

## **PRESS RELEASE**

**Statement Issued by Shri Randeep Singh Surjewala, In-Charge, Communications, AICC.**

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**'Installment Based Tinkering' of GST Rates reflects 'Chaos' & 'Adhocism' of BJP Government.**

**Spirit, Architecture, Design and Rates of the GST need to be overhauled, but BJP is only reacting to electoral compulsions**

**It is the People of India & the Congress Party that has prevailed on the Modi Government – But the 'Mirror of Truth' has only been partially seen by them!**

**Modi ji's GST i.e. 'Gabbar Singh Tax' is shrewdly designed to help his wealthy crony friends with Big Businesses, but hurting millions of Small Traders, MSMEs & Informal Sector**

The Good and Services Tax, as envisioned by the Congress-UPA Government, was **'genuine and simple tax'** with a constitutional cap of 18%. On the contrary, Modi Government has destroyed India's economy causing extensive political turmoil by implementing an ill-conceived GST in an amateurish fashion. An opportunity to add 2% value to India's GDP has become a nightmare for the common man and MSMEs. The double whammy of demonetization and GST have wrecked havoc as a government living in a 'make belief cuckoo world' is blinded by blinkers of **'acchhe din'** – unable to see, feel, judge or address India's pain.

As **'tax terrorism'** reins supreme, rapacious tax inspectors exercising draconian new powers of search and seizure are running amok sending a chill through honest tax payers and ordinary businessman.

**On behalf of India's MSMEs, traders and small businesses; Congress Party has raised multiple demands:-**

1. Multiple GST rate slabs are the fatal flaw. **'One Nation, One Tax' has become 'One Nation, Seven Taxes'**. From day one, Congress party demanded to constitutionally cap the GST at a maximum of 18%. **Present GST rates levied by this Government are highest in the world.**

2. Include **‘Petroleum products’, ‘Real Estate’ and ‘Electricity’** under the ambit of GST. If you keep electricity, petroleum, real estate out of the ambit of GST, 50 per cent of total revenue stays out of GST ambit. This means that Modi Government can continue to fill its coffers with Rs.2,67,000 Crore annually by its back breaking dose of taxation on petrol/diesel.
3. Reduce the **‘compliance burden’** of the GST. Complex process of form filing has brought the businesses, trades and MSMEs to a grinding halt.
4. **GSTN continues to crash repeatedly**, price of which is being paid by India’s trade and businesses.
5. **‘Textiles’**, second biggest employment generator after agriculture, continue to face deep stress **owing to distorted duty structure**. What Modi government does not realize is that while the fiber is taxed at 12%, the end-product, i.e. fabric, attracts a tax of 5%. This is threatening the livelihood and profitability of non-integrated textile players of manmade fiber (70% of total), while helping the big fish to make huge profits. This gross discrimination hasn’t been corrected, jeopardizing the livelihood of millions from Surat, Panipat, Ludhiana to Kochi.
6. **Agriculture sector is being taxed for the first time**. Tractor and all other agricultural implements have been taxed at 12% with tyres, tubes and transmission parts being taxed at 18%. Pesticides attract a GST of 18%, Fertilizers attract a GST of 5% and Cold Storage attracts a GST of 18%. There is no relief to 62 Crore people engaged in Agriculture.
7. **Adjournment’ & ‘Deferment’, rather than ‘Decision’, appear to be the ‘way forward’ for this Government**. Implementation of TDS (Tax Deduction at Source) and TCS (Tax Collection at Source) remains postponed till 31.03.2018. Reverse Charge Mechanism (RCM) requiring the purchaser to deposit GST on affecting purchase from a GST unregistered individual/entity also remains postponed till 31.03.2018. ‘E-Way Bill’ concept has already been deferred to 01.04.2018 as the architecture and technology is still under conception. Tax refund system has virtually collapsed and exports remain in peril as export exemption has been extended/postponed to 31.03.2018 until the conception and implementation of an ‘E-Wallet System’. All these are soft promises being made today with the ‘Damocles Sword’ continuing to hang in absence of a clear decision.

**None of these challenges have been addressed. This is owing to the sheer inaptitude and amateurish handling of the biggest tax reform by BJP Government.**

**Still there are a number of essential-daily use items, which fall under the 28% GST rate net. An illustrative list is as follows:-**

- Cement, Paints and Varnishes
- ACs, TVs, Vacuum cleaners & Washing Machines
- Construction Materials like - Glaziers' putty, grafting putty, resin cements, caulking compounds and other mastics; painters' fillings etc.
- Pneumatic tyres, of rubber
- Combustion piston engine and Engine Parts. Fuel Pumps
- Refrigerators, freezers and Cold Storage Equipment
- Shavers, hair clippers, Toasters, Electric Kettle, Mixer Grinder, Juicers
- All kinds of Motors and Water Pumps
- Digital cameras and video cameras recorders
- Bathroom Geysers, storage water heaters and immersion heaters
- Computer Monitors, Monitors and projectors
- Motor cars, Motor Cycles, Transport Vehicles for 10 persons or more
- Motor vehicles for the transport of goods
- Deodorants Sprays

**Congress party is determined to fight this battle for making GST from 'Flawed' to 'Flawless'.**