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A Critical Historical Analysis of Indirect Taxation in India

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Abstract

India's history of indirect taxes began with state-level sales taxes on goods and a few services, as well as national level excises on manufacturing, reflecting the constitution's tax assignment. Both experienced rate cascading and dispersion. Input tax credit (ITC), known as modified VAT by the central government (centre), was permitted in its excise structure in 1985–1986 but not completely (MODVAT). Three services—insurance, telecommunications, and stockbroking—were each subject to a 5% tax beginning in 1994. Gradually, additional services came under taxation, and by 2017, the rate had risen to 15%. The constitution makes no reference of the category of services; instead, the centre taxed services under a designated category called "residual." States began imposing their own sales taxes on goods in 2005, with the federal government giving a three-year financial subsidy. With minimal exemptions, the state VAT reduced the number of rates while maintaining a single VAT base throughout all states. India integrated its indirect tax system with a Goods and Services Tax (GST) in 2017 that applies to both goods and services and covers both the central and state governments through a constitutional amendment. Despite having certain structural flaws, it was still a success for a country with a government budget.

Key Words: Tax Systems, Reforms, Indirect Tax, Tax Policy, Budget Deficit, GST, CGST, SGST, IGST, UTGST, VAT, INPUT CREDIT.

Introduction

A wave of tax reforms that started in the middle of the 1980s and escalated in the 1990s due to numerous circumstances began in many nations across the ideological spectrum throughout the past twenty years, and their tax systems have experienced major changes. The main goal in many emerging nations was to reduce fiscal imbalances. One important tool used to address the massive budget imbalance was tax policy.

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Others needed significant tax adjustments to make the switch from a planned economy to a market economy. In addition to efficiency concerns, these tax reforms were intended to address the problems of replacing public company earnings as the primary source of revenue with taxes and aligning tax policy to affect growth. Strategy. Additionally, another reason for tax reform was the globalisation of economic activity that resulted from increased globalisation. On the one hand, tariffs significantly declined as a result of globalisation, and it was necessary to find substitutes for this sizable and very simple revenue stream. On the other hand, globalisation highlighted the need to decrease both the effectiveness of the tax system and the compliance cost.

Similar considerations influenced the formation of the Indian tax system, but it also differs and is distinctive in certain aspects. Contrary to other developing nations, India's tax changes have mostly resulted in the development of a native brand, with the help of multilateral organisations like the International Monetary Fund. They are calibrated to adjust when the country's institutional structures evolve over time, keeping up with changes in the development strategy. Therefore, even when the government requested assistance from multilateral financial organisations, the agenda for tax reform did not directly reflect the suggestions of these institutions. Despite this, tax system modifications generally followed and were in line with global trends and recommendations made by professional organisations with regard to global best practises. In essence, the nation's tax policy has evolved over time in response to its shifting development plan. In the beginning, the government faced a lot of requests that shaped tax policy. These requirements can be summed up as the need to boost savings and investment levels in the economy, and as a result, there is a need to promote growth and guarantee equitable income distribution. In turn, this meant an effort to increase taxes on those who could afford them while paying little consideration to the effects the equipment chosen for this purpose would have on efficiency.

The history and institutional influences that shaped India's tax structure were equally significant. In fact, the incentives for raising revenue as well as the structure and administration of taxes at the federal and state levels have been influenced by the nature of federal politics, the distribution of tax authority, and the system of tax sharing. Comprehensive and coordinated tax reforms have been challenging to accomplish due to the overlap of tax systems. Selectivity and discretion in creating the structure and putting the tax

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system into place are other results of the strategy. They formed strong special interest organisations, which helped the tax system adopt the idea of "negotiated settlement," and they also helped the tax base erode.

Inefficiencies did not important in a closed economy, and relative price distortions and the disincentive to labour, save, and invest were not given any thought. The Indian tax reform experience can be instructive for many nations due to the size of the nation, its complex fiscal structure, unique reform history, and challenges in adapting institutional improvements. The improvements stand alone as significant enough justifications for a thorough examination of India's tax structure. Unfortunately, unlike many other nations where significant tax reform attempts have been followed by a thorough analysis of their effects, India has not conducted a credible study on the economic effects of tax reforms.

History of Taxation

What is Tax?

The Latin term "taxare," which means to estimate, is where the word "tax" comes from. A tax is an enforced contribution that is exacted in accordance with legislative power, not a voluntary payment or donation "and is any payment required by the government, regardless of whether it goes by the names of a toll, tribute, impost, duty, custom, excise, subsidy, aid, or supply. 1 In the first dynasty of the old Kingdom in ancient Egypt between 3000 and 2800 BC, there was the first known system of taxes. According to historical records, the pharaoh would visit the kingdom every two years to collect taxes from the populace. Granary receipts written on papyrus and limestone flakes are further documents. The Bible also mentions early taxation. But when the crop is harvested, give a quarter of it to Pharaoh, it says in Genesis 2. You can utilise the remaining four-fifths as food for yourself, your family, and your children as well as seed for the crops."

Taxation has been a practise in India since the beginning of recorded history. Many ancient writings, like "Manu Smriti"4 and "Arthasastra," include references to it. Jizya was imposed by the Islamic authorities. Later on, Akbar abolished it. However, in 1679, Aurangzeb, the final significant Mughal Emperor, imposed Jizya on his primarily Hindu subjects. The emperor's financial restraint, personal preferences, and a plea from the ulema are given as justifications for this. The entire Indian taxation system saw some notable alterations during

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the British era of power. The British government and its exchequer benefited greatly from it, but it also included sophisticated and scientific taxation instruments and systems. The nation experienced a paradigm shift in the general Indian taxation structure in 1922. The British were the first to establish the administrative and taxation systems.

There are essentially two types of taxes: direct taxes and indirect taxes. The central government and the state governments impose taxes in India. Local government entities like the municipality or local council may also levy a few small taxes. The Constitution of India, which divides the right to charge different taxes between the Centre and the State, is the source of the authority to impose taxes.

Statement of the Problem and Need For the Study

During the 20th and 21st centuries, there have been significant changes to tax systems all across the world. India is one of the nations that has implemented tax reforms first. Numerous underlying issues with the Indian tax system, such as tax evasion, a lack of administrative efficiency, the variety of taxes, etc., have hampered the efficient operation of the economy both administratively and practically. In order to determine whether the tax reforms that have been implemented thus far in India have lessened the issues with the former tax system, the present study attempted to analyse indirect changes in India.

Objectives of the Study

The present study aimed to achieve the following general as well as specific objectives.

In the light of the aforesaid objectives, the present paper is intended to:

1. Examine the literature on the many facets of the Indian tax system.
2. Consider the development of the Indian tax system historically.
3. Go over India's taxation system in detail.
4. Examine some important problems and difficulties associated with the aforementioned features.
5. Finally, present some important observations and required recommendations.

Review of Literature

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The goal of this section is to review the material that is currently accessible on various aspects of tax reform initiatives that the Indian government occasionally implements.

According to Bala (2018), The GST is a great tax reform for the Indian economy and it has a favourable impact on the current tax structure. The author of this article conducted research on the Goods and Service Tax's potential impacts on the Indian economy as well as its associated positives and disadvantages.

Nayyar & Singh (2018) compared the Goods and Service Tax (GST) idea to the nation's current tax structure and discussed the advantages of the GST in various industries once it was implemented.

According to Mukherjee & Sen (2018), India has undergone a huge economic transformation with the Goods and Service Tax (GST). They contested the transparency of the nation's present tax structure and came to the conclusion that the introduction of GST would result in lower tax payments by Indian taxpayers than under the prior tax structure.

Rekha and Karan (2018) compared the consequences of the GST indirect tax reform to the present tax system, which consists of excise taxes, Value Added Tax (VAT), and other taxes, and then described the implications of the GST indirect tax reform.

Rao (2000) analysed the development of the Indian tax system, the execution of essential direct and indirect tax reforms, the effects on revenue and equality, and the degree of implementation success. The author continued by examining the initiatives at tax reform made up until 1990. The execution of tax reforms since 1991, including their degree of application, revenue implications, etc., was then thoroughly analysed by the author. In his final remarks, Rao discussed the problems that still remained in India's tax system as well as the challenges that lay ahead.

Shah and Joshi (2017), A tax structure that discourages tax fraud and encourages business efficiency is very advantageous for the nation's economy. The writers looked at the applicability of three main tax reform efforts, including raising the tax base, cutting tax rates, and streamlining administration. The writers especially examined the GST's (goods and services tax) implementation and effects on India's main economic sectors in 2017. The writers emphasised that the GST will benefit both consumers and producers through the set-off of the input tax credit, the set-off of service tax, and the unification of various indirect

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taxes into one comprehensive tax. The GST is expected to increase federal and state revenue generation by broadening the tax base and improving tax compliance.

Rani (2014) investigated the substantial tax improvements that the Indian government has implemented since 1991. In his discussion of the government's tax policy, the author covered both direct taxes (such as income tax and wealth tax) and indirect taxes (including customs duty, excise duty, sales tax, service tax, and VAT). In order to increase both voluntary compliance with tax laws and the tax-to-GDP ratio, Rani went on to describe the Direct Tax Code (DTC), a plan that would combine all direct taxes (including income tax, wealth tax, and dividend distribution tax) under a single code. According to Rani, since 1991, the Indian government has changed the tax code in a way that has widened the tax base, improved tax law enforcement, and increased state revenue.

Samantara (2018) studied the significant tax reforms put in place by the Indian government since 1991. The author covered both direct taxes (such as income tax and wealth tax) and indirect taxes in his discussion of the government's tax policy (including customs duty, excise duty, sales tax, service tax, and VAT). Rani went on to discuss the Direct Tax Code (DTC), a scheme that would integrate all direct taxes (including income tax, wealth tax, and dividend distribution tax) under a single code in order to raise both voluntary compliance with tax laws and the tax-to-GDP ratio. Rani asserts that the Indian government has altered the tax laws since 1991 in a way that has broadened the tax base, enhanced tax enforcement, and raised state income.

Methodology and Data Sources

The current situation is largely dependent on secondary data gleaned from various issues of the RBI handbook on the Indian economy and state finances, and the technique utilised in this study solely discusses numerous indirect tax-related topics. Secondary sources used for data collection included national and international journals, government reports, and publications from different websites that focused on different facets of goods and service tax.

Evolution of Indian Tax Structure

The tax system in India is fairly complex. In this country, practically every imaginable direct and indirect tax is now imposed. India is one of the countries with moderate tax burdens when compared to GDP. And if the government currently feels that its resources are

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insufficient and that it must use them to finance the public debt and deficit, this is primarily because of its enormous unproductive expenditure and full disregard for the laws of the economy. The following characteristics of India's tax structure are noteworthy in terms of tax structure.

Chronology of Indirect Tax Reform in India-

Value Added Tax (VAT) implementation at both the Central and State levels has been hailed as a significant advancement in India's indirect tax reform efforts. The Goods and Services Tax (GST) will be an additional significant improvement - the next logical step - towards comprehensive indirect tax reform in the nation if the VAT is a significant improvement over the pre-existing central excise duty at the national level and the sales tax system at the state level.

Stages of Indirect Tax Reform-

1974 Report of LK Jha Committee Suggested about VAT should be introduced.

1986 Introduction of a restricted VAT called MODVAT -The reform process of India's indirect tax regime was started in 1986 by Vishwanath Pratap Singh as a Finance Minister. Subsequently, Manmohan Singh, the then finance Minister under P V Narasimha Rao, initiated early discussions on a Value Added Tax at the state level.

1991 Report of the Chelliah Committee recommends VAT/GST and recommendations accepted by Government.

1994 Introduction of Service Tax @ 5%.

1999 Formation of Empowered Committee on state VAT and A single common "Goods and Services Tax (GST)" was proposed and given a go-ahead in 1999 during a meeting between the then Prime Minister Atal Bihari Vajpayee and his economic advisory panel, which included three former RBI governors IG Patel, Bimal Jalan, and C Rangarajan.

2000 Implementation of uniform floor Sales tax rates Abolition of tax-related incentives granted by States. In 2002, the Vajpayee government formed a task force under Vijay Kelkar to recommend tax reforms.

2003 VAT was implemented in Haryana in April 2003.

2004 Significant progress towards CENVAT, MODVAT was abolished and credit account was merged with service tax and excise to provide for cross-utilization.

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2005-06 VAT implemented in 26 more states and in 2005, the Kelkar committee recommended rolling out GST as suggested by the 12th Finance Commission.

2007 First GST stuffy released By Mr. P. Shome in January.

2007 F.M. Announces for GST in the budget speech.

2007 CST phase out starts in April 2007.

2007 Joint Working Group formed and report submitted.

2008 EC finalizes the view on GST structure in April 2008.

2009 First discussion paper on GST was released and commission submitted report proposing GST to be implemented from 1.4.2010

2010 Department of Revenue commented on GST discussion paper and Finance Minister Suggested probable GST rate.

2011 Team was set up to lay down road map for GST and 115th Constitutional Amendment Bill for GST was laid down in Parliament.

2012 Negative list regime for service tax was implemented

2013 Parliamentary Standing Committee submitted its report on the Bill

2014 115th Amendment Bill lapsed and was reintroduced in 122nd Constitutional Amendment Bill

In May 2016, the Lok Sabha passed the Constitution Amendment Bill, paving way for GST. Finally, in August 2016, the amendment bill was passed.

Problems with India's Indirect Taxation

Tax buoyancy is a metric for how responsive tax revenues are to GDP. When tax receipts rise by more than 1% for every 1% increase in GDP, a tax is said to be buoyant. A research on the viability of the Indian tax system from 1970–1971 to 1983–1984 was undertaken by NIPFP. And the study found that over the period, the overall tax revenue had a bigger buoyancy than one (1.21). According to the RBI's estimation, direct tax buoyancy from 1981 to 2001 was 1.19 percent, compared to 1.07 percent from the pre-tax reform period of 1981 to 1993. However, throughout that time, indict taxes' buoyancy significantly decreased, going from 0.88 percent to 1.07 percent. In the post-FRBM period (2003–2004), both direct and indirect taxes remained strong, with the exception of the crisis years (2008–10) and 2011–12, according to Economic Survey 2012–13. Due to the economic slowdown in 2010–11, both

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direct and indirect tax collections grew less quickly during 2011–12 than anticipated in the budget.

Though it is unarguable that some specific indirect taxes are incredibly regressive, India's overall tax system is deemed to be progressive. Small personal incomes are free from personal income tax, and the tax rate gradually increases as income does as well. Due to its importance in generating public money, indirect taxes is generally considered to be regressive.

Because of its high level of complexity and uncertainty, which led to tax fraud, India's tax system is not very efficient administratively. Additionally, there are definitional flaws in India's tax systems that provide tax authorities extensive authority to interpret the law anyway they see fit. Widespread corruption in several departments is the outcome of this.

In India, there are numerous direct and indirect taxes. For instance, direct taxes could include the annual wealth tax and the income tax. It is frequently advocated that they be combined into a single direct tax. To boost tax GDP ratio and tax compliance, the budget for 2009–10 suggested the implementation of a direct tax code, resulting in a single code and unified compliance procedures that will eventually open the door for a single united taxpayer reporting system. Indirect taxes are also unintegrated. Sales taxes are largely levied by the state, Octroi by local entities, and excise duties by the federal government. The indirect taxation inquiry committee claims that there is not much cooperation between them. According to it, the Octroi should be eliminated because it is superfluous, and value added tax should take the place of excise taxes and sales taxes. The implementation of had also been suggested by the Chelliah Committee. In this direction, the government has started taking action. State Value Added Tax (SVAT) and Central Value Added Tax (CENVAT) have been implemented at the state and federal levels, respectively. Additionally being phased down is the central sales tax. There will be a Goods and Service Tax in its place (GST).

Since agricultural incomes are essentially tax-free, India's tax system has serious inter-sectorial imbalances. There weren't many farmers whose salaries qualified them to pay income tax at the time of independence. However, a new class of farmers formed as land reforms were started and new technology was used in agriculture. These folks have fairly large incomes, however they are not subject to taxes. Inter sectorial imbalances in the tax structure have been brought about by these developments over the previous forty years. The

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establishment of an agricultural holding tax based on agricultural productivity was suggested by the indirect taxes inquiry committee. Nevertheless, political lobbying by the state governments is pushing them to enact this tax pair.

Over the years, many exemptions have been granted on numerous grounds, including fostering economic growth, skill improvement, industry dispersal, etc.; nonetheless, this has resulted in significant revenue losses for the government as well as distorted resource allocation and stunted productivity. For instance, in 2010–11 and 2011–12, the projected tax lost due to exemptions under personal income tax for the individual taxpayer was Rs.30, 653 crores and Rs.35, 698 crores, respectively.

Indirect Tax Reforms in India

Since India's independence in 1947, the country's tax system has experienced significant structural changes. Over time, it has expanded and gotten more intricate. It has been successful in securing funding for public authorities' administrative, welfare, and development initiatives. In addition to being the primary source of income for both the Central and State Governments, it is a useful tool for achieving various socioeconomic goals of governmental programmes. However, the tax system has relied primarily on indirect taxes and has been severely harmed by a financial ailment known as tax evasion.

After India gained its independence, a number of committees were periodically established to study the country's tax structure and modify it to better meet the demands of the rising economy. Under the leadership of Jhon Matthai, the Indian government established the Taxation Enquiry Commission on April 1, 1953. In the years that followed, the commission released its ground-breaking findings. It goes without saying that the Matthai commission was the first to conduct a systematic and thorough analysis of the impact of Central and State indirect taxes on rural and urban households in various expenditure categories. Additionally, the commission made a significant proposal about commodity coverage after researching the then-current excise system. In order to propose changes to the indirect taxes system, the Indirect Taxation Enquiry Committee was eventually established in July 1976. L. K. Jha served as the committee's chairman. The Jha committee discovered that while the nation's indirect tax system was generally progressive, there was little interconnectivity among the various indirect taxes. Each indirect tax was imposed separately from other indirect taxes, according to the Jha committee. Additionally, because these taxes lacked flexibility from the

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start, the tax rate was always raised when revenue collections needed to be increased. In general, India's indirect tax system was complex, ambiguous, and challenging to administer. The group suggested both immediate and long-term improvements to India's current indirect tax structure. The committee stated that due to their higher income elasticity, ad valorem taxes are preferable than special taxes. As a result, it advised the adoption of ad valorem taxes. Additionally, it was suggested to integrate the indirect tax structure by replacing excise taxes and sales taxes with a single commodities tax in addition to exempting inputs from indirect taxes. The Jha committee also stated that the value added tax is the ideal indirect tax since it has a self-monitoring mechanism that aids in tax administration and eliminates producer decision-making distortions brought on by the taxation of imports.

Reforms in Central Indirect Taxes

India has implemented tax reforms as a crucial component of its economic reforms, which were started in 1991 by the Raja.J.Chelliah-led Tax Reform Committee. This is due to the fact that prior to tax reform, tax policies in India and many other nations have slowed growth through distorting resource allocation and negatively impacting incentives. While the tax administration had not been sufficiently modernised, the tax system had grown increasingly complex over time. As a result, both tax compliance and enforcement had grown to be quite challenging. Both compliance and enforcement were using an excessive amount of national resources. Because of their relative importance to the government's overall tax collection, the current article seeks to highlight the indirect tax reforms that have been enacted so far in India. Through the implementation of the Modified Value Added Tax (MODVAT) scheme under central excise, which allowed manufacturers to receive a credit for taxes they had already paid on inputs against the tax due on output, the first significant indirect tax reform at the federal level was launched in 1986. However, the MODVAT programme did not apply to all commodities, and at first, the taxes paid on machinery and plant were not credited. The Tax Reform Committee's suggestions led to additional changes being made to the excise taxation system. Therefore, efforts have been undertaken to increase the tax base, reduce the rate structure, and streamline the tax collection process. In the budget for 1994–1955, an effort was made to rationalise excise duties in terms of expanding the coverage of MODVAT facilities to a larger number of commodities and capital goods, as well as rationalising customs duties in terms of lowering the peak and average tariff rates and reducing their

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dispersion. In the same year, service tax was also implemented at a rate of 5% on telephone services, general insurance, and share booking. The structure of central taxation was undoubtedly improved as a result of these modifications. To further prepare for the impending implementation of VAT, the Finance Minister replaced the numerous MODVAT system with a single Central Value Added Tax (CENVAT) in the budget for 2000–2001. Everyone agrees that the Central Sales Tax (CST), which is an origin-based, non-rebatable tax, is incompatible with the idea of VAT and should be gradually eliminated. The road map for this has been decided after discussions with the authorised committee of state. By gradually lowering the CST rate from its current level of 4% beginning on April 1, 2007, this allows for a phase-out process. The need to compensate the states for revenue losses resulting from the phase-out of CST is a crucial concern. The central government has created a compensation plan to address this issue. The introduction of a combined Goods and Service Tax (GST) at the national level is also being considered in order to develop a countrywide consumption tax system that is effective and uniform. GST functions similarly to the idea of state-level sales taxes on commodities. It allows for input tax credits for taxes paid up until the preceding transaction at every stage. Additionally, the GST will make an effort to create a logical structure by incorporating numerous state and federal indirect taxes on goods and services.

State Level Reforms in Indirect Taxes

The focus was switched to the reform of state taxes, particularly the sales tax, as a result of the central taxes' revisions. This was due to the sales tax's contribution of about 60% of the State's Own Revenues and almost 13% of the National Domestic Trade Taxes. The previous debates emphasised the necessity of changing the current sales tax structure to one that levies a value-added tax on consumption.

Since the Indirect Taxation Enquiry Committee under the direction of L.K. Jha suggested the State VAT in 1977, its applicability has been a topic of controversy. Following that, attempts were made to persuade the states to come to an agreement over the conversion of their current sales tax systems to VAT systems at the state level. There was a great deal of interest in this matter. The Union Finance Ministry created a Committee of State Finance Ministers from 10 different state governments in an effort to forego agreement in order to develop the rationalisation measures and achieve a co-ordinated structure of sales taxation in the states. It

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has been suggested that VAT be used in place of sales tax by committees of state finance ministers in 1995, 1998, and 1999, respectively.

An agreement between the Union Finance Ministers and the State Chief Ministers on November 16, 1999, with the following goals, represented the first significant step toward state indirect tax reform.

1. The introduction of floor rates into the current sales tax systems.
2. The elimination of tax-based incentives for business investment in emerging and expanding industries
3. Introducing a state-level VAT to replace the current sales tax system.

On July 17, 2000, an empowered committee made up of nine state finance ministers was formed in accordance with the aforementioned goals to oversee the choices made at the Chief Ministers Conference. Additionally, the empowered committee made the following decision regarding the rationalisation of the VAT rate structure.

1. None for specific products.
2. 1% for valuable stones, silver, and gold.
3.4% for specific need and industrial supplies.
4. 20% for alcoholic beverages and some petroleum goods.
5. Revenue Neutral Rates (RNR) for other items of between 10 and 12.5 percent.

The CST Act was revised in the budget for 2002, and some of these changes would aid in the adoption of VAT. The central government has pledged to reimburse the states for any losses they incur as a result of the introduction of the VAT over a three-year period. Additionally, the first year's pay is 100%, the second year's is 75%, and the third year's is 50%. The Committee suggested implementing VAT as of April 1, 2003. But as of April 1, 2003, only one state, Haryana, has implemented VAT. The Empowered Committee meeting on June 18, 2004 changed the goal date for the implementation of VAT, setting the new deadline for April 1, 2005. The Empowered Committee of State Finance Ministers was established during this time to oversee the implementation of the new tax structure. After extensive discussion, 16 states have finally decided to implement VAT beginning on April 1, 2005. It should be noted that the delay in the implementation of the VAT from the first of April 2002 to the first of April 2005 was caused by a number of factors, including differing opinions on how to treat sales tax incentives that had already been granted by the states, how to treat the Central Sales

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Tax as part of the VAT, and the central government's lack of commitment at the time to compensate the states for revenue losses. Lack of state readiness was a major factor in the postponement. The VAT was implemented starting on April 1st, 2005, after much pressure by the central government.

Conclusion

Given the changes India has undergone since gaining its freedom, changing its tax structure is absolutely necessary. The Indian government has created several committees in a timely manner to examine the country's current tax structure and make recommendations for improving tax compliance, raising government revenue, and developing and modifying the Indian tax structure to better meet societal needs. Due to some administrative, political, and structural issues, the government of India has only partially implemented the recommendations made by the committees that have been appointed thus far. These recommendations include the introduction of new taxes and the elimination of existing taxes that are more inefficient in terms of generating revenue. However, restructuring any system, including the Indian tax system, is an ongoing process that will result in even more changes in the future as India strives to become a developed nation. The current study has been quite instructive since it has followed the development of the Indian tax system over three distinct time periods: taxes in ancient India, taxes under British rule, and taxes in independent India. Additionally, an attempt was made to provide a critical analysis of the Indian tax system in terms of the main direct and indirect tax kinds. Direct taxes, such as income tax, corporation tax, wealth tax, gift tax, excise duty, and several other taxes on capital and property, were described in detail. Similar to this, the research analysis includes a thorough examination of indirect taxes like Goods and Services Tax, Value Added Tax (VAT), Excise Tax, Sales Tax, and Service Tax (GST). The following significant aspects of the Indian tax system were also highlighted: the greater revenue contribution of indirect taxes such as the General Sales Tax (GST), Union Excise, Service Tax, and Customs Duty when compared to direct taxes, and the predominance of indirect taxes in terms of their share of total revenue collected

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