frauds.