Public Accounts Committee's (PAC) Report on GST

Prelims – *Economic and Social Development.*

Current events of national and international importance.

Mains – *GS II | Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.*

Why in the News?

Recently, Public Accounts Committee (PAC) has recommended the Finance Ministry to undertake a comprehensive review of the GST framework to identify and eliminate unnecessary procedures and requirements that complicate compliance.

- **PAC** – It is a *parliamentary committee* which was *established in 1921*.
- It is responsible for *auditing the revenue and expenditure* of the government and thereby ensuring financial accountability and transparency in public spending.
- **19th PAC report on GST** – It seeks comprehensive review of GST framework with stakeholder consultation.
- **Issues raised** – It *flags criminal penalties* meted out for compliance failures, with some honest taxpayers facing criminal penalties even in cases of unintentional errors.
- It critics the initial steps taken towards biometric-based Aadhar authentication as they are "riddled with so many issues.

PAC's recommendations to Finance Ministry

- **Streamlining return filing process** – Consolidating forms and *reducing the frequency of filing* where possible.
- **Adopting a top tiered compliance** – Simplifying process for smaller businesses thereby *reducing the burden on smaller taxpayers.*
- **User friendly GST portal** – Providing a clear *guidance and support to taxpayers* at every step in the filing.
- **Incorporating new technologies -** Data analytics and artificial intelligence tools can be used for an accurate projection of the revenue to be collected.
- **Transparent refund processing system** – Having *timelines for processing claims* and regular updates to taxpayers.
- **Grievance redressal mechanism** – Establishing a mechanism to allow tax payers to raise concerns and receive prompt assistance.
- **Other recommendations** – It sought a case management system for the *real-time tracking of pending cases* and monitoring of all GST-related documents in digital form.

Goods and Services Tax (GST)

• **GST** – A form of *indirect tax* levied on most of the goods and services sold in India for domestic consumption.
• It is a *destination-based taxation* system.
• **Launch** – It came into effect *on 1st July 2017*, passed by *101st Constitutional Amendment Act in 2016*.
- **Article 246A** – Concurrent power of Parliament and the State Legislatures to make laws related to GST.
- **Article 269A** – Inter-state GST
- **Article 279A** – GST Council.
• **Motto** - "One nation, One market, One tax".

Reference

The Hindu| PAC's Comprehensive Review of GST

